

Final Terms

Note(s) Reference Number: LTCLN1372
ISIN: XS0573323366

31 March 2011

CITIGROUP FUNDING INC.
USD 3,500,000 Republic of Zambia T-Bond Credit Linked Unsecured Note(s) due 21 December 2012
guaranteed by
CITIGROUP INC.
under the U.S.\$15,000,000,000 Global Structured Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 19 January 2011 which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the specified offices of the Paying Agents for the time being in London and Dublin and on the website of the Central Bank of Ireland (www.centralbank.ie).

Terms used herein shall have the meanings given to them in this Final Terms, provided that where any terms are not defined in this Final Terms, they shall have the meanings given to them in the Credit Derivatives Definitions and, if not defined in the Credit Derivatives Definitions, the meanings given to them in the Base Prospectus. References in this Final Terms to the **Credit Derivatives Definitions** are to the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. In the event of any inconsistency between the Terms and Conditions and the Credit Derivatives Definitions, the Credit Derivatives Definitions will govern and in the event of any inconsistency between the Credit Derivatives Definitions and this Final Terms, this Final Terms will govern.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), AND MAY NOT AT ANY TIME BE OFFERED, SOLD, TRADED OR DELIVERED TO U.S. PERSONS OR PERSONS WITHIN THE UNITED STATES (AS SUCH TERMS ARE USED IN REGULATION S UNDER THE SECURITIES ACT), AND PAYMENTS IN RESPECT OF THE NOTES MAY NOT BE MADE TO ANY U.S. PERSON OR ANY PERSON WITHIN THE UNITED STATES. CERTIFICATION OF NON-U.S. BENEFICIAL OWNERSHIP WILL BE REQUIRED AS A CONDITION TO RECEIVING ANY PAYMENTS ON THE NOTE(S).

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| 1. | Issuer: | Citigroup Funding Inc. |
| 2. | Guarantor: | Citigroup Inc. |

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| 3. | Series Number: | LTCLN1372. |
| 4. | Relevant Currency or Currencies: | Payment Currency - as set out in the Schedule. |
| 5. | Aggregate Principal Amount: | USD Principal Amount - as set out in the Schedule. |
| 6. | Issue Price: | As set out in the Schedule. |
| 7. | Specified Denominations: | USD 100,000 and integral multiples of USD 1.00 thereafter. |
| 8. | (i) Issue Date: | As set out in the Schedule. |
| | (ii) Interest Commencement Date: | The Issue Date. |
| 9. | Maturity Date: | As set out in the Schedule. |
| 10. | Interest Basis: | As set out in the Schedule. |
| 11. | Redemption/Payment Basis: | As set out in the Schedule. |
| 12. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable. |
| 13. | Put/Call Options: | Not Applicable. |
| 14. | Status of the Note(s): | Senior guaranteed Note(s). |
| 15. | Listing: | The Note(s) are to be listed on the Irish Stock Exchange |
| 16. | Method of distribution: | Non-syndicated. |

The payment and/or delivery obligations of the Issuer in respect of the Note(s) are as set out in the Schedule.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 17. | Fixed Rate Note Provisions: | As set out in the Schedule. |
| 18. | Floating Rate Note Provisions: | Not Applicable. |

PROVISIONS RELATING TO REDEMPTION

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| 19. | Issuer Call: | Not Applicable. |
| 20. | Investor Put: | Not Applicable. |

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| 21. | (i) Early Redemption Amount of the lowest Specified Denomination of the Note(s) payable on redemption for illegality: | In respect of the lowest Specified Denomination of the Note(s), a <i>pro rata</i> amount in the Payment Currency of the Recovery Value determined by the Calculation Agent, in its sole and absolute discretion, on a date selected by the Calculation Agent after the occurrence of such illegality (for the purposes of the definition of "Recovery Value", the " Valuation Date ") less any Early Redemption Unwind Costs. For the purposes hereof, reference to "Undeliverable Assets" in the definition of "Recovery Value" shall be deemed to be references to "Reference Assets". |
| | (ii) Early Redemption Unwind Costs: | Standard Early Redemption Unwind Costs, to be determined in the sole and absolute discretion of the Calculation Agent. |
| 22. | Credit Linked Provisions: | As set out in the Schedule. Condition 7 shall not apply to the Note(s). |

GENERAL PROVISIONS APPLICABLE TO THE NOTE(S)

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| 23. | Form of Note(s): | Registered Note(s):

Regulation S Global Note (USD 3,500,000 principal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg. |
| 24. | Governing Law: | English law applies. |
| 25. | Additional Financial Centre(s) or other special provisions relating to Payment Days: | A Payment Day shall be a Business Day as defined in the Schedule. |
| 26. | Calculation Agent responsible for making calculations in respect of the Note(s): | As set out in the Schedule. |
| 27. | Talons for future Coupons to be attached to Definitive Bearer Note(s) (and dates on which such Talons mature): | Not Applicable. |
| 28. | Redenomination applicable: | Not Applicable. |
| 29. | Notice to the Issuer: | As set out in the Schedule. |
| 30. | Other final terms or special conditions: | As set out in the Schedule. |

DISTRIBUTION

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| 31. | (i) | If syndicated, names of Dealers and Lead Dealer: | Not Applicable. |
| | (ii) | Stabilising Manager(s) (if any): | Not Applicable. |
| 32. | | If non-syndicated, name of relevant Dealer: | As set out in the Schedule. |
| 33. | | Whether TEFRA D applicable or TEFRA Rules not applicable: | TEFRA Not Applicable. |
| 34. | | Additional selling restrictions: | Not Applicable. |
| 35. | | Additional tax restrictions: | As set out in the Schedule. |

OPERATIONAL INFORMATION

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| 36. | | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg or DTC and the relevant indentification number(s): | Not Applicable. |
| 37. | | Delivery: | Delivery against payment. |
| 38. | | Additional Paying Agent(s) (if any): | Not Applicable. |
| 39. | | Registrar and Transfer Agent: | Citigroup Global Markets Deutschland AG. |

ISIN:	XS0573323366
Common Code:	057332336

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated Market of the Irish Stock Exchange of the Notes described herein pursuant to the U.S.\$15,000,000,000 Global Structured Note Programme of Citigroup Funding Inc.

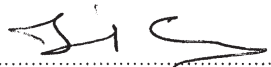
RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Final Terms.

Signed on behalf of the Issuer:

By: 
.....
Duly authorised

Signed on behalf of the Guarantor:

By: 
.....
Duly authorised

PART B – OTHER INFORMATION

1. (i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange Limited with effect from 1 April 2011.

- (ii) Estimate of total expenses related to Admission to trading: A fee of €500 payable to the Irish Stock Exchange in connection with the admission to trading of the Notes on the Irish Stock Exchange.

2. RATINGS

- Ratings: Not Applicable.

3. INTEREST OF NATURAL AND LEGAL PERSONS AND INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person is involved in the issue of the Notes has an interest material to the offer.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: The net proceeds from these Notes will be applied by the Issuer for its general corporate purposes, primarily to fund the Guarantor and its subsidiaries. The Issuer may also use a portion of the proceeds to re-finance or extend the maturity of existing debt obligations. A substantial portion of the proceeds from the issue of these Notes may be used to hedge market risk with respect to these Notes.

- (ii) Estimated net proceeds: USD 3,500,000

- (iii) Estimated total expenses: EUR1,600

5. INFORMATION IN RELATION TO ANY UNDERLYING CORPORATE ENTITY, SECURITY OR OTHER ITEM (AN OBLIGATION).

In the event of the occurrence of certain circumstances specified in the Schedule hereto, the Issuer's obligation to pay principal in respect of these Notes linked to the credit of the Reference Assets may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Assets issued by such Reference Entity and/or to deliver such obligations. In addition, these interest bearing Notes may cease to bear interest on or prior to the date of occurrence of such circumstances.

Potential investors in these Notes should be aware (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

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

If, in respect of these Notes, (i) a Potential Failure to Pay has occurred with respect to the Reference Assets in respect of which a Grace Period is applicable on or prior to an Interest Payment Date or the scheduled Maturity Date, any payments in respect of these Notes may be deferred and, if a Risk Event subsequently occurs, these Notes will be redeemed as further described in the Conditions.

If, in respect of these Notes, a Risk Event Notice has not been given on or prior to the scheduled Maturity Date or the or the Grace Period Extension Date (if applicable) but a Risk Event may have occurred, such date may be postponed and, if a Risk Event subsequently occurs, these Notes will be redeemed as further described in the Conditions.

Where these Notes provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on or before the Alternate Physical Payment Date or (b) assets which the Issuer, the Guarantor and/or any of their respective affiliates has not received under the terms of any transaction entered into by the Issuer, the Guarantor and/or any such affiliate to hedge the Issuer's obligations in respect of these Notes. Any such determination may delay settlement in respect of these Notes and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of these Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of these Notes and as a result, the amount of principal payable on redemption. Prospective purchasers should review the Terms and Conditions of these Notes and the Schedule to ascertain whether and how such provisions should apply to these Notes.

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

If so specified in the Schedule, in the event that in the determination of the Calculation Agent a

Merger Event has occurred, the Issuer or the Guarantor, as applicable, may give notice to the Noteholders in accordance with Condition 14 and redeem these Notes as specified in the Final Terms.

6. OPERATIONAL INFORMATION

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| (i) ISIN Code: | XS0573323366 |
| (ii) Common Code: | 057332336 |
| (iii) CUSIP and CINS codes or any other relevant codes: | 97831E9Z5 |
| (iv) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg or DTC and the relevant identification number(s): | Not Applicable. |
| (v) Delivery: | Delivery against payment. |
| (vi) Names and addresses of additional Paying Agent(s) (if any): | Not Applicable. |
| (vii) Registrar and Transfer Agent: | Citigroup Global Markets Deutschland AG. |

SCHEDULE

I. Terms of the Note(s):

USD Principal Amount:	3,500,000.
ZMK Principal Amount:	15,748,514,073.39
Trade Date:	17 December 2010.
Issue Date:	24 December 2010.
Issue Price:	100% of the USD Principal Amount.
Net Proceeds Payable to Issuer:	The Issue Price.
Maturity Date:	21 December 2012, subject to the “Early Termination and Adjustment Provisions” below.
Reference Assets:	An amount of Treasury Bonds issued by the Reference Entity with an original maturity date of 19th December 2012 and an original face amount equal to the ZMK Principal Amount, as such Treasury Bonds may be amended from time to time (including without limitation any securities, cash proceeds or other assets into which such Treasury Bonds shall have been exchanged or converted from time to time, provided that when determining whether any of the events or conditions that may be applicable to the Note(s) have occurred, such determination shall be made by the Issuer with reference to the terms and conditions of the original Reference Assets and not such replacement securities or assets).
Interest:	The Issuer shall pay to the Noteholder(s) its pro rata portion of the relevant Interest Amount on each Interest Payment Date.
Interest Amount:	In respect of an Interest Payment Date, an amount in USD calculated by the Calculation Agent equal to the relevant ZMK Interest Amount set out in the table below, divided by the FX Rate, subject to the “Early Termination and Adjustment Provisions” below:

ZMK Interest Amount	Interest Payment Date
708,683,133.30	21 June 2011
708,683,133.30	21 December 2011
708,683,133.30	21 June 2012
708,683,133.30	21 December 2012

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Interest Payment Dates:

Each date identified as such in the table set out in “Interest Amounts” above, subject to the “Early Termination and Adjustment Provisions” below.

Redemption Amount:

The Issuer shall pay to the Noteholder(s) on the Maturity Date the relevant Proportion of an amount in USD calculated by the Calculation Agent equal to the ZMK Principal Amount divided by the FX Rate, subject to the "Early Termination and Adjustment Provisions" below.

**Early Termination and
Adjustment Provisions:**

Alternate Settlement upon
Declaration of Risk Event:

If, at any time during the Event Determination Period, the Issuer determines that a Risk Event has occurred or exists during the Event Determination Period, then the Issuer may elect (without having any obligation to make any such election), to give written notice (a “**Risk Event Notice**”) to the Noteholder(s) (i) declaring that a Risk Event has occurred or exists and (ii) giving details of such Risk Event (including, *inter alia*, the Event Determination Date).

Following such declaration of a Risk Event:

(i) the Maturity Date shall be accelerated to be the date which is one Business Day following the Event Determination Date (irrespective of whether the relevant Risk Event is continuing); and

(ii) subject to "Adjustment following a Regulatory Change Event", on or before the Alternate Physical Payment Date, the Issuer shall, in full satisfaction of all its obligation(s) in respect of the Note(s), redeem the Note(s) by delivery to each Noteholder of the relevant Proportion of the Reference Assets (rounded down to the nearest integral authorised denomination of the Reference Assets), **PROVIDED THAT** if in the determination of the Issuer:

- (a) due to circumstances beyond the control of the Issuer, it is or would be impossible, illegal or in breach of any restriction (whether regulatory, fiduciary or contractual) to obtain, hold or deliver some or all of certain of the Reference Assets (including any such Reference Assets held by or on behalf of the Issuer and/or any Affiliate) to the Noteholder(s), including circumstances in which a Market Disruption Event is subsisting; and/or
- (b) due to circumstances beyond the control of the Issuer, it

is or would be impracticable (whether on grounds of illiquidity or otherwise) and/or it is not commercially reasonable for the Issuer to obtain, hold or deliver some or all of certain of the Reference Assets (including any such Reference Assets held by or on behalf of the Issuer and/or any Affiliate) to the Noteholder(s); and/or

- (c) due to circumstances within the control of the Noteholder(s) (including, *inter alia*, the Noteholder(s) not having (i) opened or notified the Issuer of its specified account or (ii) given any required certifications), the Issuer is unable to arrange, or conditions are not fulfilled, for the delivery of some or all of the Reference Assets.

and such circumstances continue up to and including the Alternate Physical Payment Date, then the Issuer shall have no further delivery obligations hereunder to the relevant Noteholder(s) with respect to those Reference Assets which are affected by such circumstances described in (a), (b) and/or (c) above (the “**Undeliverable Assets**”) and the Issuer shall, in respect of the Undeliverable Assets, pay to the relevant Noteholder(s)’s specified account on the Alternate Cash Payment Date.

Risk Event:

Means the occurrence or existence of (a) a Credit Event or (b) an Additional Risk Event.

Credit Event:

Means the occurrence or existence of any of the following:

Failure to Pay

Grace Period Extension: Not Applicable.

Payment Requirement: USD1,000,000 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.

Repudiation/Moratorium

Obligation Acceleration

Restructuring

Default Requirement: USD10,000,000 or its equivalent in the relevant obligation currency as of the occurrence of the relevant Credit Event

Multiple Holder Obligation: Not Applicable

each as defined in the Credit Derivatives Definitions, provided that references to: (i) "Obligations" shall be deemed to be references to "Reference Assets", (ii) "Notice Delivery Period"

shall be deemed to be references to "Event Determination Period", (iii) "Scheduled Termination Date" shall be deemed to be references to "Maturity Date" and (iv) "Confirmation" shall be deemed to be references to "Final Terms".

Additional Risk Event:	Means the occurrence or existence of any of the following: Inconvertibility Event Ownership Restriction Event Settlement/Custodial Event each as defined below.
Event Determination Period:	The period from and including the Trade Date to and including the Maturity Date.
Event Determination Date:	The date on which the Issuer declares that a Risk Event has occurred or exists pursuant to "Alternate Settlement upon Declaration of Risk Event" above, as specified in the Risk Event Notice.
Alternate Physical Payment Date:	The date which is 30 calendar days following the Event Determination Date.
Alternate Cash Payment Date:	The date which is 5 Business Days after the Alternate Physical Payment Date.
Alternate Redemption Amount:	An amount in the Payment Currency equal to the Recovery Value determined by the Calculation Agent on the date selected by the Calculation Agent in its sole discretion in the period from and including the Alternate Physical Payment Date to and including the Alternate Cash Payment Date (the " Valuation Date ").
Adjustment following a Regulatory Change Event:	If the Issuer determines at any time on or prior to the latest of the Maturity Date, the Alternate Physical Payment Date and the Alternate Cash Payment Date, if applicable, that a Regulatory Change Event has occurred or exists, then any payment due to the Noteholder(s), or amount of Reference Assets to be delivered to the Noteholder(s), shall be reduced by an amount in USD or an amount of Reference Assets (rounded down to the nearest integral authorised denomination of the Reference Assets), as the case may be, that is equal in value to the relevant Proportion of the Regulatory Change Cost, as determined by the Issuer.
Recovery Value:	The highest firm bid quotation that the Calculation Agent is able to obtain on the Valuation Date from the Reference Dealers for the sale to the Reference Dealers of the Undeliverable Assets in the Payment Currency payable outside the Reference Jurisdiction, provided that if none of the Reference Dealers provides such a firm quotation then the Recovery Value shall be determined by the Calculation Agent in its sole discretion. The applicable Recovery

Value may be equal to zero.

Reference Dealers: Such leading dealers, banks or banking corporations, which are not resident in the Reference Jurisdiction and which deal in obligations of the type of the Undeliverable Assets as are selected by the Calculation Agent in order to determine the Recovery Value.

Potential Risk Event: If on the Maturity Date, or on any Interest Payment Date the Issuer determines that a Risk Event may exist or may have occurred at any time during the Event Determination Period (but the Issuer has not provided a Risk Event Notice in respect thereof), the Issuer shall give written notice to the Noteholder(s) of such potential Risk Event and shall not pay the Redemption Amount and/or the relevant Interest Amount, as the case may be until the earlier of (i) the date on which the Issuer determines that a Risk Event has not so occurred or existed; and (ii) the date which is 30 calendar days after the Maturity Date or the relevant Interest Payment Date as the case may be (either such date the “**Cut-Off Date**”), provided that if the Issuer determines, on or before the Cut-Off Date, that a Risk Event occurred or existed during the Event Determination Period and the Issuer gives written notice to the Noteholder(s) declaring that a Risk Event had so occurred or existed, then the Issuer's obligations under the Note(s) shall be as set out in paragraph (ii) of "Alternate Settlement upon Declaration of Risk Event" save that the "Alternate Physical Payment Date" shall be the date which is 30 calendar days following the Cut-Off Date.

Other Terms:

Reference Custodian: Barclays Bank Zambia.

Reference Currency: Zambian Kwacha (“**ZMK**”), being the lawful currency of the Reference Jurisdiction, or if ZMK ceases to be the lawful currency of the Reference Jurisdiction, any other lawful currency in effect in such jurisdiction.

Payment Currency: United States Dollars (**USD** and **U.S.\$**).

Reference Entity: The Republic of Zambia (acting through the Central Bank of Zambia)

Reference Jurisdiction: The Republic of Zambia.

Reference Investor: Any person that holds the Reference Assets, which may include the Issuer and/or any of its Affiliates (including, without limitation, any trust, special purpose vehicle or account through which the Issuer or any of its Affiliates may hold Reference Assets in the Reference Jurisdiction).

Dealer:	Citigroup Global Markets Limited.
Calculation Agent:	Citigroup Global Markets Limited.
Determinations, Elections and Calculations:	All determinations, elections and calculations under the Note(s) shall be made by the relevant party in its sole and absolute discretion acting in good faith and shall be binding in the absence of manifest error.
FX Rate Set Date:	The date selected by the Calculation Agent, in its sole discretion, for determining the FX Rate.
FX Rate:	The rate, determined by the Calculation Agent on the FX Rate Set Date, at which a non-resident of the Reference Jurisdiction can purchase the Payment Currency against delivery of the Reference Currency for value on the Value Date.
Value Date:	The Interest Payment Date, the Maturity Date or, as the case may be, the Cut-Off Date.
Business Days:	A day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, New York City and Lusaka.
Business Day Convention:	Following, which shall apply to any date on which a payment or delivery would otherwise be due to be made by the Issuer that is not a Business Day.
Taxation and Expenses:	The Issuer shall not be liable for or otherwise obliged to pay any taxes in relation to the Note(s), payments or deliveries under the Note(s) shall be made subject to such taxes, and all taxes and expenses relating to the Note(s) shall be for the account of the Noteholder(s), as provided in the Final Terms.
Selling and Transfer Restrictions:	<p>The selling restrictions applicable to the Note(s) shall be as set out in the Base Prospectus (including any Supplements to the Base Prospectus).</p> <p>The Note(s) may not be offered or sold in any jurisdiction where offer and sale is prohibited by applicable law or regulation.</p> <p>The Note(s) may not be transferred without the prior written consent of the Issuer, such consent shall not be unreasonable withheld.</p>
Additional Disclaimers:	Neither the Issuer nor the Dealer, nor any of their Affiliates or agents, will be obligated to hold any Reference Assets or pursue any remedies they may have with respect thereto (even if the Issuer transfers Reference Assets to the Noteholder(s) or refers to

their market value in connection with the satisfaction of the Issuer's obligations following the declaration of a Risk Event as described above).

II. Notices.

(A) Notices to the Noteholder(s).

The Issuer shall give notices to the Noteholder(s) by facsimile transmission, e-mail, mail or courier to the facsimile number, e-mail address or mailing address of each Noteholder as advised by such Noteholder to the Issuer from time to time.

Any communication to the Noteholder(s) shall be deemed to be received by the relevant Noteholder, in the case of communication by fax, when an acknowledgement of receipt is received, in the case of communication by e-mail, when an acknowledgement of receipt is received (other than an "out of office" or similar reply), or, in the case of communication by letter, when the letter is delivered, in each case in the manner required by this paragraph.

(B) Notices to the Issuer.

Notices to be given by any Noteholder to the Issuer regarding the Note(s) will be validly given if delivered in writing to the Issuer and copied to the Calculation Agent as follows:

To the Issuer:

Attention: Treasury Capital Markets
Fax: +1 901-257-4416
Address: 601 Lexington Avenue, 6th Floor
New York, New York 10022
United States

To the Calculation Agent:

Attention: Emerging Markets Credit Trading
Fax: +44 20 7192 3085/8043 0172
Address: Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom.

Any such notice shall be deemed to have been given on the day when delivered or when deemed delivered (as provided below) to both the Issuer and the Calculation Agent. If such notice is delivered or deemed delivered, as the case may be, to the Issuer and the Calculation Agent on different days, such notice shall be deemed to be delivered on the later of such days. If any such notice is delivered on a day that is not a Local Business Day or after 5.00 p.m. in the place of receipt on a Local Business Day, it will be deemed delivered on the next following Local Business Day. The relevant Noteholder must provide satisfactory evidence to the Issuer of its holding of the Note(s) which, so long as the Note(s) are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, is expected to be in the form of certification from Euroclear and/or Clearstream, Luxembourg, as the case may be. For

the purposes hereof, **Local Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place of receipt of the relevant notice.

III. Definitions.

The following capitalised terms shall have the meaning set out below for the purposes of the Note(s):

(A) Additional Risk Events:

Inconvertibility Event means the occurrence after the Trade Date of any event or existence of any condition that has the effect of it being impossible, illegal or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor (1) to convert the Reference Currency into the Payment Currency through customary legal channels; or (2) to effect currency transactions on terms as favourable as those available to residents of the Reference Jurisdiction; or (3) to freely and unconditionally transfer or repatriate any funds (in the Payment Currency or the Reference Currency) from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction or between accounts inside the Reference Jurisdiction; or (4) to receive the full value of any cash payment (when converted to the Payment Currency) made under the Reference Assets due to the introduction after the Trade Date by any Governmental Authority (as defined in the Credit Derivatives Definitions) of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations.

Ownership Restriction Event means the occurrence after the Trade Date of any event or existence of any condition that has the effect of it being illegal, impossible or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any Reference Investor to purchase, hold, receive, sell, freely transfer or remain the owner of any Reference Asset or any amount received in respect thereof.

Settlement/Custodial Event means (1) the occurrence after the Trade Date of any event, the existence of any condition or the taking of any action that results, or may result with the passage of time, in the Bankruptcy (as defined in the Credit Derivatives Definitions as if references to "Reference Entity" were changed to "Custodian" for these purposes) of any Custodian; or (2) in respect of the Reference Assets owned by such Reference Investor or any amount received in respect thereof, a Custodian (i) fails to perform in a timely manner any or all of its obligations owed to a Reference Investor under any Reference Custodial/Settlement Arrangement, or (ii) fails to take any action when instructed to do so by a Reference Investor pursuant to the terms of any Reference Custodial/Settlement Arrangement, or (iii) takes any action which is contrary to the terms of any Reference Custodial/Settlement Arrangement; in each case that affects or may affect, in the determination of the Issuer, the hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Issuer's obligations with respect to the Note(s).

(B) Other Events:

Market Disruption Event means the occurrence of any event or existence of any condition that has the effect of (1) the failure or suspension of normal trading on any recognized securities, futures or other exchange on which the Reference Assets or futures thereon are traded; or (2) any Reference Asset becoming ineligible for clearance or settlement through the principal clearing system or by the relevant settlement procedure for the Reference Assets.

Regulatory Change Event means:

(i) the adoption of, change in or change in the interpretation or administration of, any law, rule, directive, decree or regulation in the Reference Jurisdiction after the Trade Date by any Governmental Authority (as defined in the Credit Derivatives Definitions); and/or

(ii) the compliance by a Reference Investor with any request or directive of any Governmental Authority (as defined in the Credit Derivatives Definitions, provided that such term shall also include any taxing authority),

which in any such case:

1. would, in respect of any amount of Reference Assets (and/or any amount received in respect thereof) which a Reference Investor could have held during the term of the Note(s), impose, modify or apply any tax, charge, duty, reserve, special deposit, insurance assessment or any other requirement on such Reference Investor and this results in additional costs to a Reference Investor; and/or
2. increases in any other way the actual or potential cost to a Reference Investor of hedging the obligations of the Issuer with respect to the Note(s) at any time during the term of the Note(s).

(C) Additional Definitions:

Affiliate means, in respect of any designated person, any person that directly or indirectly controls or is controlled by or is under common control with such designated person. For the purposes of this definition, control (including with correlative meanings, the terms controlled by and under common control with), as used with respect to any person, shall mean the possession, directly, or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities or by contract or otherwise.

Custodian means any custodian (including the Reference Custodian), sub-custodian, depository, settlement system, bank or clearing house (or any agent or delegate of any of the foregoing) or any exchange used by a Reference Investor as part of any Reference Custodial/Settlement Arrangement entered into from time to time.

Proportion means, in respect of a Noteholder, the proportion of the aggregate principal amount of Note(s) outstanding consisting of principal amounts of the Note(s) held by such Noteholder.

Regulatory Change Cost means, in respect of a Regulatory Change Event, an amount, determined by the Issuer equal to the cost which a Reference Investor would have incurred in respect of such Regulatory Change Event had it purchased, received, held, transferred or sold the Reference Assets (and/or any amount received in respect thereof) at any time during the term of the Note(s).

Reference Custodial/Settlement Arrangement means any formal or informal (express or implied) arrangement, method, means or account type through which a Reference Investor may hold, directly or indirectly, an interest (including a beneficial interest) in the Reference Assets and/or any amount received in respect thereof.

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Citigroup Funding Inc. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

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

- (i) in relation to any Notes represented by a global Note (a **Global Note**), units of the lowest Specified Denomination in the Relevant Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 17 July 2008 and made between the Issuer, Citigroup Inc. (the **Guarantor**), Citibank, N.A., London office as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent and together with any other paying agent from time to time, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citibank, N.A., New York office as registrar, if so specified in the applicable Final Terms (the **Registrar**, which expression shall include any successor registrar), and as transfer agent, if so specified in the applicable Final Terms (the **Transfer Agent**, which expression shall include any additional or successor transfer agents) and as a paying agent (where it is specified as registrar in the applicable Final Terms), Citigroup Global Markets Deutschland AG & Co. KGaA as registrar if so specified in the applicable Final Terms (the **Registrar** which expression shall include any successor registrar) and as transfer agent if so specified in the applicable Final Terms (the **Transfer Agent**, which expression shall include any additional or successor transfer agent), Citigroup Capital Markets Limited as calculation agent if so specified in the applicable Final Terms (the **Calculation Agent** which expression shall include any successor calculation agent) and Citigroup Financial Products Inc. as calculation agent if so specified in the applicable Final Terms (the **Calculation Agent** which expression shall include any successor calculation agent) and as exchange agent (the **Exchange Agent**, which expression shall include any successor exchange agent).

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

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

The payment and, where applicable, delivery of all amounts in respect of this Note has been guaranteed by the Guarantor pursuant to a deed of guarantee dated 10 June 2005 (the **Guarantee**) executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

Copies of the Agency Agreement, the Guarantee, a deed poll (the **Deed Poll**) dated 10 June 2005 and made by the Issuer and the Guarantor and the Deed of Covenant (as defined below) are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**). Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Agents save that, if this Note is neither listed on a stock exchange nor admitted to trading on any market, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Guarantee, the Deed Poll, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

General Definitions

In these Terms and Conditions:

Affiliate means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "control" means ownership of a majority of the voting power of an entity.

Business Day means a day which is both:

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

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

Day Count Fraction means:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the relevant Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (a) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (b) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iv) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Period End Date falling in a leap year, 366;

- (v) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if "30/360" is specified in the applicable Final Terms in relation to Fixed Rate Notes, the number of days in the period from (and including) the most recent Interest Period End Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (vii) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (viii) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (ix) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D₂ will be 30.

Designated Account means the account maintained by a holder with a Designated Bank and identified as such in the Register.

Designated Bank means (in the case of payment in a Relevant Currency other than euro) a bank in the principal financial centre of the country of such Relevant Currency (which, if the Relevant Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

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

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Dealer (in the case of a syndicated issue) as indicated in the applicable Final Terms;

DTC means the Depository Trust Company.

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

EURIBOR means the Euro-zone inter-bank offered rate.

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

Euroclear means Euroclear Bank S.A./N.V.

Intervening Period means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising an Asset Amount.

Legended Note means Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions in the United States to QIBs in accordance with the requirements of Rule 144A;

LIBOR means the London inter-bank offered rate.

London Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose principal amount on issue is less than the aggregate interest payable thereon Provided That such Note shall cease to be a Long Maturity Note on the Interest Period End Date on which the aggregate amount of interest remaining to be paid after that date is less than the principal amount of such Note.

Notice Delivery Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Notice Delivery Business Day Centre specified in the applicable Final Terms.

Payment Day means any day which (subject to Condition 9) is:

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

QIB means a **qualified institutional buyer** within the meaning of Rule 144A.

Register means the register of holders of the Registered Notes maintained by the Registrar.

Regulation S means Regulation S under the Securities Act.

Regulation S Global Note means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S.

Relevant Date means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

Rule 144A means Rule 144A under the Securities Act.

Rule 144A Global Note means a Registered Global Note representing Notes sold in the United States to QIBs.

Securities Act means the United States Securities Act of 1933, as amended.

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

TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System.

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

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Relevant Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note or a combination of the foregoing or interest payable by the Issuer in respect of the Notes may be linked to such reference item or calculated by such formula specified as the Interest Basis in the applicable Final Terms.

This Note may be a Credit Linked Note or the redemption amount payable by the Issuer in respect of the Notes may be linked to the reference item(s) or calculated by reference to the formula specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are non-interest bearing Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or

Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor and any Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

If the Notes are governed by English law, as indicated in the applicable Final Terms, the Noteholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 10 June 2005 and made by the Issuer should a Global Note become void as provided therein. The original of the Deed of Covenant is held by the Principal Paying Agent.

For so long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that, in accordance with DTC's published rules and procedures, any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

(a) *Transfers of interests in Registered Global Notes*

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) *Transfers of Registered Notes in definitive form*

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry,

be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose, subject as provided below, a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate (subject as provided below) and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate principal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated (subject as provided below) and delivered or (at the risk of the transferor) sent to the transferor. In the case of any Series of Registered Notes for which Citibank Global Markets Deutschland AG & Co. KGaA is specified as the Registrar in the applicable Final Terms, the Principal Paying Agent shall authenticate (or procure the authentication of) the relevant Registered Notes in definitive form and references above to business days shall, for this purpose mean a day on which banks are open for business in the city where the specified office of the Principal Paying Agent is located).

(c) *Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) *Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) *Transfers of interests in Regulation S Global Notes*

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with the Securities Act and any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. Such transferee may take delivery through a Legended Note in global or definitive form.

After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) *Transfers of interests in Legended Notes*

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act, if available, and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with the Securities Act and any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) *Exchanges and transfers of Registered Notes generally*

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

3. STATUS OF THE NOTES

The Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which will at all times rank *pari passu* and rateably among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated outstanding obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. INTEREST

THE PROVISIONS OF THIS CONDITION 4 ARE SUBJECT TO CONDITION 4(c).

(a) *Interest on Fixed Rate Notes*

Subject as provided in Condition 4(c), each Fixed Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will accrue in respect of each Interest Period (which expression shall in these Terms and Conditions mean the period from (and including) an Interest Period End Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Period End Date (each such latter date the **Interest Period End Final Date** for the relevant Interest Period)). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after the Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date. If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Period End Date should occur or (y) if any Interest Period End Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (i) the Following Business Day Convention, such Interest Period End Date shall be postponed to the next day which is a Business Day; or
- (ii) the Modified Following Business Day Convention, such Interest Period End Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date shall be brought forward to the immediately preceding Business Day; or
- (iii) the Preceding Business Day Convention, such Interest Period End Date shall be brought forward to the immediately preceding Business Day.

If no Business Day Convention is specified as applicable in the applicable Final Terms and except as provided in the applicable Final Terms:

- (A) the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Final Date in respect of such Interest Period, will amount to the **Fixed Coupon Amount**; and
- (B) the amount of interest payable on any other Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

If no Fixed Coupon Amount is specified in the applicable Final Terms, the Fixed Coupon Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Relevant Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(b) *Interest on Floating Rate Notes*

(i) *Interest Period End Dates and Interest Payment Dates*

Subject as provided in Condition 4(c), each Floating Rate Note bears interest on its outstanding principal amount in respect of each Interest Period (which expression shall in these Terms and Conditions mean the period from (and including) an Interest Period End Date (or if none the

Interest Commencement Date to (but excluding) the next (or first) Interest Period End Date (each such latter date the **Interest Period End Final Date** for the relevant Interest Period)). For the purposes of this Condition 4(b) (*Interest on Floating Rate Notes*), **Interest Period End Date** shall mean either:

- (A) the Specified Interest Period End Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Period End Date(s) is/are specified in the applicable Final Terms, each date which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Period End Date or, in the case of the first Interest Period End Date, after the Interest Commencement Date,

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date. If an Interest Payment Date falls after an Interest Period End Final Date in respect of the relevant Interest Period, no additional interest or other amount shall be payable as a result of such interest being payable on such later date.

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

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Period End Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Period End Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Period End Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Period End Date occurred; or
- (2) the Following Business Day Convention, such Interest Period End Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Period End Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Period End Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Period End Date shall be brought forward to the immediately preceding Business Day.

(ii) *Rate of Interest*

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

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final

Terms) the Margin (if any). For the purposes of this sub paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on LIBOR or EURIBOR, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(B) *Screen Rate Determination for Floating Rate Notes*

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (B)(1) above, no offered quotation appears or, in the case of (B)(2) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Relevant Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with offered rates, the offered rate for deposits in the Relevant Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Relevant Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), Provided That, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

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

The Calculation Agent shall not be responsible to the Issuer, the Guarantor or to any third party as a result of the Calculation Agent having acted on any quotation given by any Reference Bank which subsequently may be found to be incorrect.

For the purposes of this Condition:

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the applicable Final Terms.

Specified Time means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

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

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

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

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Relevant Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

The Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period, the relevant Interest Period End Date and, if different, the relevant Interest Payment Date to be notified to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes), the Issuer and the Guarantor and any stock exchange on which the Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount, Interest Period End Date and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the Notes are for the time being listed and to the Noteholders in accordance with Condition 14.

(vi) *Certificates to be final*

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

(c) *Accrual of interest*

Subject as provided below, each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal and/or delivery of all assets deliverable is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent or the Registrar, as the case may be, and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 14,

Provided That if:

- (A) **Accrual of Interest upon Credit Event** is specified as Not Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Interest Period End Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Period End Date such Interest Period End Date or, if the Credit Event Determination Date falls prior to the first Interest Period End Date, no interest shall accrue on the Notes; or
- (B) **Accrual of Interest upon Credit Event** is specified as being Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Credit Event Determination Date; and

Provided Further That, if

- (1) Condition 7(c) or Condition 7(d) applies in respect of the Notes and, in the case of Condition 7(c), a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Condition 7(d), a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or
- (2) Condition 7(e) applies in respect of the Notes and the Scheduled Maturity Date, the Grace Period Extension Date or the Repudiation/Moratorium Evaluation Date, as the case may be, is postponed as provided therein,

then interest will accrue as provided in Condition 7(c), Condition 7(d) or Condition 7(e), as the case may be.

5. PAYMENTS

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Relevant Currency other than euro will be made by credit or transfer to an account in the Relevant Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Relevant Currency drawn on, a bank in the principal financial centre of the country of such Relevant Currency (which, if the Relevant Currency is Australian dollars or New

Zealand dollars, shall be Sydney or Auckland, respectively), provided, however, that no payment in respect of a Bearer Note will be made by transfer to an account in, or by cheque mailed to, an address in the United States or any of its possessions; and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, and subject to the provisions of Condition 8.

(b) *Presentation of definitive Bearer Notes and Coupons*

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

Upon the date on which any Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

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

(c) *Payments in respect of Bearer Global Notes*

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

(d) *Payments in respect of Registered Notes*

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined above) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Relevant Currency), payment will instead be made by a cheque in the Relevant Currency drawn on a Designated Bank.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Relevant Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the day (whether or not such day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Relevant Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the Relevant Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor and any of the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) *General provisions applicable to payments*

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

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

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

(f) *Payment Day*

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

(g) *Interpretation of principal and interest*

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

- (i) the Final Redemption Amount of the Notes;
- (ii) the Early Redemption Amount of the Notes;
- (iii) the Optional Redemption Amount(s) (if any) of the Notes; and
- (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

6. REDEMPTION AND PURCHASE - GENERAL PROVISIONS

(a) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled and subject as provided in Condition 7(a) and Condition 7(b) if applicable, each principal amount of Notes equal to the lowest Specified Denomination set out in the applicable Final Terms will be redeemed by the Issuer by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date.

(b) *Redemption at the option of the Issuer (Issuer Call)*

If Issuer Call is specified as applicable in the applicable Final Terms, the Issuer may having given:

- (i) in respect of Bearer Notes, not less than 5 nor more than 60 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) in the case of Registered Notes:
 - (A) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14; and
 - (B) not less than 45 days' notice to the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such

redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(c) *Redemption at the option of the Noteholders (Investor Put)*

If Investor Put is specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 45 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 6(c) in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of a Note the holder of such Note must, if such Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the principal amount thereof to be redeemed and, if less than the full principal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(g). If the relevant Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If the relevant Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of such Note the holder of such Note must, within the notice period, give notice to the Principal Paying Agent or the Registrar, as the case may be, of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or DTC, as applicable, (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them or DTC, as applicable, to the Principal Paying Agent or the Registrar, as the case may be, by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg or DTC, as applicable, from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Principal Paying Agent or the Registrar, as the case may be, for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable.

(d) *Redemption for Illegality*

In the event that the Calculation Agent determines in good faith that the performance of the Issuer's obligations under the Notes or the Guarantor's obligations under the Guarantee in respect of the Notes or that any arrangements made to hedge the Issuer's and/or the Guarantors obligations under the Notes and/or the Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given not less than 10 nor more than 30 days' notice to Noteholders in accordance with Condition 14 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each principal amount of the Notes equal to the lowest Specified Denomination being redeemed at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(e) *Early Redemption Amounts*

For the purpose of Condition 6(d), each principal amount of the Notes equal to the lowest Specified Denomination will be redeemed at the Early Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms.

(f) *Purchases*

The Issuer, the Guarantor or any of their respective Subsidiaries (as defined in the Agency Agreement) may at any time purchase Notes (Provided That, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

(g) *Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph (f) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) and cannot be reissued or resold.

7. CREDIT LINKED PROVISIONS

If the applicable Final Terms specify that the Notes are Credit Linked Notes and that the provisions of this Condition 7 apply:

(a) *Cash Settlement of Credit Linked Notes*

Unless previously redeemed or purchased and cancelled, if Cash Settlement is specified in the applicable Final Terms and Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **Credit Event Determination Date**), the Issuer shall give notice (such notice a **Settlement Notice**) to the Noteholders in accordance with Condition 14 and redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the lowest Specified Denomination being redeemed by the Issuer at the Credit Event Redemption Amount on the Credit Event Redemption Date.

If Conditions to Settlement are satisfied and the Credit Linked Notes become redeemable in accordance with this Condition 7(a), upon payment of the Credit Event Redemption Amounts in respect of the lowest Specified Denomination of a Credit Linked Note the Issuer shall have discharged

its obligations in respect of such Specified Denomination and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the lowest Specified Denomination. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor.

(b) *Physical Settlement of Credit Linked Notes*

Unless previously redeemed or purchased and cancelled, if Physical Delivery is specified in the applicable Final Terms and Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the **Credit Event Determination Date**), the Issuer shall give notice (such notice a **Notice of Physical Settlement**) to the Noteholders in accordance with Condition 14 and redeem all but not some only of the Credit Linked Notes, each principal amount of Credit Linked Notes equal to the lowest Specified Denomination being redeemed by Delivery of the Deliverable Obligations comprising an Asset Amount, subject to and in accordance with Conditions 7(f) and (g).

In the Notice of Physical Settlement the Issuer shall specify the Deliverable Obligations comprising an Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute any Asset Amount, irrespective of their market value.

If "Restructuring Maturity Limitation and Fully Transferable Obligation" is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in an Asset Amount only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applying in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in an Asset Amount only if it (i) is Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

If Conditions to Settlement are satisfied and the Credit Linked Notes become redeemable in accordance with this Condition 7(b), upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Cash Settlement Amount, as the case may be, in respect of the lowest Specified Denomination of a Credit Linked Note, the Issuer shall have discharged its obligations in respect of such Specified Denomination and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Cash Settlement Amount may be less than the lowest Specified Denomination. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer or the Guarantor.

(c) *Repudiation/Moratorium Extension*

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Condition 7(c) shall apply.

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Maturity Date or, if Condition 7(e)(ii) applies, the Postponed Maturity Date (as defined below) and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation Moratorium will in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date, then the Calculation Agent shall notify the Noteholders in accordance with Condition 14 that a Potential Repudiation/Moratorium has occurred and:

- (i) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
 - (A) each principal amount of Credit Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Final Redemption Amount on the third Business Day following the Repudiation/Moratorium Evaluation Date; and
 - (B) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or, if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the third Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or
- (ii) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied in the Notice Delivery Period the provisions of Condition 7(a) or Condition 7(b), as applicable, shall apply to the Credit Linked Notes save that the Event Determination Date shall be deemed to be the day immediately preceding the Final Interest Period End Date and the provisions of Condition 4(c)(ii) shall apply.

(d) *Grace Period Extension*

If "Grace Period Extension" is specified as applicable in the applicable Final Terms, the provisions of this Condition 7(d) shall apply:

- (i) In relation to an Interest Period other than the final Interest Period, where the Conditions to Settlement have not been satisfied on or prior to the Interest Payment Date relating to such Interest Period (the **Relevant Interest Payment Date**) but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Relevant Interest Payment Date and such Grace Period(s) is/are continuing as at that date, then:
 - (I) where a Failure to Pay has not occurred as a result of such Potential Failure to Pay becoming a Failure to Pay, the Issuer shall be obliged to pay interest calculated as provided herein, in respect of such Interest Period but shall only be obliged to make such payment of interest on the third Business Day after the date on which, in the sole and absolute discretion of the Issuer, such Potential Failure to Pay is no longer occurring, and no further or additional interest shall be payable and no other amount shall be payable in respect of such delay; and
 - (II) where a Failure to Pay occurs as a result of such Potential Failure to Pay on or prior to the Grace Period Extension Date in relation to such Potential Failure to Pay and the Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Condition 7(a) or Condition 7(b), as applicable, shall apply to the Credit Linked Notes save that the Event Determination Date shall be deemed to be the day immediately preceding the Relevant Interest Payment Date (and, for the avoidance of doubt, no interest shall be payable as provided in (I) above).
- (ii) Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but a Potential Failure to Pay has occurred with respect to one or more Obligation(s) in

respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

- (I) where a Failure to Pay has not occurred as a result of such Potential Failure to Pay becoming a Failure to Pay:
 - (A) each principal amount of Credit Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Final Redemption Amount on the third Business Day following the date (the **Delayed Payment Date**) on which, in the sole and absolute discretion of the Issuer, such Potential Failure to Pay is no longer occurring; and
 - (B) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein, in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Delayed Payment Date; and
 - (C) no further or additional interest shall be payable and no other amount shall be payable in respect of such delay; or
- (II) where a Failure to Pay has occur as a result of such Potential Failure to Pay on or prior to the Grace Period Extension Date in relation to such Potential Failure to Pay and the Conditions to Settlement are satisfied in the Notice Delivery Period, the provisions of Condition 7(a) or Condition 7(b), as applicable, shall apply to the Credit Linked Notes save that the Event Determination Date shall be deemed to be the day immediately preceding the Scheduled Maturity Date (and for the avoidance of doubt, no interest shall be payable as provided in I above).

(e) *Maturity Date Extension*

If:

- (i) on (A) the Scheduled Maturity Date or, (B) if applicable, the Repudiation/Moratorium Evaluation Date, or (C) if Grace Period Extension is specified as applying in the applicable Final Terms, the Grace Period Extension Date, as the case may be, Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (ii) on the Scheduled Maturity Date, in the opinion of the Calculation Agent, a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may notify the Noteholders in accordance with Condition 14 that the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, has been postponed to a date (such date the **Postponed Maturity Date**) specified in such notice falling 14 calendar days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, and:

where:

- (A) in the case of Condition 7(e)(i) the Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of Condition 7(e)(ii), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:

- (1) subject as provided below each principal amount of Credit Linked Notes equal to the lowest Specified Denomination will be redeemed by the Issuer by payment of the Final Redemption Amount on the Postponed Maturity Date; and
- (2) in the case of interest bearing Credit Linked Notes, the Issuer shall be obliged to pay interest calculated as provided herein accruing from (and including) the Interest Period End Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable and no additional interest or other amount shall be payable in respect of such delay; or

(B) where:

- (1) in the case of Condition 7(e)(i) Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 7(a) or Condition 7(b) as applicable shall apply to the Credit Linked Notes save that the Event Determination Date shall be deemed to be the day immediately preceding the final Interest Period End Date and the provisions of Condition 4(c)(ii) shall apply; or
- (2) in the case of Condition 7(e)(ii) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Condition 7(c) shall apply to the Credit Linked Notes save that the Event Determination Date shall be deemed to be the day immediately preceding the final Interest Period End Date and the provisions of Condition 4(c)(ii) shall apply.

(f) *Physical Delivery*

- (i) If any Credit Linked Note, other than a Credit Linked Note represented by a Rule 144A Global Note, is to be redeemed by Delivery of an Asset Amount, in order to obtain Delivery of an Asset Amount(s) in respect of any Credit Linked Note:
 - (A) if such Credit Linked Note is represented by a Global Note, the relevant Noteholder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below); and
 - (B) if such Credit Linked Note is in definitive form, the relevant Noteholder must deliver (1) if such Credit Linked Note is a Bearer Note, to any Paying Agent or (2) if such Credit Linked Note is a Registered Note, to the Registrar or any Paying Agent, in each case with a copy to the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent or the Registrar, as the case may be.

An Asset Transfer Notice may only be delivered, if such Credit Linked Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or if such Credit Linked Note is in definitive form, in writing or by tested telex.

If the Credit Linked Note is in definitive form, such Credit Linked Note must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the Delivery of any Asset Amount(s) and any details required for Delivery of such Asset Amount(s) set out in the applicable Final Terms;
- (2) in the case of Credit Linked Notes represented by a Global Note, specify the principal amount of Credit Linked Notes which are the subject of such notice and the number of the Noteholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Credit Linked Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Credit Linked Notes on or before the Settlement Date;
- (3) include an undertaking to pay all Delivery Expenses and, in the case of Credit Linked Notes represented by a Global Note, an authority to debit a specified account of the Noteholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Delivery Expenses;
- (4) specify an account to which any amounts payable pursuant to Condition 7(g) or any other cash amounts specified in the applicable Final Terms as being payable are to be paid; and
- (5) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear or Clearstream, Luxembourg, the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Credit Linked Notes which are the subject of such notice.

In the case of Credit Linked Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Noteholder is the holder of the specified principal amount of Credit Linked Notes according to its books.

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

Delivery of any Asset Amount(s) in respect of each Credit Linked Note shall be made at the risk of the relevant Noteholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Final Terms.

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the Cut-Off Date specified in the applicable Final Terms, the Issuer or the Guarantor, as the case may be, will, subject as provided above, Deliver the Deliverable Obligations constituting Asset Amount(s) in respect of the relevant Credit Linked Notes as soon as practicable after the receipt of the duly completed Asset Transfer Notice, Provided That if, in respect of a Credit Linked Note, a Noteholder fails to give an Asset Transfer Notice prior to the day falling 180 calendar

days after the Cut-Off Date, the obligations of the Issuer and the Guarantor in respect of such Credit Linked Notes shall be discharged and neither the Issuer nor the Guarantor shall have any liability in respect thereof.

- (ii) If any Credit Linked Note represented by a Rule 144A Global Note is to be redeemed by Delivery of Asset Amount(s), the relevant provisions relating to such Delivery shall be set out in the applicable Final Terms.
- (iii) All Delivery Expenses arising from the Delivery of Asset Amount(s) in respect of such Credit Linked Notes shall be for the account of the relevant Noteholder and no Delivery of such Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer or the Guarantor, as the case may be, by the relevant Noteholder.

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

- (iv) In relation to each Deliverable Obligation constituting an Asset Amount the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Settlement Date Provided That if all or some of the Deliverable Obligations included in such Asset Amount are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or prior to the 30th Business Day following the Settlement Date (the **Final Delivery Date**),

Provided Further That if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Condition 7(g) shall apply.

References in these Terms and Conditions to Hedge Disruption Obligations shall be disregarded in relation to the Credit Linked Notes if the applicable Final Terms specified "Hedge Disruption Event" as Not Applicable.

(g) *Partial Cash Settlement*

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising an Asset Amount are not Delivered by the Final Delivery Date, the Issuer shall give notice (a **Cash Settlement Notice**) to the Noteholders in accordance with Condition 14 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Cash Settlement Amount on the Cash Settlement Date.

Unless otherwise specified in the applicable Final Terms, for the purposes of this Condition 7(g) the following terms shall be defined as follows:

Cash Settlement Amount means, for each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of

each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, less (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero.

Cash Settlement Date means the date falling three Business Days after the calculation of the Final Price.

Indicative Quotation means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

Market Value means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotations 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); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applicable in the applicable Final Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (ii) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

Quotation means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applicable in the applicable Final Terms, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or

more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applicable in the applicable Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.

- (ii) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applicable in the applicable Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (iii) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (iv) 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 purposes of determining the Final Price.

Quotation Amount means, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Quotation Method means Bid.

Reference Obligation means each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Valuation Method means Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case "Valuation Method" is deemed to be Market.

Valuation Time is the time specified as such in the applicable Final Terms, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

Weighted Average Quotation means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

(h) *Redemption of Credit Linked Notes following a Merger Event*

If this Condition 7(h) is specified as applicable in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer or the Guarantor, as applicable, may give notice to the Noteholders in accordance with Condition 14 and redeem the Credit Linked Notes at the Early Redemption Amount specified in the applicable Final Terms on the Merger Event Redemption Date.

(i) *Definitions applicable to Credit Linked Provisions*

Accreted Amount means, with respect to an Accreting Obligation, an amount equal to (i) the sum of (A) the original issue price of such obligation and (B) 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 (ii) 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 sub-paragraph (i)(B) 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 Delivery Date or applicable Valuation Date, as the case may be. 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 applicable in the applicable Final Terms. 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 sub-paragraph (i)(B) 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 Delivery Date or applicable Valuation Date, as the case may be. 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 for 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.

Asset Amount means, in respect of each principal amount of Credit Linked Notes equal to the lowest Specified Denomination, Deliverable Obligations, as selected by the Issuer in its sole and absolute discretion, with:

- (i) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if "Include Accrued Interest" is specified as applicable in the applicable Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified as applicable in the applicable Final Terms, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified as applying in the applicable Final Terms, excluding accrued but unpaid interest); or
- (ii) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount,

(or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the lowest Specified Denomination less, if Unwind

Costs are specified as applicable in the applicable Final Terms, Deliverable Obligations with a market value (determined by the Calculation Agent on the Business Day selected by the Calculation Agent falling during the period from and including the Credit Event Determination Date to and including the Delivery Date) equal to Unwind Costs.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

Asset Transfer Notice means a duly completed asset transfer notice substantially in the form set out in the Agency Agreement.

Bankruptcy means a Reference Entity:

- (i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) 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;
- (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (iv) 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 thirty calendar days of the institution or presentation thereof or before the Maturity Date, whichever is earlier;
- (v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) 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;
- (vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter or before the Maturity Date, whichever is earlier; or
- (viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (i) to (vii) (inclusive).

Best Available Information means:

- (i) 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

- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor".

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

Calculation Agent City means the city specified as such in the applicable Final Terms or, if a city is not so specified, the city in which the office through which the Calculation Agent is acting for the purposes of the Notes.

Calculation Agent City Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City.

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 Delivery 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, the Guarantor and/or their respective Affiliates, as the case may be.

Conditions to Settlement means the delivery by the Calculation Agent to the Issuer of a Credit Event Notice that is effective and if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period.

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 Event means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Final Terms, as determined by the Calculation Agent.

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

Credit Event Notice means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred at or after 12.01 a.m. Greenwich Mean Time on the Issue Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

- (i) the Scheduled Maturity Date;
- (ii) the Grace Period Extension Date if:
 - (A) "Grace Period Extension" is specified as applicable in the applicable Final Terms;
 - (B) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date; and
 - (C) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
- (iii) the Repudiation/Moratorium Evaluation Date if:
 - (A) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date;
 - (B) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Scheduled Maturity Date; and
 - (C) the Repudiation/Moratorium Extension Condition is satisfied.

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 Condition 7(o).

Credit Event Redemption Amount means, in respect of the lowest Specified Denomination of the Credit Linked Notes, the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

"A" is the lowest Specified Denomination;

"B" is the Final Price; and

"C" is Unwind Costs,

Provided That in no event shall the Credit Event Redemption Amount be less than zero.

Credit Event Redemption Date means the day falling the number of Business Days specified (or, if a number of Business Days is not so specified, three Business Days) in the applicable Final Terms after the calculation of the Final Price.

Currency Amount means, whenever an amount is denominated in a currency other than the Settlement Currency and is specified to be determined by reference to a Currency Amount, such amount converted to the relevant Settlement Currency using the Currency Rate.

Currency Rate means:

- (i) the rate determined by the Calculation Agent equal to the rate of conversion of the currency of the Deliverable Obligation into the Settlement Currency by reference to:
 - (A) if the Settlement Currency is U.S. Dollars, the Federal Reserve Bank of New York 10:00 a.m. (New York time) mid point rate as displayed on Reuters page FEDSPOT on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or
 - (B) if the Settlement Currency is euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (London time) on the date that the Notice of Physical Settlement is deemed given, or on such date and in such other commercially reasonable manner as it shall determine; or
- (ii) if the Settlement Currency is not U.S. Dollars or euro, the rate determined by the Calculation Agent in a commercially reasonable manner.

Default Requirement means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, USD10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

Deliver means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in an

Asset Amount to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defense based on the factors set out in paragraphs (i) to (iv) in the definition of "Credit Event" above) or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) Provided That if all or a portion of an Asset Amount consists of Direct Loan Participations, **Deliver** means to create (or procure the creation) of a participation in favour of the relevant Noteholder and to the extent that all or a portion of an Asset Amount consists of Qualifying Guarantees, **Deliver** means to Deliver both the Qualifying Guarantee and the Underlying Obligation. **Delivery** and **Delivered** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time.

Deliverable Obligation means, subject as provided in Condition 7(b):

- (i) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "(A) *Method for Determining Deliverable Obligations*" below (but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (A) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (i) to (iv) of the definition of "Credit Event" above) or right of set off by or of a Reference Entity or any applicable Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
 - (ii) subject to the second paragraph of the definition of "Not Contingent" in "(A) *Method for Determining Deliverable Obligations*" below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
 - (iii) 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 (A) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (B) is not subject to any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (i) to (iv) of the definition of "Credit Event" above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (C) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
 - (iv) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.
- (A) **Method for Determining Deliverable Obligations.** For the purposes of this definition of "Deliverable Obligation", the term "Deliverable Obligation" may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to (B)(3) below, having each of the

Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, as of the date on which the Notice of Physical Settlement is deemed given. The following terms shall have the following meanings:

- (1) **Deliverable Obligation Category** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of "Obligation" below, except that, for the purpose of determining Deliverable Obligations, the definition of "Reference Obligations Only" shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) **Deliverable Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of "Obligation" below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:
 - (i) **Not Contingent** means any obligation having as of the Delivery 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 satisfy the Not Contingent Deliverable Obligation Characteristic 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 or may exercise 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 Delivery 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) of the preceding paragraph have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.
 - (ii) **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;
 - (iii) **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;

- (iv) **Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each such Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each such Noteholder and either (A) the Issuer and/or any of its Affiliates, as the case may be, (to the extent that the Issuer and/or any of its Affiliates, as applicable, is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (v) **Transferable** means an obligation that is transferable to institutional investors 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;
- (vi) **Maximum Maturity** means an obligation that has a remaining maturity from the Settlement Date of not greater than the period specified in the applicable Final Terms;
- (vii) **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 Delivery 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; and
- (viii) **Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.

(B) Interpretation of Provisions.

- (1) If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (2) if (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms, the applicable Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (3) 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, Consent Required Loan and Direct Loan Participation 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; and
- (4) 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 the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (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 Qualifying Guarantee must satisfy on the relevant date the Obligation Characteristic or the Deliverable Obligation Characteristic of Not Subordinated, if specified in the applicable Final Terms.
- (iv) 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 the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (v) 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.
- (vi) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in the Terms and Conditions, including without limitation, the definitions of "Cash Settlement Amount" and "Quotation Amount" in Condition 7(g)), 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.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

Delivery Date means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

Delivery Expenses means all costs, taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer, withholding taxes or tax on income profits or gains and/or other costs, duties or taxes arising from the Delivery of an Asset Amount.

Domestic Currency means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, 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, at the date of the event giving rise to the Credit Event which is the subject of the Credit Event Notice, the Delivery Date or the time of identification of a Substitute Reference Obligation (as applicable), whose outstanding Voting Shares are more than 50 per cent. owned, directly or indirectly, by the Reference Entity. **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.

Due and Payable Amount means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation, the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery 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 Transferee means each of the following:

- (i) (A) any bank or other financial institution;
 - (B) an insurance or reinsurance company;
 - (C) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (iii)(A) below); and
 - (D) a 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;
- (ii) an Affiliate of an entity specified in the preceding sub-paragraph (i);
- (iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (A) 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
 - (B) that has total assets of at least U.S.\$500 million; or
 - (C) 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 sub-paragraphs (i), (ii), (iii)(B) or (iv); and
- (iv) a Sovereign, Sovereign Agency or Supranational Organisation;

All references in this definition to U.S.\$ include equivalent amounts in other currencies.

Equity Securities means:

- (i) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing 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
- (ii) 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.

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 the applicable Final Terms.

Excluded Obligation means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

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.

Final Price means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms. The Calculation Agent shall as soon as practicable after obtaining all Quotations for a Valuation Date, make available for inspection by Noteholders at the specified office of the Principal Paying Agent or the Registrar, as the case may be, (i) each such Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price.

Full Quotation means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

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 as a requirement for consent for purposes of this definition of "Fully Transferable Obligation". For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of "Fully Transferable Obligation", such determination shall be made as of the Delivery Date 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, the Guarantor and/or any of their respective Affiliates, as the case may be.

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:

- (i) subject to paragraphs (ii) and (iii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred;
- (ii) if Grace Period Extension is specified as applicable in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Interest Payment Date and/or the Scheduled Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to such Interest Payment Date and/or the Scheduled Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified in the applicable Final Terms, thirty calendar days; and

- (iii) if, at the later of the Trade Date and 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 three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation Provided That, unless Grace Period Extension is specified as applicable in the applicable Final Terms, 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:

- (i) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (ii) a Potential Failure to Pay occurs on or prior to an Interest Payment Date and/or the Scheduled Maturity Date,

the day that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

Hedge Disruption Event means in the opinion of the Calculation Agent any event as a result of which the Issuer, the Guarantor and/or any of their respective Affiliates has not received the relevant Deliverable Obligations under the terms of any transaction entered into by the Issuer, the Guarantor and/or any such Affiliate to hedge the Issuer's and/or the Guarantor's obligations or position in respect of the Credit Linked Notes.

Hedge Disruption Obligation means a Deliverable Obligation included in an Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

References to Hedge Disruption Event and Hedge Disruption Obligations in these Terms and Conditions shall be disregarded in relation to the Credit Linked Notes if the applicable Final Terms specifies "Hedge Disruption Event" as Not Applicable.

Market Value means, with respect to a Reference Obligation on a Valuation Date:

- (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (iv) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (v) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation

Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and

- (vi) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

Merger Event means that at any time during the period from (and including) the Issue Date to (but excluding) the Scheduled Maturity Date, (i) the Issuer and/or the Guarantor consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Reference Entity, or (ii) a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to the Issuer or the Guarantor or (iii) the Issuer and/or the Guarantor become Affiliates of a Reference Entity.

Merger Event Redemption Date means the date specified as such in the applicable Final Terms.

Minimum Quotation Amount means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

Modified Eligible Transferee means any bank, financial institution or other entity which is regularly engaged in an 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 date that is the later of (i) the Scheduled Maturity Date and (ii) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations.

Notice Delivery Period means the period from and including the Issue Date to and including (i) the Scheduled Maturity Date; (ii) the Grace Period Extension Date if (A) "Grace Period Extension" is specified as applicable in the applicable Final Terms, (B) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Maturity Date, and (C) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date; (iii) the Repudiation/Moratorium Evaluation Date if (A) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Maturity Date, (B) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date and (C) the Repudiation/Moratorium Extension Condition is satisfied; or (iv) the Postponed Maturity Date if the Maturity Date is postponed pursuant to Condition 7(e).

Notice of Publicly Available Information means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) 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 given 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 the applicable Final Terms 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 in Condition 7(o).

Obligation means:

- (i) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in "Method for Determining Obligations" below (but excluding any Excluded Obligation);
- (ii) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (iii) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

Method for Determining Obligations. For the purposes of paragraph (i) of this definition of "Obligation", the term "Obligation" may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of the date of the event which constitutes the Credit Event which is the subject of the Credit Event Notice. The following terms shall have the following meanings:

- (A) **Obligation Category** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
 - (1) **Payment** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
 - (2) **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);
 - (3) **Reference Obligations Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
 - (4) **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;
 - (5) **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; and
 - (6) **Bond or Loan** means any obligation that is either a Bond or a Loan.

- (B) **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 specified in the applicable Final Terms, where:
- (1)
 - (a) **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 the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Trade Date specified in the applicable Final Terms and (2) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;
 - (b) **Subordination** means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such obligation is being compared (the **Senior Obligation**), a contractual, trust or other 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 be taken into account where the Reference Entity is a Sovereign;
 - (2) **Specified Currency** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is specified in the applicable Final Terms 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 shall be referred to collectively in the applicable Final Terms as the **Standard Specified Currencies**);
 - (3) **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";
 - (4) **Not Domestic Currency** means any obligation that is payable in any currency other than the Domestic Currency;
 - (5) **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;

- (6) **Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) **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.

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

Obligation Default means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared 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.

Outstanding Principal Balance means, subject as provided in sub-paragraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:

- (i) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (ii) with respect to any other obligation, the outstanding principal balance of such obligation,

Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, "Outstanding Principal Balance" shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

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

Permitted Currency means (i) 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 (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of the McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

Physical Settlement Period means the number of Business Days specified as such in the applicable Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation

comprising an Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

Potential Failure to Pay means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such 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 paragraph (i) of the definition of Repudiation/Moratorium.

Publicly Available Information means:

- (i) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a 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 the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information. Provided That, if either the Calculation Agent, the Issuer, the Guarantor or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent, the Issuer, the Guarantor or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation;
 - (B) is information received from or published by (1) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (2) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
 - (C) is information contained in any petition or filing instituting a proceeding described in paragraph (iv) 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.
- (ii) In the event that the Calculation Agent is (A) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (B) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to a Reference Entity.
- (iii) In relation to any information of the type described in paragraphs (i) (B), (C) and (D) above, the Calculation Agent 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 entity disclosing 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 third parties.

- (iv) 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 (1) has met the Payment Requirement or Default Requirement; (2) is the result of exceeding any applicable Grace Period; or (3) has met the subjective criteria specified in certain Credit Events.

Public Source means each source of Publicly Available Information specified as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

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**) and that is not, at the time of the Credit Event, Subordinated to any unsubordinated Borrowed Money obligation of the Underlying Obligor (with references in the definition of Subordination to the Reference Entity deemed to refer to the Underlying Obligor). Qualifying Guarantees shall exclude any arrangement structured (i) 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, assigned or otherwise altered 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.

Qualifying Participation Seller means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

Quotation means 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:

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

for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

- (ii) (A) If "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
- (B) if "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
- (C) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the applicable Final Terms 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.

- (iii) 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 the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Principal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

Quotation Dealer means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

Quotation Method means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

- (i) **Bid** means that only bid quotations shall be requested from Quotation Dealers;
- (ii) **Offer** means that only offer quotations shall be requested from Quotation Dealers; or
- (iii) **Mid-market** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

Reference Entity means the entity or entities specified as such in the applicable Final Terms. Any Successor to a Reference Entity identified pursuant to the definition of "Successor" in this Condition 7(i) shall be the Reference Entity for the purposes of the relevant Series.

Reference Obligation means each obligation specified as such or of a type described in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

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, (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.

Repudiation/Moratorium Extension Condition means the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information by the Calculation Agent to the Issuer that is effective during the period from and including the Issue Date to and including the Scheduled Maturity Date or, if Condition 7(e)(iii) applies, the Postponed Maturity Date.

Repudiation/Moratorium Extension Notice means an irrevocable notice (which may be by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or after the Issue Date and on or prior to the Scheduled Maturity Date. 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 Condition 7(o).

Restructured Bond or Loan means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

Restructuring means 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 a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of interest or (y) 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.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (A) 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;
- (B) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (C) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Condition 7(k), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (i) to (v) of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in paragraphs (A), (B) and (C) of this definition of Restructuring shall continue to refer to the Reference Entity.

Restructuring Date means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

Restructuring Maturity Limitation Date means the date that is the earlier of (i) thirty months following the Restructuring Date and (ii) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Scheduled Maturity Date or later than thirty months following the Scheduled Maturity Date and if it is, it shall be deemed to be the Scheduled Maturity Date or thirty months following the Scheduled Maturity Date, as the case may be.

Settlement Currency means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Relevant Currency of the Credit Linked Notes.

Settlement Date means the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the **Scheduled Settlement Date**) Provided That if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Settlement Date, the Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Settlement Date.

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 (i) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (ii) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to paragraph (3) of "(B) *Interpretation of Provisions*" in the definition of "Deliverable Obligation", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

Specified Number means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two.

Substitute Reference Obligation means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations in respect of such Reference Entity, identified by the Calculation Agent in accordance with the following procedures:

- (i) In the event that:
 - (A) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or
 - (B) in the opinion of the Calculation Agent (1) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (2) any Reference Obligation in respect of such Reference Entity is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (3) for any other reason, other than due to the existence or

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

- (ii) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (A) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (1) the Trade Date and (2) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (B) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (C) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (iii) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (i) above has occurred with respect to one or more but not all of such Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each such Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (iv) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (i) above has occurred with respect to all of such 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.
- (v) If:
 - (A) more than one specific Reference Obligation is identified as a Reference Obligation in respect of such Reference Entity in relation to a Series, any of the events set forth in paragraph (i) above has occurred with respect to all of such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or
 - (B) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (i) 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 later of (1) the Scheduled Maturity Date, (2) the Grace Period Extension Date (if any) and (3) the Repudiation/Moratorium Evaluation Date (if any). If (x) either Cash Settlement is specified in the applicable Final Terms and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or Physical Delivery is specified in the applicable Final Terms and the Reference Obligation is the only Deliverable Obligation and (y) on or prior to the later of (1) the Scheduled Maturity Date, (2) the Grace Period Extension Date or

(3) the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the Issuer's obligations under the Credit Linked Notes shall cease as of the later of (1) the Scheduled Maturity Date, (2) the Grace Period Extension Date or (3) the Repudiation/Moratorium Evaluation Date.

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

Successor means:

- (i) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
 - (A) if one entity directly or indirectly succeeds to seventy-five 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;
 - (B) if only one entity directly or indirectly succeeds to more than twenty-five per cent. (but less than seventy-five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty-five per cent. of the Relevant Obligations will be the sole Successor;
 - (C) if more than one entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty-five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent. of the Relevant Obligations will each be a Successor and these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
 - (D) if one or more entity each directly or indirectly succeed to more than twenty-five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty-five 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 these Terms and Conditions and/or the applicable Final Terms will be adjusted as provided below;
 - (E) 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 twenty-five 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

- (F) 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 twenty-five 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 two 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; and
- (ii) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

In the case of paragraph (i) 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 fourteen calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (i)(F) above, as applicable. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (i)(F) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Noteholder(s) at the specified office of the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

Where pursuant to paragraph (i)(C) or (i)(D) above, more than one Successor has been identified, the Calculation Agent shall adjust such of the Terms and Conditions and/or the applicable Final Terms as it shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment.

Upon the Calculation Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 14, stating the adjustment to the Terms and Conditions and/or the applicable Final Terms and giving brief details of the relevant Succession Event.

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 with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (i) of this definition of "Successor" shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (x) a Reference Obligation is specified in the applicable Final Terms; and
- (y) one or more Successors to the Reference Entity have been identified; and
- (z) 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" above.

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

Trade Date means the date specified as such in the applicable Final Terms.

Undeliverable Obligation means a Deliverable Obligation included in an Asset Amount which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible or illegal to Deliver on the Settlement Date.

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

Valuation Date means (i) where Physical Delivery is specified as applying in the applicable Final Terms the day falling two Business Days after the Final Delivery Date, or (ii) where Cash Settlement is specified as applying in the applicable Final Terms, if "Single Valuation Date" is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the Credit Event Determination Date or, if the number of Business Days is not so specified, five Business Days after the Credit Event Determination Date, and if "Multiple Valuation Dates" is specified in the applicable Final Terms, each of the following dates:

- (A) the date that is the number of Business Days specified in the applicable Final Terms after the Credit Event Determination Date (or, if the number of Business Days is not specified, five Business Days); and
- (B) each successive date that is the number of Business Days specified in the applicable Final Terms (or if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When "Multiple Valuation Dates" is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

Valuation Method:

- (i) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one Valuation Date:

- (A) **Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
- (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

- (ii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and more than one Valuation Date:

- (A) **Average Market** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
- (B) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
- (C) **Average Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

- (iii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:

- (A) **Blended Market** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or
- (B) **Blended Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

- (iv) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:

- (A) **Average Blended Market** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or
- (B) **Average Blended Highest** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation

Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.

- (v) Notwithstanding paragraphs (i) to (iv) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

Valuation Time means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

Weighted Average Quotation means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

(j) *Credit Event Notice after Restructuring Credit Event*

If this Condition 7(j) is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in these Terms and Conditions, upon the occurrence of a Restructuring Credit Event during the Notice Delivery Period:

- (i) the Calculation Agent may deliver a Credit Event Notice in respect of an amount (the **Partial Redemption Amount**) that is less than the principal amount outstanding of each Credit Linked Note immediately prior to the delivery of such Credit Event Notice. In such circumstances the provisions of Condition 7 shall be deemed to apply to the Partial Redemption Amount only and each such Credit Linked Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (ii) For the avoidance of doubt (A) the principal amount of each such Credit Linked Note not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such Credit Linked Note as provided in Condition 4 (adjusted in such manner as the Calculation Agent determines to be appropriate), (B) the provisions of Condition 7 shall apply to such principal amount outstanding of such Credit Linked Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) once a Credit Event Notice with respect to a Restructuring Credit Event has been delivered in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring Credit Event. The Issuer may also instruct the Calculation Agent to determine what other adjustments should be made to these Terms and Conditions to reflect such partial redemption. Notice of such adjustments shall be given to the Noteholders pursuant to Condition 14.
- (iii) If the provisions of this Condition 7(j) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.

(k) *Provisions relating to Multiple Holder Obligation*

If this Condition 7(k) is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (i) to (v) of the definition of Restructuring shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.

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.

(l) *Provisions taken from the ISDA supplement entitled "Additional Provisions - Monoline Insurer as Reference Entity (May 2003)"*

If this Condition 7(l) is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (i) **Obligation and Deliverable Obligation.** Paragraph (i) of the definition of "Obligation" in Condition 7(i) and paragraph (i) of the definition of "Deliverable Obligation" in Condition 7(i) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (ii) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (B)(4) of the definition of "Deliverable Obligation" in Condition 78(i) 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:
 - (c) 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 this Condition 7 in respect of such an Insured Instrument shall be construed accordingly;
 - (d) 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;
 - (e) 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 the applicable Final Terms;
 - (f) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms 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; and

- (g) 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.
- (iii) **Not Contingent.** 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. By specifying that this Condition 7(l) is applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.
- (iv) **Deliver.** For the purposes of the definition of "Deliver" in Condition 7(i), "Deliver" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "Delivery" and "Delivered" will be construed accordingly.
- (v) **Provisions for Determining a Successor.** The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" in Condition 7(i) is hereby amended by adding "or insurer" after "or guarantor".
- (vi) **Substitute Reference Obligation.** The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (ii) thereof in Condition 7(i) is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For purposes of sub-paragraph (i)(B)(2) of the definition of "Substitute Reference Obligation" references to "the Qualifying Guarantee" and the "Underlying Obligation" shall be deemed to include "the Qualifying Policy" and "the Insured Instrument", respectively.
- (vii) **Other Provisions.** For purposes of paragraph (i)(B) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Condition 7(i) references to "the Underlying Obligation" and "the Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.
- (viii) **Additional Definitions.**

Qualifying Policy means a financial guaranty 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 in this Condition 7(l)) (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.

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 Condition 7(l)(iii) above 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).

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.

- (m) *Provisions taken from the ISDA supplement entitled "Additional Provisions - Monoline Insurer as Reference Entity (May 2005)"*

If this Condition 7(m) is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (i) **Obligation and Deliverable Obligation.** Paragraph (i) of the definition of "Obligation" in Condition 7(i) and paragraph (i) of the definition of "Deliverable Obligation" in Condition 7(i) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (ii) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (B)(4) of the definition of "Deliverable Obligation" in Condition 7(i) 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 this Condition 7 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 the applicable Final Terms;
 - (D) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms 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; and

- (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.

For the avoidance of doubt, if Condition 7(n) is specified as applying in the applicable Final Terms the amendments to paragraph (B)(4) of the definition of "Deliverable Obligation" in Condition 7(i) provided in Condition 7(n) shall not be construed to apply to Qualifying Policies and Insured Instruments.

- (iii) **Not Contingent.** 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. By specifying that this Condition 7(m) is applicable, no inference should be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.
- (iv) **Deliver.** For the purposes of the definition of "Deliver" in Condition 7(i), "Deliver" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and "Delivery" and "Delivered" will be construed accordingly.
- (v) **Provisions for Determining a Successor.** The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" in Condition 7(i) is hereby amended by adding "or insurer" after "or guarantor".
- (vi) **Substitute Reference Obligation.** The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (ii) thereof in Condition 7(i) is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For purposes of sub-paragraph (i)(B)(2) of the definition of "Substitute Reference Obligation" references to "the Qualifying Guarantee" and "the Underlying Obligation" shall be deemed to include "the Qualifying Policy" and "the Insured Instrument", respectively.
- (vii) **Restructuring.**
- (A) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (i) to (v) inclusive of the definition of "Restructuring" in Condition 7(i) are hereby amended to read as follows:
- "(1) a reduction in the rate or amount or the Instrument Payments in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (2) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;

- (3) a postponement or other deferral of a date or dates for either (I) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (II) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
 - (4) a change in the ranking in priority of payment of (I) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (II) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
 - (5) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency."
- (B) Paragraph (C) of the definition of "Restructuring" in Condition 7(i) is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (1) 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 (2) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (C) The definition of "Restructuring" in Condition 7(i) is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of this definition of "Restructuring" and if Condition 7(k) is specified as applying in the applicable Final Terms, 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 the definition of "Restructuring" other than in paragraphs (A), (B) and (C) thereof shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in paragraphs (A) to (C) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity."
- (viii) **Fully Transferable Obligation and Conditionally Transferable Obligation.** In the event that "Restructuring Maturity Limitation and Fully Transferable Obligation" and/or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applying in the applicable Final Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant 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 the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "final maturity date", as such term is used in Condition 7(b) and in the definition of "Restructuring Maturity Limitation Date", 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.

(ix) **Other Provisions.** For purposes of paragraph (i)(B) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Condition 7(i), references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor", respectively.

(x) **Additional Definitions.**

Qualifying Policy means a financial guaranty 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 in this Condition 7(m)) (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.

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 Condition 7(l)(c) above 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).

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.

(n) *Provisions taken from the ISDA Supplement entitled "May 2003 Supplement to the 2003 ISDA Credit Derivative Definitions" relating to Qualifying Guarantee and Underlying Obligation*

(i) If this Condition 7(n) is specified as applicable in the applicable Final Terms, Condition 7(i) shall be amended by:

(A) the deletion of the definition of "Downstream Affiliate" and the substitution of the following therefor:

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

(B) the deletion of paragraphs (B)(4)(ii) and (B)(4)(iii) of the definition of "Deliverable Obligation", the substitution of the following therefor and the re-numbering of the remaining paragraphs accordingly:

"(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 the

applicable Final Terms 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 the applicable Final Terms, (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."; and

- (C) the deletion of the definition of "Qualifying Guarantee" and the substitution of the following therefor:

"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 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."; and

- (ii) Condition 7(k) shall be amended by the insertion of the following at the end of the first paragraph thereof:

"Provided That any Obligation that is a Bond shall be deemed to satisfy the requirement in paragraph (ii) of the definition of "Multiple Holder Obligation" below".

- (o) *Calculation Agent and Calculation Agent Notices*

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Condition 7 shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer and the Guarantor shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

In relation to the delivery by the Calculation Agent to the Issuer or the Guarantor, as applicable, of any notice pursuant to this Condition 7, a notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

8. TAXATION

Neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment and/or delivery, or enforcement of any Note and/or the Guarantee and all payments and/or deliveries made by the Issuer or the Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes and/or the Guarantee.

9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in the General Definitions) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

11. CONSOLIDATION OR MERGER OR SUBSTITUTION OF THE ISSUER AND THE GUARANTOR

(a) *Consolidation or Merger*

- (i) The Issuer shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined below), unless the corporation formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety (the **successor corporation**) shall be a corporation organised and existing under the laws of the United States or any political subdivision thereof and shall, by taking such action as may be required to be taken were such successor corporation the Substitute for the purposes of Condition 11(b), expressly assume the due and punctual payment of the principal of and interest on all the Notes and any Coupons and the Guarantee, as applicable, and the performance of these conditions on the part of the Issuer to be performed or observed.

For the purposes of these Terms and Conditions **Person** means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, estate, incorporated organisation or government or agency or any political subdivision thereof.

- (ii) Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety in accordance with Condition 11(a)(i) above, the successor corporation formed by such consolidation or into which

the Issuer is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer with the same effect as if such successor corporation had been named as the Issuer herein, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under these Terms and Conditions, the Notes, any Coupons, the Agency Agreement and the Deed of Covenant.

(b) *Substitution of the Issuer and the Guarantor*

- (i) Either the Issuer or the Guarantor may, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself any company which is, on the date of such substitution and in the opinion of the Issuer or the Guarantor, as the case may be, of at least the equivalent standing and creditworthiness to the Issuer or the Guarantor, as the case may be (the **Substitute**) subject to:
 - (A) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that, in the case of a substitution of the Issuer, the Notes, the Coupons and the Deed of Covenant or, in the case of a substitution of the Guarantor, the Guarantee represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done, and are in full force and effect;
 - (B) the Substitute becoming party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it in place of the Issuer or the Guarantor, as the case may be;
 - (C) the Substitute and the Issuer having obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and (if the Notes are governed by English law) in England, or (if the Notes are governed by the laws of the State of New York) the United States, that the obligations of the Substitute, in the case of a substitution of the Issuer, under the Notes, any Coupons and the Deed of Covenant, or, in the case of a substitution of the Guarantor, under the Guarantee, are legal, valid and binding obligations and that all consents and approvals as aforesaid have been obtained and that the Substitute, the Notes and any Coupons comply with all applicable requirements of the Securities Act;
 - (D) each stock exchange on which the Notes are listed confirming that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
 - (E) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes and any Coupons (if the Notes and any Coupons are governed by English law) and, if appropriate, the Substitute appointing a process agent as its agent in New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes and any Coupons (if the Notes and any Coupons are governed by New York law); and
 - (F) the Issuer or the Guarantor, as the case may be, giving at least 30 days' prior notice of the date of such substitution to the Noteholders and the Couponholders in accordance with Condition 14.
- (ii) Upon such substitution, any reference in these Terms and Conditions to the Issuer or the Guarantor, as the case may be, shall be deemed to be a reference to the Substitute.

- (iii) After a substitution pursuant to Condition 11(b)(i), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Condition 11(b)(i) and 11(b)(ii) shall apply *mutatis mutandis*, and references in these Terms and Conditions to the Issuer or Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute.
- (iv) After a substitution pursuant to Condition 11(b)(i) or 11(b)(iii) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
- (c) For so long as any Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange shall be notified of any such consolidation, merger or substitution and the requirements of the Irish Stock Exchange in respect of such consolidation, merger or substitution shall be complied with (including any requirement to publish a supplement).

12. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer and the Guarantor are entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, Provided That:

- (a) there will at all times be a Principal Paying Agent in respect of Bearer Notes and a Registrar and a Transfer Agent in respect of Registered Notes;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes), which may be the Principal Paying Agent, and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules, guidelines and regulations of the relevant stock exchange (or any other relevant authority); and
- (c) so long as any of the Registered Global Notes payable in a Relevant Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in the United States.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent having a specified office in the United States in the circumstances described in Condition 5(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Period End Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

- (a) All notices regarding the Bearer Notes will be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London (it is expected that such publication will be made in the *Financial Times* in London) and (ii) if and for so long as the Bearer Notes are listed on the Irish Stock Exchange Limited and for so long as the guidelines of the Irish Stock Exchange Limited so require, in an English language daily newspaper with general circulation in the Republic of Ireland (it is expected that such publication will be made in the *Irish Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the second day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in the manner and/or place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in the manner and/or place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

While the Notes are listed on the Irish Stock Exchange Limited, copies of all notices given in accordance with this Condition shall be forwarded to the Companies Announcement Office of the Irish Stock Exchange Limited.

- (b) Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

- (c) If Notice to the Issuer is specified as applying in the applicable Final Terms, notices to be given by any Noteholder to the Issuer regarding the Notes will be validly given if delivered in writing to the Issuer as specified in the applicable Final Terms. Any such notice shall be deemed to have been given on the day when delivered or if delivered on a day that is not a Notice Delivery Business Day or after 5.00 p.m. in the Notice Delivery Business Day Centre on a Notice Delivery Business Day, will be deemed effective on the next following Notice Delivery Business Day. In the case of Bearer Notes, the relevant Noteholder must provide satisfactory evidence to the Issuer of its holding of Bearer Notes which, so long as the Bearer Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg is expected to be in the form of certification from Euroclear and/or Clearstream, Luxembourg, as the case may be.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons, the Guarantee, the Deed of Covenant or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or the Guarantor or upon the request in writing of Noteholders holding not less than ten per cent. in principal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is two or more persons holding or representing not less than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or any Asset Amount(s) or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be two or more persons holding or representing not less than three-quarters in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one quarter in principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Issuer and the Guarantor may make, without the consent of the Noteholders or Couponholders:

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

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

If the Notes and the Coupons are governed by English law, no rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note and/or the Coupons, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Deed of Covenant, the Deed Poll and the Guarantee are governed by, and shall be construed in accordance with, English law.

The applicable Final Terms shall specify whether the Notes and the Coupons are governed by, and shall be construed in accordance with, English law or the laws of the State of New York and in relation to each Series of Notes, the Agency Agreement shall be governed by the governing law of such Notes.

(b) Submission to jurisdiction

If the Notes and the Coupons are governed by English law, the English courts are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons and that accordingly any legal action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons may be brought in such courts.

The Issuer hereby irrevocably submits to the jurisdiction of the English courts and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes and the Coupons and shall not affect the right of any of them 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 in any other jurisdiction (whether concurrently or not).

(c) Other documents

The Issuer has in the Agency Agreement (in the event that the Agency Agreement is governed by English law), the Deed of Covenant and the Deed Poll submitted to the jurisdiction of the English courts in terms substantially similar to those set out in Condition 18 (b) above.

(d) Process Agent

In respect of Notes and Coupons governed by English law, the Issuer irrevocably appoints Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 9LB, United Kingdom, to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appoint in accordance with Condition 14. Nothing shall affect the right to serve process in any other manner permitted by law.