



VTB CAPITAL PLC

(incorporated under the laws of England and Wales)

Note, Warrant and Certificate Programme

Under the terms of this Note, Warrant and Certificate Programme (the "**Programme**"), VTB Capital plc (the "**Issuer**") may from time to time issue notes ("**Notes**") and redeemable certificates ("**redeemable Certificates**") and, together with the Notes, "**N&C Securities**") or warrants ("**Warrants**") and exercisable certificates ("**exercisable Certificates**") and, together with the Warrants, "**W&C Securities**", and W&C Securities together with N&C Securities, "**Securities**"). Unsecured Securities of any kind may be issued including but not limited to Securities relating to a specified index or a basket of indices ("**Index Linked Securities**"), a specified share or a basket of shares, a specified American depositary receipt or global depositary receipt or a basket thereof ("**Equity Linked Securities**"), a specified currency or a basket of currencies ("**Currency Linked Securities**"), a specified commodity or commodity index or a basket of commodities and/or commodity indices ("**Commodity Linked Securities**"), a specified fund or basket of funds ("**Fund Linked Securities**"), the credit of a specified entity or entities ("**Credit Linked Securities**") and, in relation to N&C Securities only, a synthetic holding of a reference asset or basket of reference assets ("**Synthetic Pass-Through N&C Securities**"). N&C Securities may also be issued with the benefit of a security interest granted by the Issuer and secured over the equity share capital of Angle Capital Limited (the "**EPN Security Subsidiary**") and relating to a specified share or a basket of shares or global depositary receipt or a basket thereof ("**Secured Equity Participation Notes**" or "**Secured EPNs**"). N&C Securities which are Equity Linked N&C Securities, Index Linked N&C Securities, Currency Linked N&C Securities, Commodity Linked N&C Securities, Fund Linked N&C Securities, Credit Linked N&C Securities, Synthetic Pass-Through N&C Securities, in each case, may be, secured either by (i) charges granted over assets specified in the applicable Final Terms by a third party security provider (the "**Segregated Security Provider**") as specified at the time of such issue ("**Segregated Secured N&C Securities**") or (ii) a security interest granted by the Issuer over the shares of a third party (the "**Non-segregated Security Subsidiary**" and, together with the EPN Security Subsidiary and the Segregated Security Provider, the "**Security Companies**") as specified at the time of such issue ("**Non-segregated Secured N&C Securities**" and, together with the Segregated Secured N&C Securities, the "**Secured N&C Securities**", and the Secured N&C Securities together with the Secured EPNs, the "**Secured Notes**"). N&C Securities (other than Secured Equity Participation Notes) may also bear interest. Each issue of N&C Securities will be issued on the terms set out herein which are relevant to such N&C Securities under either (i) (in the case of N&C Securities other than Secured Equity Participation Notes) "*Terms and Conditions of the N&C Securities*" (the "**N&C Securities Conditions**") on pages 132-163 and any applicable Additional Terms and Conditions on pages 291-526 (together with the N&C Securities Conditions, the "**Conditions**") or (ii) (in the case of Secured Equity Participation Notes) "*Terms and Conditions of the Secured Equity Participation Notes*" (the "**Secured EPN Conditions**") on pages 176-290 and each issue of W&C Securities will be issued on the terms set out herein which are relevant to such W&C Securities under "*Terms and Conditions of the W&C Securities*" (the "**W&C Securities Conditions**") on pages 265-290 and any applicable Additional Terms and Conditions on pages 291-526 (together with the W&C Securities Conditions, the "**Conditions**") and, in each case, on such additional terms as will be set out in the applicable Final Terms (the "**Final Terms**") or, in the case of each issue of Secured Notes, on the terms set out in an offering prospectus or other issue document, which will include disclosure in relation to such Secured Notes (each, an "**Issue Document**") and which, in relation to an issue of Secured Notes that is to be admitted to trading on a regulated market in the European Economic Area and/or offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (as defined below), will be subject to a separate application to a competent authority for the purposes of the Prospectus Directive.

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

An investment in Securities issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" on pages 20-60.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the "**Prospectus Act 2005**") to approve this document as a base prospectus (in respect of Securities other than Secured Notes). The CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Securities (other than Secured Notes) issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Notice of the aggregate nominal amount or aggregate number, as the case may be, of Securities, interest (if any) payable in respect of N&C Securities, the issue price of Securities and any other terms and conditions not contained herein which are applicable to each series of Securities will be set out in the applicable Final Terms which, with respect to Securities to be listed on the Official List of the Luxembourg Stock Exchange, will be filed with the CSSF.

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

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

The Securities and, in certain cases, the Entitlement (as defined in the applicable Final Terms) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or under any state securities laws and are subject to certain United States tax law requirements. Trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act, as amended (the "**Commodity Exchange Act**"). The Securities, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or directly or indirectly offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, to, or for the account or benefit of, any person who is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustee have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (iii) above; (vi) any entity organised principally for passive investment, ten per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons; or (vii) any other U.S. Person as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the Commodity Exchange Act ("**U.S. Person**"). See "*Offering and Sale*" on pages 555-560.

The Issuer has not registered as an investment company pursuant to an exemption from the registration requirements of the United States Investment Company Act of 1940, as amended and the rules thereunder. Investors in the Securities will be deemed to have made or be required to make certain representations and warranties in connection with purchasing the Securities.

All payments in respect of the N&C Securities will be made without deduction for or on account of withholding taxes imposed by any tax jurisdiction unless any such deduction is required by law. In the event that (i) any such deduction is required and (ii) the relevant N&C Securities are (A) specified as being "Reference Item Linked N&C Securities" in the applicable Final Terms or (B) Secured Notes, the Issuer will not be required to pay any additional amounts to cover the amounts so deducted.

A holder of a W&C Security must pay all taxes, duties and/or expenses arising from the exercise and settlement of such W&C Security and/or delivery of the Entitlement, if applicable. The Issuer shall not be liable for tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any W&C Security and all payments will be made subject to any such tax, duty, withholding or other payment.

For a description of certain further restrictions on offers and sales of the Securities and on the distribution of this Base Prospectus, see "*Offering and Sale*" on pages 555-560.

Each issue of Securities other than Secured Notes will be issued in the form set out in "*Form of the Unsecured N&C Securities and the W&C Securities*" on pages 63-66 and each issue of Secured Notes will be issued in the form set out in "*Form of the Secured Notes*" on pages 66-67.

Prospective purchasers of Securities should ensure that they understand the nature of the relevant Securities and the extent of their exposure to risks and that they consider the suitability of the relevant Securities as an investment in the light of their own circumstances and financial condition. Securities involve a high degree of risk and potential investors should be prepared to sustain a total loss of the purchase price of their Securities. See "*Risk Factors*" on pages 20-60.

Any person (an "**Investor**") intending to acquire or acquiring any Securities from any person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the Investor for this Base Prospectus only if the Issuer is acting in association with that Offeror to make the offer to the Investor. Each Investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each Member State of the European Economic Area in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

The rating of certain Series of Securities to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series of Securities will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the applicable Final Terms.

Arranger

VTB Capital plc

Initial Dealer

VTB Capital plc

The date of this Base Prospectus is 27 June 2012.

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

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

The previous paragraph should be read in conjunction with the penultimate paragraph on page 3 of this Base Prospectus.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Securities are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY SECURITIES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE SECURITIES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE DEALERS) IN CONNECTION WITH THE OFFER OR SALE OF THE SECURITIES AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Copies of Final Terms will be available from the website of the Luxembourg Stock Exchange (www.bourse.lu), the registered office of the Issuer and the specified office set out below of the Principal Paying Agent, in the case of N&C Securities, or Principal Security Agent, in the case of W&C Securities (both as defined below).

Information contained in this Base Prospectus which is sourced from a third party has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has also identified the source(s) of such information.

For convenience, the website addresses of certain third parties are set out in this Base Prospectus. Except as otherwise provided in this Base Prospectus, no information in such websites should be deemed to be incorporated in, or form part of, this Base Prospectus and neither the Issuer nor any Dealer accepts any responsibility for any information contained in such websites.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" on page 8). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness

of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

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

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Securities of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Securities may be restricted by law in certain jurisdictions. None of the Issuer, the Dealers or the Trustee represent that this Base Prospectus may be lawfully distributed, or that any Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by any of the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Securities or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Securities. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Securities in the United States, the European Economic Area (including the United Kingdom) and the Russian Federation, see "*Offering and Sale*" on pages 555-560.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant

to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of Securities which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Securities may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, Provided That any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Securities in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this document to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars and all references to *RUB* refer to Russian roubles. In addition, all references to *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

DOCUMENTS INCORPORATED BY REFERENCE

The Issuer currently prepares audited consolidated accounts together with an unconsolidated balance sheet and associated notes on an annual basis in one consolidated document. The audited consolidated and non-consolidated annual financial statements for the financial years ended 31 December 2010 and 31 December 2011 of the Issuer (contained in the annual reports of the Issuer for the years ended 31 December 2010 (the "**Annual Report 2010**") and 31 December 2011 (the "**Annual Report 2011**")), which have previously been filed with the CSSF, are incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is incorporated by reference herein is modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded does not, except as so modified or superseded, constitute a part of this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded does not, except as so modified or superseded, constitute a part of this Base Prospectus.

Any information not listed in the cross reference list below, but which is contained in a document incorporated by reference, is given for information purposes only.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of each of the Agents for the time being in London and Luxembourg as set out on the final page of this Base Prospectus, and shall be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, for Securities listed on the Luxembourg Stock Exchange, such documents will be available, without charge, from the principal office in Luxembourg of The Bank of New York Mellon (Luxembourg) SA (the "**Luxembourg Listing Agent**").

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

Cross Reference List

Financial Statements of the Issuer

	Annual Report 2010	Annual Report 2011
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SUMMARY OF THE PROGRAMME

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

Words and expressions defined in the "Terms and Conditions of the N&C Securities", the "Terms and Condition of the Secured Equity Participation Notes" or in the "Terms and Conditions of the W&C Securities", as applicable, and in the remainder of this Base Prospectus shall have the same meanings in this summary. The Issuer may issue Notes, redeemable Certificates, Warrants and exercisable Certificates. Such instruments are together referred to as "Securities".

Issuer: VTB Capital plc.

The Issuer is an English bank majority owned by CJSC VTB Capital Holding ("VTBH"), Russia. It was incorporated with limited liability in England and Wales on 18 October 1919, and is a registered company under the Companies Act 1985 with registration number 00159752. The Issuer is a part of VTB Capital, the investment business of VTB Group, which has its headquarters in Moscow. The Issuer is an authorised person under the Financial Services and Markets Act 2000 ("FSMA") and is regulated pursuant to the FSMA by the Financial Services Authority (the "FSA").

The main operating centre of the Issuer is its head office in London, at 14 Cornhill, London, EC3V 3ND and its telephone number is +44 (0)20 3334 8000. The Issuer has branches in Singapore and Dubai International Financial Centre and a representative office in Moscow.

As of 31 March 2012, the nominal value of the authorised and issued share capital of the Issuer was U.S.\$566,212,392 divided into 735,035,780 Ordinary A Shares of U.S.\$ 0.4302 each and 250,000,000 Ordinary B Shares of U.S.\$1 each. The Ordinary A Shares and Ordinary B Shares rank *pari passu* in all respects but constitute separate classes of shares.

Description: Note, Warrant and Certificate Programme.

Calculation Agent: VTB Capital plc or such other calculation agent specified in the applicable Final Terms.

Arranger: VTB Capital plc.

Initial Dealer:	VTB Capital plc.
	Securities may also be issued to other dealers and third parties.
Principal Paying Agent (in the case of N&C Securities)/Principal Security Agent (in the case of W&C Securities):	The Bank of New York Mellon, London Branch.
Trustee (in respect of Secured Notes:)	BNY Mellon Corporate Trustee Services Limited
N&C Securities	
Form of N&C Securities:	N&C Securities will be issued in bearer form and, in the case of definitive N&C Securities, serially numbered, in the Specified Currency and the Specified Denomination(s).
Issue Price:	N&C Securities may be issued on a fully-paid or partly-paid basis at an issue price which is at par or a discount to, or a premium over, par.
Terms of N&C Securities:	N&C Securities may be denominated in any currency specified in the applicable Final Terms with any agreed maturity, subject to compliance with all applicable legal and/or regulatory restrictions. N&C Securities may: (i) bear interest at a fixed or floating rate; (ii) not bear interest; (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices, shares or GDRs/ADRs, currency exchange rates, commodities, fund shares or units, the credit of one or more underlying entities, bonds or other securities contracts such as derivatives or assets (each such underlying asset or basis of reference, a "Reference Item" and any Reference Item linked N&C Securities which are specified as such in the applicable Final Terms, "Reference Item Linked N&C Securities"; (iv) be redeemed by physical delivery of specified asset(s) ("Physical Delivery N&C Securities"; (v) benefit from security and/or (vi) have such other terms and conditions as specified in the applicable Final Terms. Interest periods, interest rates and the terms of and/or amounts payable on redemption will be specified in the applicable Final Terms. The Final Terms will indicate either that the relevant N&C Securities may not be redeemed prior to their stated maturity (other than in specified instalments, (if applicable), for taxation reasons, following an Event of Default and acceleration of the N&C Securities, or (if applicable) following an Additional Disruption Event), or that such N&C Securities will be redeemable at the option of the Issuer and/or the Holders.
Denomination of N&C Securities:	N&C Securities will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum

denomination of each N&C Security admitted to trading on a European Economic Area exchange will be €100,000 (or, if the N&C Securities are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

- Physical Delivery N&C Securities: In order to receive the relevant asset(s) comprising the Entitlement, a Holder must deliver an Asset Transfer Notice on or prior to a specified cut-off time and pay all taxes, duties and/or expenses arising from delivery. For certain Reference Item Linked N&C Securities, if certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the Issuer will be entitled to make payment of a cash amount in lieu of physical delivery.
- Negative Pledge: Terms of the N&C Securities contain a negative pledge provision as further described in N&C Securities Condition 3 ("*Negative Pledge*") in respect of N&C Securities other than Secured EPNs and Secured EPN Condition 4 ("*Negative Pledge*") in respect of Secured EPNs.
- Cross Default: The terms of the N&C Securities contain a cross default provision as further described in N&C Securities Condition 10 ("*Events of Default*") in respect of N&C Securities other than Secured EPNs and Secured N&C Securities, Secured EPN Condition 23 ("*Events of Default*") in respect of Secured EPNs, Segregated Condition 9 ("*Events of Default*") in respect of Segregated Secured N&C Securities and Non-segregated Condition 9 ("*Events of Default*") in respect of Non-segregated Secured N&C Securities.
- Events of Default: Terms of the N&C Securities contain, among others, events of default covering non-payment or non-delivery and relating to the insolvency of the Issuer.
- Taxation: All payments in respect of the N&C Securities will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in (i) N&C Securities Condition 8 in the case of N&C Securities other than Secured EPNs, (ii) Secured EPN Condition 21 in the case of Secured EPNs, (iii) Segregated Condition 8 in the case of Segregated Secured N&C Securities and (iv) Non-segregated Condition 8 in the case of Non-segregated Secured N&C Securities, unless any such deduction is required by law. In the event that (i) any such deduction is required and (ii) the relevant N&C Securities are (A) specified as being "Reference Item Linked N&C Securities" in the applicable Final Terms or (B) Secured Notes, the Issuer will not be required to pay any additional amounts to cover the amounts so deducted.
- All payments in respect of the N&C Securities will be made subject to any withholding or deduction required pursuant to FATCA, as provided in N&C Securities Condition 6(B) and Secured EPN Condition 8(A).

W&C Securities

Form of W&C Securities:	W&C Securities will be in registered form, will be represented by a Global W&C Security held by a common depositary on behalf of the Clearing Systems and will be registered in its name. Definitive W&C Securities will not be issued.
Issue Price:	W&C Securities may be issued at such price as shall be determined by the Issuer or the relevant Dealer appointed in respect of the issue.
Terms of W&C Securities:	The Issuer may from time to time issue W&C Securities of any kind, including but not limited to W&C Securities linked to one or more underlying assets or bases of reference or any combination thereof such as indices (including equity or commodity indices), shares (including GDRs and/or ADRs), currency exchange rates, commodities, fund shares or units or the credit of one or more underlying entities or contracts such as derivatives (each such underlying asset or basis of reference, a " Reference Item " and any Reference Item Linked W&C Securities, " Reference Item Linked W&C Securities " and, together with Reference Item Linked N&C Securities, " Reference Item Linked Securities ") and on such terms and as may be determined by the Issuer and specified in the applicable Final Terms.
Settlement:	Settlement may be by way of cash payment (" Cash Settled ") or physical delivery (" Physical Delivery "). For certain Physical Delivery W&C Securities, if certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the Issuer will be entitled to make payment of a cash amount in lieu of physical delivery.
Exercise Rights:	European Style Warrants are exercisable only on the Exercise Date. American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period. Bermudan Style Warrants are exercisable on any Exercise Date. The applicable Final Terms will specify if Warrants may be automatically exercised early. Certificates will be automatically exercised on the Exercise Date. The applicable Final Terms will specify if the Exercise Date for Certificates may be brought forward. In the case of Physical Delivery W&C Securities, in order to receive the Entitlement in respect of a W&C Security, the Holder must deliver an Exercise Notice prior to a specified cut-off time and pay all taxes, duties and/or expenses arising from such delivery.
Expenses and Taxation:	A holder of a W&C Security must pay all taxes, duties and/or expenses arising from the exercise and settlement of such W&C Security and/or

if applicable, delivery of the Entitlement.

The Issuer shall not be liable for tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any W&C Security and all payments will be made subject to any such tax, duty, withholding or other payment.

Reference Item Linked Securities

Index Linked Securities:

Amounts payable in respect of Index Linked Securities will be calculated by reference to one or more Indices. An Index may reference or comprise reference equities, bonds, property, currency exchange rates or other assets or bases of reference.

Index Linked Securities may be subject to early redemption or early cancellation or adjustment if an Index is modified or cancelled and there is no successor index acceptable to the Calculation Agent, if the Index's Sponsor fails to calculate and announce the Index, if certain market disruption events occur, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's or any Affiliate's hedging arrangements.

If certain disruption events occur with respect to valuation of an Index such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

If "Mandatory Early Termination" is specified as applicable in the applicable Final Terms, on the occurrence of a specified "Mandatory Early Termination Event" the Securities will be redeemed or cancelled on the designated "Mandatory Early Termination Date".

Equity Linked Securities (including GDR/ADR Linked Securities):

Amounts payable in respect of Equity Linked Securities will be calculated by reference to a single share or basket of shares. Equity Linked Securities may also provide for settlement by physical delivery of a specified amount of shares of one or more companies, subject to payment of any applicable sums payable.

Amounts payable in respect of GDR/ADR Linked Securities will be calculated by reference to a single global depositary receipt (a "GDR") or a single American depositary receipt (each, an "ADR") or a basket of GDRs and/or ADRs. GDR/ADR Linked Securities may also provide for settlement by physical delivery of a specified amount of GDRs and/or ADRs, subject to payment of any applicable sums payable.

Equity Linked Securities may, at the discretion of the Issuer, be subject to early redemption or early cancellation or adjustment (including valuation and in certain circumstances Share substitutions) if certain corporate events (such as events affecting the value of a Share (including Share divisions or consolidations, extraordinary dividends and capital calls), de-listing of a Share, insolvency, merger or nationalisation of a Share issuer; a tender offer or redenomination of a

Share) occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's and/or any Affiliate's hedging arrangements, or if insolvency filings are made with respect to a Share issuer.

GDR/ADR Linked Securities may, at the discretion of the Issuer, be subject to early redemption or early cancellation or adjustment (including valuation and in certain circumstances GDR/ADR substitutions) if certain corporate events (such as events affecting the value of a GDR and/or ADR (including GDR, ADR or underlying share divisions or consolidations, extraordinary dividends and capital calls), de-listing of a GDR, ADR or underlying share, insolvency, merger or nationalisation of an underlying share issuer, a tender offer or redenomination of a GDR, ADR and/or underlying share) occur, if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's and/or any Affiliate's hedging arrangements, or if insolvency filings are made with respect to an underlying share issuer.

If certain disruption events occur with respect to valuation of a Share, such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

If "Mandatory Early Termination" is specified as applicable in the applicable Final Terms, on the occurrence of a specified "Mandatory Early Termination Event" the Securities will be redeemed or cancelled on the designated "Mandatory Early Termination Date".

Currency Linked Securities:

Amounts payable in respect of Currency Linked Securities will be calculated by reference to the rate of exchange of a single currency or basket of currencies. Currency Linked Securities may also provide for settlement by physical delivery of a specified amount of the relevant currencies, subject to payment of any applicable sums payable.

If certain disruption events occur with respect to a rate of exchange of a single currency or basket of currencies, such valuation may be postponed and/or made by the Calculation Agent.

Commodity Linked Securities:

Amounts payable in respect of Commodity Linked Securities will be calculated by reference to a single commodity and/or commodity index or basket of commodities and/or commodity indices. Commodity Linked Securities may also provide for settlement by physical delivery of a specified amount of commodities, subject to payment of any applicable sums payable.

If certain disruption events occur with respect to valuation of a Commodity or futures or options contracts relating to such Commodity, such valuation may be postponed and/or made by the Calculation Agent. Commodity Linked Securities linked to a commodity index may be subject to adjustment if the index is modified or cancelled and there is no successor acceptable to the Calculation Agent or if the index's sponsor fails to calculate and announce the index.

If "Mandatory Early Termination" is specified as applicable in the applicable Final Terms, on the occurrence of a specified "Mandatory Early Termination Event" the Securities will be redeemed or cancelled on the designated "Mandatory Early Termination Date".

Fund Linked Securities:

Amounts payable in respect of Fund Linked Securities will be calculated by reference to units, interests or shares in a single fund or basket of funds. Fund Linked Securities may also provide for settlement by physical delivery of a specified amount of units, interests or shares of one or more Funds, subject to payment of any applicable sums payable.

Fund Linked Securities may, at the discretion of the Issuer, be subject to early redemption or early cancellation or adjustment (including as to valuations and fund substitutions) if certain corporate events (such as insolvency (or an analogous event) or nationalisation of a Fund; litigation against, or regulatory events occurring with respect to a Fund, suspensions of Fund subscriptions or redemptions, certain changes in net asset value or violations of leverage restrictions of a Fund, Fund reporting disruptions, or modifications to the investment objectives or changes in the nature or administration of a Fund) occur, if certain valuation or settlement disruption events occur with respect to a Fund, or if certain events (such as illegality, disruptions or cost increases) occur with respect to the Issuer's or Affiliate's hedging arrangements.

Fund Linked Securities linked to Exchange Traded Funds may be subject to early redemption or cancellation or adjustment (including as to valuation) if certain corporate events (such as events affecting the value of a Fund Share including share divisions or consolidation, delisting of a Fund Share, insolvency, merger or nationalisation of a Fund Share issuer, or a tender offer of a Fund Share) or modifications of its investment objectives occur or if certain events occur with respect to the Issuer's or Affiliate's hedging arrangements.

If certain disruption events occur with respect to the valuation of a Fund Share in respect of an Exchange Traded Fund, such valuation may be postponed and may be made by the Calculation Agent. Payments may also be postponed.

Credit Linked Securities:

Subject to alternative procedures applicable in relation to Auction Settlement (as set out below), amounts payable in respect of Credit Linked Securities will be calculated by reference to the credit of a specified entity or entities.

If Conditions to Settlement are satisfied, the Credit Linked Securities will be redeemed, and the Issuer will (i) pay the Credit Event Redemption Amount, if Conditions to Settlement – Cash Settlement is specified in the applicable Final Terms, or (ii) Deliver the Deliverable Obligations comprising the Entitlement, if Conditions to Settlement – Physical Delivery is specified in the applicable Final Terms.

Where Auction Settlement is specified as the applicable Settlement Method for a Series of Securities in the applicable Final Terms and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the applicable rules published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time.

If Conditions to Settlement – Auction Settlement is specified in the applicable Final Terms and a Credit Event Determination Date occurs, the Securities will be redeemed or cancelled and the Issuer will pay the Credit Event Redemption Amount.

Synthetic Pass-Through N&C Securities:

Amounts payable in respect of Synthetic Pass-Through N&C Securities will be calculated by reference to amounts received by a hypothetical investor in the specified reference asset converted into the specified settlement currency of the N&C Securities. Synthetic Pass-Through N&C Securities may also provide for settlement by physical delivery of a specified amount of reference assets, subject to payment of any applicable sums payable.

Synthetic Pass-Through N&C Securities may, at the discretion of the Issuer, be subject to early redemption or adjustment (including as to substitution of a reference asset) if certain events affecting the value of a Reference Asset, (such as the insolvency or default of a Reference Asset obligor, a custodial event, a change in law, the Reference Asset being subject to a material change in content, composition or constitution and/or if the Reference Asset is redeemed, discharged, pre-paid, cancelled or otherwise terminated in full prior to the scheduled date for such) occur, or if certain valuation, currency, market or settlement disruption events occur with respect to a Reference Asset, or if certain events (such as illegality, disruptions or tax or other cost increases) occur with respect to the Issuer's or Affiliate's hedging arrangements.

If certain disruption events occur with respect to the valuation of a Reference Asset, such valuation may be postponed and may be made by the Calculation Agent. Payments may also be postponed.

Secured Notes:

Secured Equity Participation Notes:

Amounts payable in respect of Secured EPNs will be calculated by reference to a single share or GDR or basket of shares or GDRs. No interest is payable in respect of Secured EPNs.

Secured EPNs will be secured pursuant to the Trust Deed by a first fixed charge granted by the Issuer over the entire issued share capital of Angle Capital Limited (the "**EPN Security Subsidiary**"). The Issuer shall deposit with the Trustee all certificates and other documents of title to the share capital of the EPN Security Subsidiary, and stock transfer forms executed in blank in respect of the shares of the EPN Security Subsidiary. The Securityholders in respect of each Series of Secured EPNs share the benefit of the EPN Security on a *pari passu* basis with the Securityholders of each other Series of Secured EPNs outstanding.

The EPN Security Subsidiary will hold beneficial ownership of the share(s) or GDR(s) specified in the applicable Final Terms in respect of each Series of Secured EPNs.

Secured N&C Securities

The Issuer may also issue Secured N&C Securities from time to time which will be secured pursuant to the Trust Deed (as supplemented in respect of each relevant Series of Secured N&C Securities) and as described in the applicable Final Terms.

General

Status of the Securities:

The Securities (other than the Secured Notes) will constitute direct, unconditional, unsubordinated and, subject to the provisions of N&C Securities Condition 3 ("*Negative Pledge*"), unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

The Secured Notes constitute direct, unconditional and unsubordinated obligation of the Issuer and rank and will rank *pari passu* among themselves and secured in the manner provided in the Trust Deed.

Approval, listing and admission to trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Securities (other than Secured Notes) issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as determined by the Issuer. Securities which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Securities are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.

Governing law:

The Securities and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in

accordance with, English law.

Use of Proceeds:

The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Rating:

If any issue of Securities under the Programme is to be rated, the rating of such Securities will be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to an issue of Securities will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) will be disclosed in the Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Programme (if any). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions – United States:

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") or under any state securities laws and the Securities may not be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person (as defined below). Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission ("**CFTC**") under the United States Commodity Exchange Act, as amended ("**CEA**") and no U.S. Person may at any time trade or maintain a position in the Securities.

As used herein, "**U.S. Person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons; or (vii) any other "U.S. Person" as such term may be defined in Rule 902 (k) of Regulation S under the Securities Act or in regulations adopted under the CEA.

Selling Restrictions – Other:

There are restrictions on the offer, sale and transfer of the Securities in

the European Economic Area (including the United Kingdom), the Russian Federation and such other restrictions as may be required in connection with the offering and sale of a particular series of Securities, see ("*Offering and Sale*").

Certain Restrictions:

Each issue of Securities denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Offering and Sale*").

Risk Factors:

Certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities and that are material for the purposes of assessing the risks associated with investing in the Securities are specified under "*Risk Factors*" and include risks in relation to the Issuer and its business, structural risks relating to particular Securities, including with respect to Reference Item Linked Securities (including as to auction settlement in respect of Credit Linked Securities), risks relating to unsecured obligations, market disruption, settlement disruption, failure to deliver due to illiquidity, expenses and taxation, no claim against the Reference Item, modification, meetings, hedging and potential conflicts of interest, physical delivery requirements and settlement risk, illegality and cancellation, partly-paid N&C Securities, optional redemption (in the case of N&C Securities), minimum denomination (in the case of N&C Securities), factors affecting the value and trading price of W&C Securities, time lag after exercise (in the case of W&C Securities), minimum exercise amount (in the case of W&C Securities), limitations on exercise (in the case of W&C Securities), possible illiquidity of Securities, exchange rate risks and exchange listing and legal regulation risk.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities issued under the Programme. These are set out under "*Risk Factors*" and include the fact that the Securities may not be a suitable investment for all investors, certain risks relating to the structure of particular issue of Securities and certain market risks.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) (IF ANY) ARE AND TO SEE HOW THE AMOUNT PAYABLE AND/OR DELIVERABLE ON THE SECURITIES AND ANY PERIODIC INTEREST PAYMENTS (IN THE CASE OF N&C SECURITIES) ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY SECURITIES.

RISK FACTORS

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

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the inability of the Issuer to pay any cash amounts in connection with any cash settled Securities ("**Cash Settled Securities**") or to deliver the Entitlement in connection with any physically settled Securities ("**Physical Delivery Securities**") may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to them or which they may not currently be able to anticipate. The Issuer makes no representation that the statements set out below regarding the potential risks of undertaking in any Securities are exhaustive. The Final Terms in respect of an issue of Securities may contain additional Risk Factors in respect of such Securities. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.*

THE PURCHASE OF SECURITIES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE SECURITIES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS BASE PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY (INCLUDING, WITHOUT LIMITATION, CONSULTING WITH SUCH FINANCIAL, LEGAL OR OTHER ADVISORS AS THEY DEEM APPROPRIATE) WITHOUT RELYING ON THE ISSUER OR ANY DEALER.

AN INVESTMENT IN SECURITIES LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL SECURITY, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OR EXERCISE OF THE SECURITIES MAY BE LESS THAN THE NOMINAL AMOUNT OR ISSUE PRICE OF THE SECURITIES, TOGETHER WITH ANY ACCRUED INTEREST (IN THE CASE OF N&C SECURITIES), AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. WHERE THE SECURITIES ARE REDEEMED OR EXERCISED BY THE ISSUER BY DELIVERY OF REFERENCE ITEM(S) THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE NOMINAL AMOUNT OR ISSUE PRICE OF THE SECURITIES, TOGETHER WITH ANY ACCRUED INTEREST (IN THE CASE OF N&C SECURITIES), AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.

CERTAIN ISSUES OF SECURITIES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

Terms used in this section and not otherwise defined shall have the meanings given to them in the "Terms and Conditions of the N&C Securities" or the "Terms and Conditions of the W&C Securities", as applicable (together the "Conditions" and references herein to "relevant Conditions" shall be construed accordingly).

Factors that may affect the Issuer's ability to fulfil its obligations under Securities issued under the Programme

General business, economic, political and market conditions

The Issuer's business and earnings are affected by general business, economic, market and political conditions in the United Kingdom and abroad. Given the concentration of the Issuer's business activities in Russia, it is particularly exposed to downturns in the Russian economy. For example in a poor economic environment there is greater likelihood that more of its customers or counterparties could become delinquent on their loans or other obligations to the Issuer which, in turn, could result in higher levels of provision for credit losses and charge offs which would adversely affect the Issuer's earnings. The Issuer's investment banking activities related earnings may also be adversely affected by turmoil, or a downturn, in the financial markets generally, and more specifically in emerging markets, particularly Russia.

General business, economic and market conditions that could affect the Issuer also include short term and long term interest rates, inflation, recession, monetary supply and fluctuations in both debt and equity capital markets in which the Issuer funds its operations.

More specific business and market related risks pertaining to the existing and proposed business activities and profile of the Issuer are set out further below.

Liquidity

The Issuer's liquidity is critical to its ability to operate its businesses, fund new loans and be profitable. A compromise to the Issuer's liquidity could therefore have a negative effect on its financial results. In recent years, the capital markets have been severely disrupted. Institutional fixed income investors remain reluctant to commit significant levels of liquidity to the financial sector of the market. This may raise the Issuer's cost of funds.

Potential conditions that could negatively affect the Issuer's liquidity include diminished access to capital markets, unforeseen cash or capital requirements, and also an inability to sell assets or execute secured financing transactions due to reduced investor appetite for non-prime assets.

The Issuer's credit ratings are an important part of maintaining its liquidity. A credit ratings downgrade could potentially increase borrowing costs, and depending on its severity, limit access to capital markets, require cash payments or collateral posting.

Concentration in Russia

A significant proportion of the Issuer's business and client base is in Russia and therefore the Issuer's financial performance from its business operations is substantially influenced by general economic conditions in Russia. Adverse changes in the political and economic climate in Russia could have a negative impact on the Issuer's financial performance. The principal political and economic risks relating to Russia are described below.

Political Risk in Russia

Russia has been undergoing a substantial political transformation from a centrally controlled command economy to a pluralist market oriented democracy. A significant number of changes have been undertaken during recent years but there can still be no assurance that the political and economic reforms necessary to complete such a transformation will continue.

Russian Macroeconomic Considerations

The positive trends in the Russian economy in recent years, such as increases in gross domestic product, a relatively stable currency and a reduced level of inflation, have begun to reverse as a consequence of the current global financial and economic crisis. In particular, because the Russian Federation produces and exports large volumes of oil and gas, the Russian economy is particularly sensitive to the price of oil and gas on the world market. The Issuer cannot predict the price of oil or gas and any change to one or both prices may have a significant impact on the state of the Russian economy.

Emerging Market Risk

Emerging markets such as Russia are subject to greater risks than more developed markets and financial turmoil in any emerging market could disrupt business as well as cause the price of the Securities to suffer. Moreover, financial turmoil in any emerging market country tends to adversely affect prices in stock markets and prices for debt securities of all emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging economies could dampen capital flows to Russia and adversely affect the Russian economy.

Russian Shareholder Risk

JSC VTB Bank, the ultimate owner of VTB Capital plc ("**VTB**") and together with its subsidiaries (the "**VTB Group**") is a leading Russian commercial bank, offering a wide range of banking services and conducting operations across Russia, the Commonwealth of Independent States (the "**CIS**") and elsewhere. The VTB Group's principal activities in Russia include taking deposits, providing account and settlement services, lending, trading and investing in securities for its own account and conducting foreign trade transactions. VTB currently focuses on corporate banking but is restructuring and expanding its Russian retail banking operations and is developing its investment banking operations. It conducts its banking business primarily with corporate customers but is focusing on attracting retail clients in Russia and the CIS.

The Russian State, acting through the Federal Property Agency, currently holds 75.5 per cent. of VTB's shares and is the controlling shareholder in VTB. While it is the Issuer's understanding that there is no current intention that the Russian State should cease to be the controlling shareholder in VTB in the short to medium term, no assurance can be given that this position may not change at some point in the future.

Any adverse changes in the political and economic climate in Russia, and also any major adverse business shock specific to VTB or the wider VTB Group, could also have a negative impact on VTB's financial performance and rating, which could, in turn, have an indirect negative impact on the Issuer.

Business and Market Risk Arising From the Activities of the Issuer

Overview

The Issuer's existing and proposed business is materially affected by conditions in the financial markets and economic conditions generally. In the event of a market downturn, revenues are likely to decline and, if the Issuer is unable to reduce expenses at the same pace, its profit margins would erode. Even in the absence of a market downturn, the Issuer is exposed to risk of loss due to market volatility.

Revenue Impact Arising From Credit Related Activities

The Issuer is exposed to the risk that third parties that owe it money, securities or other assets will not, or may not be in a position to, perform their obligations. These parties may include those counterparties to whom the Issuer has provided credit related facilities, trading counterparties, clearing agents, exchanges, clearing houses and other financial intermediaries as well as issuers whose securities it holds. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons.

Revenue Impact Arising From Trading and Investment Related Activities

The Issuer currently, or in the future may, maintain(s) trading and investment positions in the fixed income, currency, commodity and equity markets. To the extent that the Issuer owns assets, a downturn in those markets could result in losses from a decline in the value of those assets. Conversely, to the extent that the Issuer has sold assets it does not own, i.e., has short positions, in any of those markets, an upturn in those markets could expose the Issuer to losses as its attempts to cover its short positions by acquiring assets in a rising market. The Issuer may from time to time have a trading strategy consisting of holding a long position in one asset and a short position in another, from which it expects to earn revenues based on changes in the relative value of the two assets. If, however, the relative value of the two assets changes in a direction or manner that the Issuer does not anticipate or against which the Issuer is not hedged, the Issuer may realise a loss in those paired positions. In addition, the Issuer may maintain trading positions that can be adversely affected by the level of volatility in the financial markets, i.e., the degree to which trading prices fluctuate over a particular period, in a particular market, regardless of market levels.

Revenue Impact Arising From Adverse Market or Economic Conditions

Unfavourable financial or economic conditions may reduce the number and size, and hence revenues, of transactions in which the Issuer currently, or in the future, may provide underwriting, mergers and acquisitions advisory and other services.

A market downturn may also lead to a decline in the volume of transactions that the Issuer executes for its customers and, therefore, to a decline in the revenues it receives from commissions and spreads.

The Issuer's current or future activities may require or result in the Issuer taking large positions in the securities of a particular issuer or issuers in a particular industry, country or region. A market downturn could result in losses from a decline in the value of those assets.

In recent years, the global financial system has experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, an increase in general fraud and money laundering activity, and general widening of spreads. This has led to a number of major financial institutions, including some of the largest global commercial banks, investment banks, mortgage lenders, mortgage guarantors and insurance companies experiencing significant difficulties.

In addition, the significant sovereign debts and/or fiscal deficits of several countries within the Eurozone have raised concerns about their financial condition and the risk of default on sovereign debt of one or more such countries. The risk of contagion to other Eurozone countries has exacerbated the global economic crisis and particular concerns about the exit of one or more countries from the European Monetary Union have increased anxiety and have negatively impacted liquidity and access to credit. The continuation of this crisis and/or the exit by one or more countries from the European Monetary Union may significantly harm investor sentiment within the European and global market and could adversely affect the Issuer's business and profitability.

This market turmoil and reduction of available credit have contributed to decreasing consumer confidence, increased market volatility, reduced business activity and, consequently, increasing commercial and

consumer loan delinquencies. These market developments may further affect consumer confidence levels and may cause adverse changes in payment patterns, causing further increases in delinquencies and default rates, which may impact the Group's charge-offs and provision for credit losses. These market conditions could materially and adversely affect the Group's financial condition and results of operations.

Revenue Impact Arising from Hedging Strategies

If any of the variety of instruments and strategies the Issuer utilises to hedge its exposure to various types of risk are not effective, the Issuer may incur losses.

Risks Arising from the Issuer's Operating Procedures, Systems & Controls, and Employees

The Issuer has applied, and will continue to apply, significant resources to develop and maintain its risk management policies, procedures and controls. Nonetheless, the Issuer's policies and procedures to identify, monitor, manage and control risks may not be fully effective in all circumstances.

The Issuer has applied, and will continue to apply, significant resources to the recruitment, development and training of its employees, and also the development and maintenance of its operating procedures. Nevertheless, the Issuer may incur operational risk arising from mistakes made in the confirmation or settlement of transactions or from transactions not being properly recorded, evaluated or accounted for. Employee misconduct which goes undetected may also result in binding the Issuer to transactions that exceed authorised limits or present unacceptable risks, or hiding from the Issuer unauthorised or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses.

The Issuer has applied, and will continue to apply, significant resources to develop and maintain its financial, accounting and other data processing systems. Nevertheless, if any of these systems do not operate properly or are disabled, the Issuer could suffer financial loss, a disruption of its businesses, liability to clients, regulatory intervention or reputational damage.

Risks relating to the Banking Act 2009

Under the Banking Act 2009 (the "**Banking Act**"), substantial powers have been granted to HM Treasury, the Bank of England and the UK Financial Services Authority (the "**FSA**" and, together with HM Treasury and the Bank of England, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers enable the Authorities to deal with a UK bank, building society or other UK institution with permission to accept deposits pursuant to Part IV of the Financial Services and Markets Act 2000 ("**FSMA**") (each a "**relevant entity**") in circumstances in which the Authorities consider its failure has become highly likely and a threat is posed to the public interest. The SRR consists of three stabilisation options and two insolvency and administration procedures applicable to UK banks which may be commenced by the Authorities. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank established by the Bank of England; and (iii) temporary public ownership (nationalisation) of the relevant entity. In each case, the Authorities have been granted wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively. The following paragraphs set out some of the possible consequences of the exercise of those powers under the SRR.

The SRR may be triggered prior to insolvency of the Issuer

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may only be exercised if (a) the FSA is satisfied that a

relevant entity (such as the Issuer) is failing, or is likely to fail, to satisfy the threshold conditions within the meaning of section 41 of the FSMA (which are the conditions that a relevant entity must satisfy in order to retain its authorisation to accept deposits), (b) following consultation with the other Authorities, the FSA determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those threshold conditions, and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial systems, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

Various actions may be taken in relation to the Securities without the consent of the Securityholders

If the Issuer were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections made under The Banking Act 2009 (Restrictions of Partial Property Transfers) Order 2009) in respect of the Issuer. Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (including the Securities) without the consent of the Securityholders, including (among other things): (i) transferring the Securities notwithstanding any restrictions on transfer and free from any trust, liability or encumbrance; (ii) converting the Securities into another form or class (the scope of which power is unclear, although may include, for example, conversion of the Securities into equity securities); (iii) modifying or disapplying certain terms of the Securities, including disregarding any termination or acceleration rights or events of default under the terms of the Securities which would be triggered by the transfer and certain related events; and/or (iv) where property is held on trust, removing or altering the terms of such trust.

There can be no assurance that the taking of any such actions would not adversely affect the rights of Securityholders, the price or value of their investment in the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities. In such circumstances, Securityholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Securityholders would thereby recover compensation promptly or equal to any loss actually incurred.

A partial transfer of the Issuer's business may result in a deterioration of its creditworthiness

If the Issuer were made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (which may include the Securities) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that it may be unable to meet its obligations in respect of the Securities and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Securityholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Securityholders would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Base Prospectus, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Securityholders will not be adversely affected by any such order or instrument if made.

Factors which are material for the purpose of assessing the market risks associated with Securities issued under the Programme

The Securities may not be a suitable investment for all investors

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

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

In addition, an investment in any Reference Item Linked Securities may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks related to the structure of a particular issue of Securities*" set out below.

Some Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Securities

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

General risks and risks relating to Reference Item Linked Securities

Reference Item Linked Securities involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Purchasers should be prepared to sustain a total loss of the purchase price of the Securities. This risk reflects the nature of such a Security as an asset which, other factors held constant, tends to decline in value over time and which may become worthless. See "*Certain Factors Affecting the Value and Trading Price of Securities*" below. Prospective purchasers of Securities

should understand the risks of transactions involving the relevant Securities and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Securities in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Securities and the particular Reference Item to which the value of, or payments or deliveries in respect of, the relevant Securities may relate, as specified in the applicable Final Terms.

Reference Item Linked Securities will represent an investment linked to the economic performance of the relevant Reference Item(s) and prospective investors should note that the return (if any) on their investment in such Securities will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Securities is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Securities represent the right to receive payment or delivery, as the case may be, of the Final Redemption Amount(s), Cash Settlement Amount(s) or the Entitlement, as the case may be, as well as periodic payments of interest (if specified in the applicable Final Terms in respect of N&C Securities), all or some of which and the value of which will be determined by reference to the performance of the relevant Reference Item(s).

As the amounts payable and/or deliverable in respect of Reference Item Linked Securities are linked to the performance of the relevant Reference Item(s), a purchaser of such a Security must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s). Assuming all other factors are held constant, the lower the value of such a Security and the shorter the remaining term to redemption or cancellation, as applicable, the greater the risk that purchasers of such Security will lose all or part of their investment.

Reference Item Linked Securities may be principal protected or non-principal protected at maturity. Investors in Reference Item Linked Securities that are non-principal protected at maturity may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) (IF ANY) ARE AND TO SEE HOW THE CASH SETTLEMENT AMOUNT, FINAL REDEMPTION AMOUNT OR THE ENTITLEMENT, AS THE CASE MAY BE, AND ANY PERIODIC INTEREST PAYMENTS (IN THE CASE OF N&C SECURITIES) ARE DETERMINED AND WHEN SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY SECURITIES.

Fluctuations in the value and/or volatility of the relevant Reference Item(s) will affect the value of the relevant Securities. Other factors which may influence the market value of Securities include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the relevant Reference Item(s) from time to time and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Securities.

The Issuer may issue several issues of Securities relating to a particular Reference Item. However, no assurance can be given that the Issuer will issue any such Securities other than the Securities to which particular Final Terms relate. At any given time, the number of Securities outstanding may be substantial. Securities provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the relevant Reference Item(s).

Risks relating to Index Linked Securities

The Issuer may issue Index Linked Securities where the Final Redemption Amount, Cash Settlement Amount or interest payable is dependent upon the level of an index or indices. The index or indices may comprise of reference equities, bonds, other securities, property, currency exchange rate or other assets or bases of reference, and may be a well known and widely published index or indices or an index or indices established by the Issuer or another entity which may not be widely published or available. An investment in Index Linked Securities will entail significant risks not associated with a conventional fixed rate or floating rate debt security.

Index Linked Redemption N&C Securities may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of a specified asset or assets and/or by payment of an amount determined by reference to the value of the index/indices. Interest payable on Index Linked Interest N&C Securities may be calculated by reference to the value of one or more indices.

Index Linked W&C Securities may be settled by the physical delivery of a specified asset or assets and/or payment of an amount determined by reference to the value of the index/indices.

Potential investors in Index Linked Securities should be aware that depending on the terms of the Index Linked Securities (i) they may receive no or a limited amount of interest (in the case of N&C Securities), (ii) payments may occur at a different time than expected and (iii) except in the case of Securities which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the index/indices do not move in the anticipated direction.

In addition, the movements in the level of the index or indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

If the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the index or the indices on the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, will be magnified.

Index Linked Securities may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the level of the relevant index or indices reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or an interim payment;
- "Knock-out", being the occurrence of a specified knock-out event when the level of the relevant index or indices reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or an interim payment;
- "Trigger Event", being the occurrence of any index being equal to or less than the specified level for such index during the relevant observation period; and
- "Best/Worst Performance", being, in relation to Index Linked Securities referencing more than one index, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined

by reference to the index or weighted basket of indices giving the highest performance or lowest performance on a specified observation date or dates.

In such circumstances, the market value of the Securities may be more volatile than for securities that do not include such features and the timing of changes to the level of the index or indices may affect the return on the Securities even if the level is generally consistent with an investor's expectations.

If "Mandatory Early Termination" is specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as an index or indices exceeding or falling below a specified level on an observation date or during an observation period), such Index Linked Securities will be redeemed or cancelled prior to their designated Maturity Date or Settlement Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Securities.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Securities with an investment that has a similar profile as the Index Linked Securities. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the level of the relevant index or indices that would have resulted in a higher return on the Securities if they had not been redeemed or cancelled prior to their designated Maturity Date or Settlement Date.

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time, such determination may have an effect on the timing of valuation and consequently the value of the Securities and/or may delay settlement in respect of the Securities. Prospective purchasers should review the relevant Conditions of the Securities and the applicable Final Terms to ascertain whether and how such provisions apply to the Securities.

The market price of Index Linked Securities may be volatile and may depend on the time remaining to the redemption date or exercise date (as applicable) and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

Risks relating to Equity Linked Securities and GDR/ADR Linked Securities

The Issuer may issue Equity Linked Securities where the Final Redemption Amount, Cash Settlement Amount or interest payable are dependent upon the price of or changes in the price of shares or a basket of shares or where, depending on the price or change in the price of the shares or basket of shares, the Issuer has an obligation to deliver specified assets. Accordingly, an investment in Equity Linked Securities may bear similar market risks to a direct equity investment and investors should take advice accordingly. An investment in Equity Linked Securities will entail significant risks not associated with a conventional debt security.

Equity Linked Redemption N&C Securities may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of a specified number of share(s) and/or by payment of an amount determined by reference to the value of the share(s).

Interest payable on Equity Linked Interest N&C Securities may be calculated by reference to the value of one or more shares.

Equity Linked W&C Securities may be settled by the physical delivery of a specified number of share(s) and/or payment of an amount determined by reference to the value of the share(s).

Potential investors in Equity Linked Securities should be aware that depending on the terms of the Equity Linked Securities (i) they may receive no or a limited amount of interest (in the case of N&C Securities), (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Securities which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the share(s) do not move in the anticipated direction.

In addition, the movements in the price of the share or basket of shares may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the share or shares may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the share or shares, the greater the effect on yield.

If the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share or shares on the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, will be magnified.

Equity Linked Securities may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the price of the relevant share or basket of shares or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Knock-out", being the occurrence of a specified knock-out event when the price of the relevant share or basket of shares reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Trigger Event", being the occurrence of any share being equal to or less than the specified price for such share during the relevant observation period; and
- "Best/Worst Performance", being, in relation to Equity Linked Securities referencing more than one share, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined by reference to the share or weighted basket of shares giving the highest performance or lowest performance on a specified observation date or dates.

In such circumstances, the market value of the Securities may be more volatile than for securities that do not include such features and the timing of changes to the price of the share or basket of shares may affect the return on the Securities even if the price is generally consistent with an investor's expectations.

If "Mandatory Early Termination" is specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as a share or basket of shares exceeding or falling below a specified price on an observation date or during an observation period), such Equity Linked Securities will be redeemed or cancelled prior to their designated Maturity Date or Settlement Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Securities.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Securities with an investment that has a similar profile as the Equity Linked Securities. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the price of the relevant share or basket of shares that would have resulted in a higher

return on the Securities if they had not been redeemed or cancelled prior to their designated Maturity Date or Settlement Date.

If the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time any such determination may have an effect on the timing of valuation and consequently the value of the Securities and/or may delay settlement in respect of the Securities. Prospective purchasers should review the relevant Conditions of the Securities and the applicable Final Terms to ascertain whether and how such provisions apply to the Securities.

In the case of Equity Linked Securities following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (Provided That no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share) and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Securities.

In addition, in the case of Equity Linked Securities, if a Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency occurs in relation to any Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the relevant Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Equity Linked Securities;
- (ii) redeem or cancel, as applicable, part (in the case of Equity Linked Securities relating to a basket of Shares) or all (in any other case) of the Securities. Following such redemption or cancellation an investor generally would not be able to reinvest the redemption or cancellation proceeds at an effective interest rate as high as the interest rate on the relevant Securities being redeemed or cancelled and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time; and
- (iii) if the applicable Final Terms provide that "Share Substitution" is applicable, require the Calculation Agent to adjust the basket of Shares to include a share selected by it in accordance with the criteria for share selection set out in the applicable Final Terms in place of the Share(s) which are affected by such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency and the substitute shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of the Securities, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

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

No issuer of the relevant share(s) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Equity Linked Securities and neither the Issuer nor any Dealer will make any

investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of the publicly available information described in this paragraph or in any relevant Final Terms) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the trading price of the Securities.

Except as provided in the Conditions in relation to Physical Delivery Securities, Holders of Equity Linked Securities will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Securities relate.

The Issuer may issue GDR/ADR Linked Securities where the Final Redemption Amount, Cash Settlement Amount or interest payable are dependent upon the value of GDRs or ADRs, or where, depending on the price of or change in the price of the GDRs or ADRs, the Issuer has an obligation to deliver specified assets. Accordingly, an investment in GDR/ADR Linked Securities may bear similar market risks to a direct GDR/ADR investment and investors should take advice accordingly. An investment in GDR/ADR Linked Securities will entail significant risks not associated with a conventional debt security.

GDR/ADR Linked Redemption N&C Securities may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of a specified number of GDRs and/or ADRs and/or by payment of an amount determined by reference to the value of the GDRs and/or ADRs. Interest payable on GDR/ADR Interest N&C Securities may be calculated by reference to the value of the GDRs and/or ADRs.

GDR/ADR Linked W&C Securities may be settled by the physical delivery of a specified number of GDRs and/or ADRs and/or payment of an amount determined by reference to the value of the GDRs and/or ADRs.

Potential investors in GDR/ADR Linked Securities should be aware that depending on the terms of such Securities (i) they may receive no or a limited amount of interest (in the case of N&C Securities), (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Securities which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the GDRs and/or ADRs does not move in the anticipated direction.

In addition, the movements in the price of the GDRs and/or ADRs may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the GDRs and/or ADRs may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the GDRs and/or ADRs, the greater the effect on yield.

If the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the GDRs and/or ADRs on the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, will be magnified.

GDR/ADR Linked Securities may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the price of the relevant GDRs and/or ADRs breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or interim payment;

- "Knock-out", being the occurrence of a specified knock-out event when the price of the relevant GDRs and/or ADRs reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Trigger Event", being the occurrence of any GDR and/or ADR being equal to or less than the specified price for such GDR/ADR during the relevant observation period; and
- "Best/Worst Performance", being, in relation to GDR/ADR Linked Securities referencing more than one GDR/ADR, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined by reference to the GDR/ADR or weighted basket of GDRs and/or ADRs giving the highest performance or lowest performance on a specified observation date or dates.

In such circumstances, the market value of the Securities may be more volatile than for securities that do not include such features and the timing of changes to the price of the GDRs and/or ADRs may affect the return on the Securities even if the price is generally consistent with an investor's expectations.

If "Mandatory Early Termination" is specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as any GDR and/or ADR or basket of GDRs and/or ADRs exceeding or falling below a specified price on an observation date or during an observation period), such GDR/ADR Linked Securities will be redeemed or cancelled prior to their designated Maturity Date or Settlement Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Securities.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Securities with an investment that has a similar profile as the GDR/ADR Linked Securities. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the price of the relevant GDRs and/or ADRs that would have resulted in a higher return on the Securities if they had not been redeemed or cancelled prior to their designated Maturity Date or Settlement Date.

The market price of GDR/ADR Linked Securities may be volatile and may be affected by the time remaining to the redemption date or exercise date (as applicable), the volatility of the GDRs and/or ADRs and the financial results and prospects of the issuer or issuers of the GDRs and/or ADRs as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such GDRs and/or ADRs may be traded.

Risks relating to Currency Linked Securities

The Issuer may issue Currency Linked Securities where the Final Redemption Amount, Cash Settlement Amount or interest payable are dependent upon movements in currency exchange rates or are payable in one or more currencies which may be different from the currency in which the Securities are denominated. Accordingly, an investment in Currency Linked Securities may bear similar market risks to a direct foreign exchange investment and investors should take advice accordingly. An investment in Currency Linked Securities will entail significant risks not associated with a conventional debt security.

Currency Linked Redemption N&C Securities may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of specified amount of one or more currencies and/or by payment of an amount determined by reference to the value of the currency/currencies. Interest payable on Currency Linked Interest N&C Securities may be calculated by reference to the value of one or more currencies.

Currency Linked W&C Securities may be settled by the physical delivery of a specified amount of one or more currencies and/or payment of an amount determined by reference to the value of the currency/currencies.

Potential investors in any Currency Linked Securities should be aware that depending on the terms of the Currency Linked Securities (i) they may receive no or a limited amount of interest (in the case of N&C Securities), (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Securities which are principal protected at maturity, they may lose all or a substantial portion of their investment if the currency exchange rates do not move in the anticipated direction.

In addition, the movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the currency exchange rates, the greater the effect on yield.

If the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, will be magnified.

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Currency Linked Securities. Furthermore, investors who intend to convert gains or losses from the exercise, redemption or sale of Currency Linked Securities into their home currency may be affected by fluctuations in exchange rates between their home currency and Settled Currency (as defined below) of the Securities. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency/currencies, regardless of other market forces (see "*Exchange rate risks and exchange controls*" below).

The Issuer may issue Securities which, following an FX Market Disruption Event, permit the Issuer to elect to settle any amounts due at that time pursuant to such Securities in the Deliverable Currency instead of the Specified Currency. The Issuer will give notice of such election. Following such an election, each Securityholder will be required to deliver a Deliverable Currency Account Notice in accordance with the terms of Currency Linked Condition 4 specifying an account in the Deliverable Currency. The Issuer will not be responsible in the event a Securityholder is unable to open or obtain use of an account in the Deliverable Currency. Any failure to deliver such notice prior to the Deliverable Currency Account Notice Cut-off Date (as defined in Currency Linked Condition 2) will result in the relevant Securityholders' Securities becoming worthless. Following the receipt of such Deliverable Currency Account Notice from a Securityholder and subject to the Issuer's option to recommence payments in the Specified Currency, the Issuer will pay all amounts in the Deliverable Currency after the deduction of costs and expenses relating to the payment of such Deliverable Currency. Such costs and expenses may include costs, expenses or losses incurred by the Issuer and/or its Affiliates in connection with, in respect of or as a result of hedging arrangements for payment in the Deliverable Currency. This may be as a result of the insolvency or default of any custodians or other entities or any taxes and duties. The Issuer may elect to use any third party custodian and/or bank in connection with the payments in the Deliverable Currency and any such election shall be made by the Issuer without regard to the credit worthiness of such third party custodian and/or bank. All such costs and expenses are for the account of the Securityholders. In each case, the Deliverable Currency may be a currency which is subject to transfer restrictions or which is not commonly traded in international markets. This may mean that the benefit received by the Securityholder may be significantly less than would have been the case had the payment been completed in the Base Currency.

The Calculation Agent has significant discretion to determine relevant currency and FX rates for the purposes of the Securities. This includes selecting the relevant or alternative price sources for the relevant

rates and the relevant rates may be less advantageous for investors there if other price sources have been used.

Risks relating to Commodity Linked Securities

The Issuer may issue Commodity Linked Securities where the Final Redemption Amount, Cash Settlement Amount or interest payable are dependent upon the price or changes in the price of commodities, a basket of commodities, a commodity index or a basket of commodity indices or where, depending on the price or change in the price of the commodities, basket of commodities, commodity index or basket of commodity indices, the Issuer has an obligation to deliver specified assets. Accordingly, an investment in Commodity Linked Securities may bear similar market risks to a direct commodity investment and investors should take advice accordingly. An investment in Commodity Linked Securities will entail significant risks not associated with a conventional debt security.

Commodity Linked Redemption N&C Securities may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of specified amount of one or more commodities and/or by payment of an amount determined by reference to the value of the commodity, commodity index, commodities and/or commodity indices. Interest payable on Commodity Linked Interest N&C Securities may be calculated by reference to the value of one or more commodity or commodity index.

Commodity Linked W&C Securities may be settled by the physical delivery of a specified amount of one or more commodities and/or payment of an amount determined by reference to the value of one or more commodity, commodity index, commodities and/or commodity indices.

Potential investors in Commodity Linked Securities should be aware that depending on the terms of the Commodity Linked Securities (i) they may receive no or a limited amount of interest (in the case of N&C Securities), (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Securities which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the commodity(ies) or commodity index(ices) do not move in the anticipated direction.

In addition, the movements in the price of the commodity(ies) or commodity index(ices) may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the commodity(ies) or commodity index(ices) may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or level of the commodity(ies) or commodity index(ices), the greater the effect on yield.

If the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price or level of the commodity(ies) or commodity index(ices) on the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, will be magnified.

Commodity Linked Securities may, if so specified in the applicable Final Terms, be structured to include any of the following features:

- "Knock-in", being the occurrence of a specified knock-in event when the price of the relevant Commodity(ies) breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in a certain payout on maturity or exercise (as applicable) and/or interim payment;

- "Knock-out", being the occurrence of a specified knock-out event when the price of the relevant Commodity(ies) reaches or breaches a pre-defined barrier on a specified observation date(s) or day during an observation period, which results in the deactivation of a certain payout on maturity or exercise (as applicable) and/or interim payment;
- "Trigger Event", being the occurrence of any Commodity(ies) being equal to or less than the specified price for such Commodity(ies) during the relevant observation period; and
- "Best/Worst Performance", being in relation to Commodity Linked Securities referencing more than one Commodity, that the payout on maturity or exercise (as applicable) and/or interim payment can be determined by reference to the Commodity or weighted basket of Commodities giving the highest performance or lowest performance on a specified observation date or dates.

In such circumstances, the market value of the Securities may be more volatile than for securities that do not include such features and the timing of changes to the price of the Commodities may affect the return on the Securities even if the price is generally consistent with an investor's expectations.

If "Mandatory Early Termination" is specified as applicable in the applicable Final Terms, on the occurrence of a specified event (such as any Commodity or basket of Commodities exceeding or falling below a specified price on an observation date or during an observation period), such Commodity Linked Securities will be redeemed or cancelled prior to their designated Maturity Date or Settlement Date at the specified Mandatory Early Termination Amount and no further amounts will be payable or deliverable in relation to such Securities.

In such circumstances, investors are subject to reinvestment risk as they may not be able to replace their investment in such Securities with an investment that has a similar profile as the Commodity Linked Securities. In addition, investors will only receive the specified Mandatory Early Termination Amount and will not benefit from any movement in the price of the relevant Commodities that would have resulted in a higher return on the Securities if they had not been redeemed or cancelled prior to their designated Maturity Date or Settlement Date.

The market price of Commodity Linked Securities may be volatile and may be affected by the time remaining to the redemption date or exercise date (as applicable), the volatility of the commodity(ies) or commodity index(ices) as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such commodity(ies) may be traded.

Risks relating to Fund Linked Securities

The Issuer may issue Fund Linked Securities where the Final Redemption Amount, Cash Settlement Amount or interest payable are dependent upon the price or changes in the price of fund share(s) or unit(s) or where, depending on the price or changes in the price of fund share(s) or unit(s), the Issuer has an obligation to deliver specified assets. Accordingly, an investment in Fund Linked Securities may bear similar market risks to a direct fund investment and investors should take advice accordingly. An investment in Fund Linked Securities will entail significant risks not associated with a conventional debt security.

Fund Linked Redemption N&C Securities may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of specified amount of one or more fund shares or units and/or by payment of an amount determined by reference to the value of the fund share(s) or unit(s). Interest payable on Fund Linked Interest N&C Securities may be calculated by reference to the value of one or more fund shares or units.

Fund Linked W&C Securities may be settled by the physical delivery of a specified amount of one or more fund shares or units and/or payment of an amount determined by reference to the value of the fund share(s) or unit(s).

Potential investors in Fund Linked Securities should be aware that depending on the terms of the Fund Linked Securities (i) they may receive no or a limited amount of interest (in the case of N&C Securities), (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of Securities which are principal protected at maturity, they may lose all or a substantial portion of their investment if the value of the fund share(s) or unit(s) do not move in the anticipated direction.

In addition, the movements in the price of fund share(s) or unit(s) may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the fund share(s) or unit(s) may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the fund share(s) or unit(s), the greater the effect on yield.

If the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the fund share(s) or unit(s) on the Final Redemption Amount, Cash Settlement Amount or interest payable, or Entitlement deliverable, will be magnified.

The price of unit(s) or fund share(s) may be affected by the performance of the fund service providers, and in particular the investment adviser.

In the case of Fund Linked Securities linked to Exchange Traded Funds ("ETFs"), if the Calculation Agent determines that an event giving rise to a Disrupted Day has occurred at any relevant time any such determination may have an effect on the timing of valuation and consequently the value of the Securities and/or may delay settlement in respect of the Securities. Prospective purchasers should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Securities.

In the case of Fund Linked Securities linked to Exchange Traded Funds, following the declaration by the ETF of the occurrence of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical relevant Fund Shares and, if so, will (i) make the corresponding adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Securities.

In addition, (a) in the case of any Fund Linked Securities, if a Merger Event, Tender Offer, Material Underlying Event, Nationalisation or Insolvency occurs in relation to any Fund Share, and (b) in the case of Fund Linked Securities linked to Exchange Traded Funds only, a De-Listing occurs in relation to any Fund Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the Conditions and/or the applicable Final Terms to account for the Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalisation or Insolvency and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Fund Linked Securities;
- (ii) require the Calculation Agent to replace a Fund Interest with a replacement fund interest with a value as determined by the Calculation Agent equal to the removal value for the replaced Fund Interest and

in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the replaced Fund Interest immediately prior to the occurrence of the Merger Event, Tender Offer, De-Listing, Material Underlying Event, Nationalisation or Insolvency; and

- (iii) redeem or cancel (as applicable) all of the Securities. Following such redemption or cancellation an investor generally would not be able to reinvest the redemption or cancellation proceeds at an effective interest rate as high as the interest rate on the relevant Securities being redeemed or cancelled and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

The market price of Fund Linked Securities may be volatile and may depend on the time remaining to the redemption date or exercise date (as applicable) and the volatility of the price of fund share(s) or unit(s). The price of fund share(s) or unit(s) may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any units in the fund or funds may be traded.

Risks relating to Credit Linked Securities

General risks relating to Credit Linked Securities

The Issuers may issue Credit Linked Securities where the amount payable is dependent upon whether certain events ("**Credit Events**") have occurred in respect of one or more Reference Entity/Entities and, if so, on the value of certain specified assets of such Reference Entity/Entities or where, if such events have occurred, on redemption or cancellation (as applicable) the Issuer's obligation is to deliver certain specified assets.

Prospective investors in any such Credit Linked Securities should be aware that depending on the terms of the Credit Linked Securities (i) they may receive no or a limited amount of interest (in the case of N&C Securities), (ii) payments 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 Credit Linked Securities may be volatile and will be affected by, amongst other things, the time remaining to the redemption date or exercise date (as applicable), prevailing credit spreads and the creditworthiness of the Reference Entity/Entities which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

Where the Credit Linked Securities provide for physical delivery, the Issuer may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the specified settlement date or (b) assets which the Issuer and/or any Affiliate and/or agent has not received under the terms of any transaction and/or trading position entered into by the Issuer and/or such Affiliate and/or agent to hedge the Issuer's obligations in respect of the Credit Linked Securities. Any such determination may delay settlement in respect of the Credit Linked Securities and/or cause the obligation to deliver such specified assets to be replaced by an obligation to pay a cash amount which, in either case, may affect the value of the Credit Linked Securities and, in the case of payment of a cash amount, will affect the timing of the valuation of such Credit Linked Securities and as a result, the amount payable on redemption or cancellation, as applicable. Prospective investors should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions should apply to the Credit Linked Securities.

The Issuer, the Dealer(s) or any of their respective Affiliates may have acquired, or during the term of the Securities may acquire, non-public information with respect to the Reference Entity/Entities that they may not disclose. Prospective investors must therefore make an investment decision based upon their own due

diligence and purchase the Credit Linked Securities in the knowledge that non-public information which the Issuer, the Dealer(s) or any of their respective Affiliates may have will not be disclosed to investors. None of the Issuer, the Dealer(s) or any of their respective Affiliates is under any obligation (i) to review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity/Entities or conduct any investigation or due diligence into the Reference Entity/Entities or (ii) other than as may be required by applicable rules and regulations relating to the Securities, to make available (a) any information relating to the Securities or (b) any non-public information they may possess in respect of the Reference Entity/Entities.

In the case of Physical Delivery, where the Reference Obligation is a loan, in order for the Delivery of the loan (or an interest in the loan) to be effected, the Reference Obligation must be capable of being transferred to the Holder in accordance with its terms and the Securityholders must have the capacity to hold such loan (or loan interest).

In certain circumstances, in the event that the Calculation Agent is unable to identify a Substitute Reference Obligation prior to the Extension Date, the Issuer shall have the right on or after the Extension Date to redeem or cancel the Securities at the Early Redemption Amount or the Early Cancellation Amount (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of early redemption or cancellation) by notice to Securityholders.

Certain Credit Linked Securities may be highly leveraged instruments, including without limitation (i) Credit Linked Securities linked to a notional amount of Reference Entities or Reference Obligations exceeding the Calculation Amount or Issue Price of the Credit Linked Securities, as applicable, or (ii) Credit Linked Securities linked to the first-to-default reference entity within a reference portfolio (or similar arrangements over a reference portfolio). The use of leverage is a speculative investment technique designed to enhance returns. However, such technique will also magnify the adverse impacts of a Credit Event.

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

Amendment of Credit Linked Conditions in accordance with market convention

The Calculation Agent may from time to time amend any provision of the Additional Terms and Conditions for Credit Linked Securities to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect or govern market practice for credit derivative transactions.

2003 ISDA Credit Derivatives Definitions

Whilst there are many similarities between the terms used in this Base Prospectus (in particular, in the Additional Terms and Conditions for Credit Linked Securities and the Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) and the terms used in the 2003 ISDA Credit Derivative Definitions, as supplemented from time to time (the "**Credit Derivatives Definitions**"), there are many substantial differences and a prospective investor should understand that the complete terms and conditions of the Securities are as set out in this Base Prospectus and the applicable Final Terms and that the Credit Derivative Definitions are not incorporated by reference herein.

First-to-Default Credit Securities and Nth-to-Default Credit Securities

In the case of First-to-Default Credit Securities, a Credit Event may occur in relation to one or more of such Reference Entities (in any combination) and, following the first such Credit Event, payments under the First-to-Default Basket Credit Securities will then be determined by reference to such Credit Event. This involves an investor taking credit risk in relation to each Reference Entity specified.

In the case of Nth-to-Default Credit Securities, a Credit Event may occur in relation to one or more of the specified Reference Entities and no adjustments shall be made in respect of the Securities unless and until the nth occurrence of the satisfaction of the Conditions to Settlement in respect of a specified Reference Entity. On the nth occurrence of a Credit Event in relation to a specified Reference Entity, payments under the Nth-to-Default Credit Securities will then be determined by reference to such Credit Event. This involves an investor taking credit risk in relation to each Reference Entity specified.

Risks relating to Auction Settlement of Credit Linked Securities

Auction Settlement

Where the Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) are applicable in respect of a Series of Securities and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and may be amended from time to time. The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the relevant Reference Obligation. The Issuer, and the Securityholders may have little or no influence in outcome of any such auction.

Auction Final Price and the Issuer's ability to influence the Auction Final Price

If the Credit Linked Securities are redeemed or cancelled, as applicable, following the occurrence of a Credit Event, the amount payable in respect of the Securities may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Transaction Auction Settlement Terms. There is a possibility that the Issuer or the Calculation Agent (or one of their Affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation): (a) providing rates of conversion to determine the applicable currency conversion rates to be used to convert any obligations which are not denominated in the auction currency into such currency for the purposes of the auction; and (b) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Issuer or the Calculation Agent (or any of their Affiliates) shall be under no obligation to consider the interests of any Securityholder.

Role of the Credit Derivatives Determinations Committee

Credit Derivative Determinations Committees were established pursuant to the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March 2009) to make determinations that are relevant to the majority of the credit derivatives market and to promote transparency and consistency. In respect of a Credit Event relating to a Credit Linked Security, prospective purchasers should note that the Credit Derivatives Determinations Committee has the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an auction should take place in accordance with and as more fully described in the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof. Consequently, the payments on the

Securities and the timing of any such payments may be affected by any such relevant decisions if Auction Settlement is specified as the applicable Settlement Method for a series of Securities in the applicable Final Terms.

Credit Event and Succession Event Backstop Dates

In respect of a Credit Event relating to a series of Credit Linked Securities, a Credit Event may not be triggered unless a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event within 60 calendar days of the occurrence of such potential Credit Event unless an Event Determination Date has already occurred with respect to such event. For Succession Events the look-back period is 90 calendar days and functions similarly. These provisions mean that there is a time limit on the ability to act on a Credit Event or Succession Event and that it is possible that the Securities could be affected by a Credit Event or Succession Event that took place prior to the Trade Date if Auction Settlement is specified as the applicable Settlement Method for a series of Securities in the applicable Final Terms.

Settlement Suspension, Adjustments and Interest Provisions

The Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) provide that, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event Determination Date but prior to the Credit Settlement Date or, to the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to determine the occurrence of a Credit Event have been satisfied, the Calculation Agent may at its option determine that the applicable timing requirements of the Credit Linked Conditions and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period, and any other Credit Linked Condition as determined by the Calculation Agent in its sole discretion, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has resolved (a) that a Credit Event has or has not occurred or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has made such resolution, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

In the case of interest bearing Credit Linked N&C Securities, the Issuer shall be obliged to pay interest calculated in accordance with N&C Securities Condition 5 provided that:

- (i) if a Suspension Period falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period, such Interest Payment Date will be deferred until after the end of the Suspension Period.

Amendment of Credit Linked Conditions in accordance with the terms of the Securities

In addition to any amendments the Calculation Agent may make from time to time to the provisions of the Additional Terms and Conditions for Credit Linked Securities in accordance with market convention (described above), the Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) themselves contain certain provisions which permit the Calculation Agent in certain circumstances

to make certain adjustments to such Additional Terms and Conditions for Credit Linked Securities. Such adjustments may affect both payments made to Securityholders under the Securities and the timing of any such payments.

Emerging Market Adjustment/Termination Events

If "Emerging Market Adjustment/Termination Events" is specified as applicable in the applicable Final Terms and an Emerging Market Adjustment/Termination Event occurs then the terms of the Securities may be adjusted or the Securities redeemed or cancelled at the Emerging Market Termination Amount. Any applicable Emerging Market Adjustment/Termination Events will be specified in the applicable Final Terms and may be, in summary, circumstances that:

- (i) make it impossible, illegal or impracticable for, or has the effect of prohibiting, restricting or materially delaying the ability of, any reference investor (i) to convert the designated relevant currency into the specified currency for payments in respect of the Securities through customary legal channels; or (ii) to effect currency transactions on terms as favourable as those available to residents of the specified reference jurisdiction; or (iii) to freely and unconditionally transfer or repatriate any funds in the designated relevant currency or specified currency from accounts inside the reference jurisdiction to accounts outside the reference jurisdiction or between accounts inside the reference jurisdiction; or (iv) to receive the full value of any cash payment (when converted to the specified currency) made under any Obligation(s) or Deliverable Obligation(s) due to the introduction by any governmental authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations, in each case when compared to the position on the specified trade date (being an "inconvertibility event");
- (ii) make it impossible, illegal or impracticable or otherwise have the effect of prohibiting, restricting or materially delaying the ability of any reference investor owning or selling any Obligation(s) or Deliverable Obligation(s) (being an "ownership restriction event");
- (iii) mean that any custodian that may be utilised by a reference investor in relation to holding of an Obligation or Deliverable Obligation is or may become bankrupt (or certain analogous events occur) or breaches any applicable custody agreement (whether by non-performance of any obligations thereunder in a timely manner or at all, or by taking any action contrary to the terms thereof), which breach results in the Issuer being unable, or incurring increased costs in, performing any of its obligations under the Securities (being a "settlement/custodial event");
- (iv) impose or modify taxes, charges, fees, levies, imposts, duties, charges, assessments or fees levied by a specified reference jurisdiction on (i) any payment, proceeds or gain under an Obligation or Deliverable Obligation, (ii) certain spot currency transactions or (iii) remittance of the specified relevant currency outside in the reference jurisdiction, following a change in law or interpretation of it (being a "taxation event"); or
- (v) any other event specified as an Emerging Market Adjustment/Termination Event in the applicable Final Terms.

Investors should note that any such adjustments shall be determined by the Calculation Agent and may include (but are not limited to) (a) payments in respect of the Securities being made in the designated relevant currency rather than the original specified currency for payments in respect of the Securities; (b) deduction of an amount equal to any tax, levy, impost, duty, charge, assessment or fee arising pursuant to a Taxation Event from the relevant payment or delivery due under the Securities; (c) non-payment or delivery of the amount or assets due under the Securities until the relevant restrictions are lifted; and/or (d) where legally permissible, in lieu of paying any cash amounts due under the Securities, settling such obligations by

physical delivery (and vice versa). Any such adjustments could result in a materially different redemption or settlement of the Securities to that originally anticipated.

If the Securities are redeemed or cancelled early, the Emerging Market Termination Amount may be less than an investor's original investment in the Securities and may be substantially less than that original investment.

Risks relating to Synthetic Pass-Through N&C Securities

The Issuer may issue Synthetic Pass-Through N&C Securities where the Final Redemption Amount or Interim N&C Interest Amounts payable are dependent upon the price or changes in the price of reference assets or where, depending on the price or changes in the price of reference assets, the Issuer has an obligation to deliver specified assets. Accordingly, an investment in Synthetic Pass-Through N&C Securities may bear similar market risks to a direct reference asset investment and investors should take advice accordingly. An investment in Synthetic Pass-Through N&C Securities will entail significant risks not associated with a conventional debt security.

Synthetic Pass-Through N&C Securities may be settled by the physical delivery of a specified amount of one or more reference assets and/or payment of an amount determined by reference to the value of the reference assets.

Potential investors in Synthetic Pass-Through N&C Securities should be aware that depending on the terms of the Synthetic Pass-Through N&C Securities (i) they may receive no or limited Interim N&C Interest Amounts, (ii) payments 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 if the value of the reference asset(s) do not move in the anticipated direction.

In addition, in the case of any Synthetic Pass-Through N&C Securities, if a Reference Asset Event (including Change in Law, Custodial Event, Currency Disruption Event, Hedging Disruption, Increased Cost of Hedging, Market Disruption Event, Reference Asset Adjustment Event, Reference Asset Obligor Default Event, Reference Asset Termination, Residual Risk Event, a Tax Adjustment Event and/or any other event or circumstances specified as a "Reference Asset Event" in the applicable Final Terms) occurs in relation to any Reference Asset, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) direct the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the Conditions and/or the applicable Final Terms to account for the Reference Asset Event and determine the effective date of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Synthetic Pass-Through N&C Securities;
- (ii) if requested by a written resolution of Holders of 100 per cent. of the N&C Securities outstanding (Provided That this is acceptable to the Issuer and the Issuer (if it so requires) is indemnified to its satisfaction), direct the Calculation Agent to determine the appropriate adjustments to one or more of the terms of the N&C Securities to provide for the N&C Securities to remain outstanding; and
- (iii) redeem all of the N&C Securities at the Early Redemption Amount. Following such redemption an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the relevant N&C Securities being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

The market price of Synthetic Pass-Through N&C Securities may be volatile and may depend on the time remaining to the redemption date or exercise date (as applicable) and the volatility of the price of reference assets. The price of reference assets may be affected by the economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any reference assets may be traded.

Risks relating to Secured N&C Securities

The Issuer may issue Series of Secured N&C Securities. Secured N&C Securities may be Index Linked N&C Securities, Equity Linked N&C Securities, Currency Linked N&C Securities, Commodity Linked N&C Securities, Fund-Linked N&C Securities, Credit Linked N&C Securities or Synthetic Pass-Through N&C Securities which benefit from the security specified in the Additional Terms and Conditions for Secured N&C Securities and the applicable Final Terms.

Secured N&C Securities will be either Segregated Secured N&C Securities or Non-segregated Secured N&C Securities.

Segregated Secured N&C Securities

Each Series of Segregated Secured N&C Securities will be secured by security interests granted by the Segregated Security Provider over the Segregated Charged Assets specified in the Final Terms in respect of such Series. The identity of the Segregated Security Provider in respect of each Series and of the assets that are the Segregated Charged Assets in respect of a Series of Segregated Secured N&C Securities will be specified in the Final Terms for such Series.

The Segregated Charged Assets may be, without limitation, bonds, certificates, derivatives, equities, loans, loan certificates, notes or schuldscheine.

The Segregated Charged Assets for each Series of Segregated Secured N&C Securities may be subject to, among other risks, credit, market, liquidity and interest rate risks. In certain transactions, some, substantially all, or all of the Segregated Charged Assets securing the Segregated Secured N&C Securities of any Series may be rated below investment grade and, therefore, the Securityholders in relation to such Series will be exposed to greater credit and liquidity risk in relation to the Segregated Charged Assets.

The market value of the Segregated Charged Assets will generally fluctuate in accordance with, among other things, the financial condition of the relevant obligor(s), general economic conditions, the condition of certain financial markets, political events, developments or trends in a particular industry and changes in prevailing interest rates. In particular, during certain periods in the recent past, certain asset classes have experienced significant price disruptions resulting from reduced investor demand for such assets. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Segregated Charged Assets securing any Series of Segregated Secured N&C Securities, or that the proceeds of any such sale or disposition would be sufficient to repay the principal amount of the Segregated Secured N&C Securities of the related Series. In the event that, following the delivery of an Acceleration Notice in respect of a Series of Segregated Secured N&C Securities, such proceeds are not sufficient to repay the principal amount or any other amounts due in respect of such Series due, Securityholders will not be entitled to any further recovery against the Segregated Security Provider in relation to such Series of Segregated Secured N&C Securities.

Moreover, the Segregated Charged Assets may comprise assets which are not admitted to any public trading market and may therefore be illiquid, subject to additional credit risks and/or otherwise not readily realisable. As such, the proceeds from the sale of such Segregated Charged Assets may not properly reflect the true and fair value of such assets.

Following the acceleration of a Series of Segregated Secured N&C Securities as a result of the occurrence of an Event of Default, the redemption amount payable in respect of such Series will be an amount in aggregate equal to the sale proceeds received by or on behalf of the Trustee on the sale or realisation of the Segregated Underlying Assets specified in the applicable Final Terms in respect of such Series and forming part of the Segregated Security in respect of such Series and sold during the Segregated Acceleration Sale Period (less any costs, expenses and liabilities that the Trustee or any person acting on its behalf incurs directly or indirectly in selling such Segregated Underlying Assets, if any).

The Segregated Acceleration Sale Period shall be the period from and including the date on which the Acceleration Notice is delivered by the Trustee to the Issuer and the Segregated Security Provider until such date as the Trustee determines to be necessary to effect the sale or realisation of the Segregated Underlying Assets of such Series of Segregated Secured N&C Securities. There is no guarantee as to how long such period shall last and in times of market disruption such period may be significantly extended, delaying the date on which Securityholders shall receive the redemption proceeds in respect of their Segregated Secured N&C Securities.

The proceeds of enforcement of the Segregated Underlying Assets shall be applied in accordance with the order of priority specified in the Principal Trust Deed and the outstanding fees and expenses of the Trustee, any appointee or receiver thereof, the Principal Paying Agent, the Paying Agent and the Calculation Agent shall be paid in priority to amounts owing to the holders of the outstanding Segregated Secured N&C Securities. For the purposes of the application of the proceeds of enforcement of the Segregated Underlying Assets, any Segregated Secured N&C Securities that are VTB Secured Notes Held are not outstanding and therefore the holder of any such VTB Secured Note Held shall not receive payment in respect of such Segregated Secured N&C Security following the delivery of an Acceleration Notice as the Segregated Security Provider is not required, pursuant to the Trust Deed, to hold any Segregated Charged Assets in respect of any Segregated Secured N&C Securities that are VTB Secured Notes Held.

Amounts realised from the Segregated Security may be less than the aggregate value of the Segregated Underlying Assets.

Non-segregated Secured N&C Securities

Series of Non-segregated Secured N&C Securities will be secured by a security interest granted by the Issuer over the shares of the Non-segregated Security Subsidiary. The identity of the Non-segregated Security Subsidiary in respect of each Series of Non-segregated Secured N&C Securities will be specified in the applicable Final Terms for such Series. The Securityholders in respect of each Series of Non-segregated Secured N&C Securities shall share the benefit of such security on a *pari passu* basis with the Securityholders of each other Series of Non-segregated Secured N&C Securities outstanding in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series.

The Non-segregated Security Subsidiary will not be an operating company and, subject as provided below, will have no business other than purchasing the Non-segregated Reference Assets in relation to each Series of Non-segregated Secured N&C Securities. The Non-segregated Security Subsidiary is expected to have no assets other than its issued and paid-up share capital and the Non-segregated Reference Assets specified in the Final Terms for each Series of Non-segregated Secured N&C Securities.

On the Early Redemption Date or Maturity Date in respect of a Series of Non-segregated Secured N&C Securities, the Non-segregated Security Subsidiary shall pursuant to the Non-segregated TRS (i) in respect of any Non-segregated Secured N&C Securities of a Series to be redeemed by payment of the Final Redemption Amount and in respect of the payment of the Early Redemption Amount, liquidate the Non-segregated Reference Assets held by it in respect of such Non-segregated Secured N&C Securities and pay the net sale proceeds thereof to the Principal Paying Agent for their payment to Securityholders and (ii) in

respect of any Non-segregated Secured N&C Securities of a Series to be redeemed on the Maturity Date by delivery of the Entitlement, deliver the Non-segregated Reference Assets held by it in respect of such Non-segregated Secured N&C Securities to the Issuer, in which case, subsequent to the delivery of the Non-segregated Reference Assets to the Issuer by the Non-segregated Security Subsidiary and prior to their onward delivery to the Securityholder, the Securityholder will be subject to insolvency risk in respect of the Issuer..

The Non-segregated Reference Assets may be, without limitation, bonds, certificates, derivatives, equities, loans, loan certificates, notes or schuldscheine.

The Non-segregated Security Subsidiary may also purchase and hold Non-segregated Secured N&C Securities from the Issuer as part of the distribution process of Non-segregated Secured N&C Securities prior to their onward sale to third parties. The Issuer shall provide the Non-segregated Security Subsidiary with the funds to purchase such Non-segregated Secured N&C Securities pursuant to the Non-segregated TRS. Upon the sale of any such Non-segregated Secured N&C Securities by the Non-segregated Security Subsidiary, it shall use the sale proceeds to purchase the Non-segregated Reference Assets linked to the relevant Series. If the Non-segregated Security Subsidiary does not purchase a Series of Non-segregated Secured N&C Securities from the Issuer as part of the distribution process, the Issuer shall be required pursuant to the Non-segregated TRS to fund the Non-segregated Security Subsidiary in respect of its purchase of the Non-segregated Reference Assets of such Series.

If the Non-segregated Secured N&C Securities of one Series are accelerated following the occurrence of an event of default in respect of such Series of Non-segregated Secured N&C Securities, each other Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms shall automatically be accelerated.

Following the acceleration of the Non-segregated Secured N&C Securities as a result of the occurrence of an Event of Default, the redemption amount payable in respect of a Series of Non-segregated Secured N&C Securities will be an amount in aggregate equal to the sale proceeds received on the sale of the Non-segregated Reference Assets specified in the applicable Final Terms in respect of such Series held by the Non-segregated Security Subsidiary and sold during the Non-segregated Acceleration Sale Period (*less* any costs, expenses and liabilities that the Trustee or any person acting on its behalf incurs directly or indirectly in selling such Non-segregated Reference Assets, if any).

The Non-segregated Acceleration Sale Period shall be the period from and including the date on which the Acceleration Notice is delivered by the Trustee to the Issuer until such date as the Receiver appointed by the Trustee in respect of the enforcement of the Non-segregated Security determines to be necessary to effect the sale of the Non-segregated Reference Assets of all Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series. No Non-segregated N&C Securities shall be redeemed until the expiry of such period notwithstanding that the Non-segregated Reference Assets of some Series may be more liquid than others. There is no guarantee as to how long such period shall last and in times of market disruption such period may be significantly extended, delaying the date on which Securityholders shall receive the redemption proceeds in respect of their Non-segregated Secured N&C Securities.

The sale proceeds of the Non-segregated Reference Assets shall be applied in accordance with the order of priority specified in the Principal Trust Deed and the outstanding fees and expenses of the Trustee, any appointee or receiver thereof, the Principal Paying Agent, the Paying Agent and the Calculation Agent shall be paid in priority to amounts owing to the holders of the outstanding Non-segregated Secured N&C Securities. For the purposes of the application of the sale proceeds of the Non-Segregated Reference Assets, any Non-segregated Secured N&C Securities that are VTB Secured Notes Held are not outstanding and therefore the holder of any such VTB Secured Note Held shall not receive payment in respect of such Non-segregated Secured N&C Security following the delivery of an Acceleration Notice as the Non-segregated

Security Provider is not required, pursuant to the Principal Trust Deed, to hold any Non-segregated Reference Assets in respect of any Non-segregated Secured N&C Securities that are VTB Secured Notes Held.

Amounts realised from the Non-segregated Security may be less than the aggregate value of the Non-segregated Reference Assets held by the Non-segregated Security Subsidiary.

Limited Recourse against Segregated Security Provider in relation to Segregated Secured N&C Securities

If the amounts realised from the Segregated Underlying Assets in respect of a Series of Segregated Secured N&C Securities are not sufficient to make payment of all amounts due in respect of such Series, no other assets of the Segregated Security Provider will be available to meet that shortfall.

In the event of a shortfall, (i) the Segregated Security Provider shall not be under any obligation to pay, and the other assets (if any) of the Segregated Security Provider will not be available for payment of such shortfall, (ii) all claims against the Segregated Security Provider in respect of such shortfall shall be extinguished and (iii) the Trustee and the Securityholders shall have no further claim against the Segregated Security Provider in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Segregated Security Provider as a consequence of such shortfall.

Only the Trustee may pursue the remedies available under the Conditions and the Trust Deed and enforce the rights of the Securityholders in relation to the Segregated Underlying Assets of the relevant Series.

No Securityholder is entitled to proceed directly against the Issuer or the Segregated Security Provider or any assets of the Issuer or the Segregated Security Provider unless the Trustee, having become bound to proceed in accordance with the terms of the Principal Trust Deed, any Supplemental Trust Deed, any Supplementary Security Document or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the Segregated Security or pursue the remedies available under the Trust Deed or the Conditions or otherwise take any action unless it is secured, indemnified and/or prefunded to its satisfaction.

Trustee alone entitled to pursue remedies in relation to Non-segregated Secured N&C Securities

Only the Trustee may pursue the remedies available under the Conditions and the Trust Deed and enforce the rights of the Securityholders in relation to the Non-segregated Security.

No Securityholder is entitled to proceed directly against the Issuer or the Non-segregated Security Subsidiary or any assets of the Issuer or the Non-segregated Security Subsidiary unless the Trustee, having become bound to proceed in accordance with the terms of the Principal Trust Deed, the Non-segregated Supplemental Trust Deed or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the Non-segregated Security or pursue the remedies available under the Trust Deed or the Conditions or otherwise take any action unless it is secured, indemnified and/or prefunded to its satisfaction.

No rights in respect of Segregated Underlying Assets or Non-segregated Reference Assets

Pre-enforcement, holders of Segregated Secured N&C Securities will have no direct proprietary interest in the Segregated Underlying Assets and, unless otherwise specified in the Segregated Supplemental Trust Deed relating to such Series, will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant Segregated Underlying Assets to which such Series of Segregated Secured N&C Securities relate.

Holders of a Series of Non-segregated Secured N&C Securities will have no direct proprietary interest in the Non-segregated Reference Assets related to such Series and will not have voting rights or rights to receive dividends or distributions or any other rights with respect to such Non-segregated Reference Assets.

No issuer of the relevant Segregated Charged Assets (in respect of Series of Segregated Secured N&C Securities) or Non-segregated Reference Assets (in respect of Series of Non-segregated Secured N&C Securities) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Secured N&C Securities and none of the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of Segregated Charged Assets or Non-segregated Reference Assets contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of any publicly available information) that would affect the trading price of the Segregated Charged Asset or Non-segregated Reference Asset will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of Segregated Charged Assets or Non-segregated Reference Asset could affect the trading price of the Segregated Charged Asset or Non-segregated Reference Asset and therefore the trading price of the Secured N&C Securities.

Risks relating to Secured Equity Participation Notes

Risks relating to Secured EPNs and the underlying share(s) or global depositary receipt(s)

The Issuer may issue Secured Equity Participation Notes where the Final Redemption Amount and any Early Redemption Amount payable are dependent upon the price of or changes in the price of shares or global depositary receipts or a basket of shares or global depositary receipts. Accordingly, an investment in Secured EPNs may bear similar market risks to a direct equity investment and investors should take advice accordingly. An investment in Secured EPNs will entail significant risks not associated with a conventional debt security.

Secured EPNs will be redeemable by the Issuer by payment of an amount determined by reference to the value of the share(s) or global depositary receipt(s) to which such Secured EPNs are linked or by the physical delivery of such share(s) or global depositary receipt(s).

No interest is payable on Secured EPNs.

Potential investors in Secured EPNs should be aware that depending on the terms of the Secured EPNs (i) payments may occur at a different time than expected and (ii) they may lose all or a substantial portion of their investment if the value of the share(s) or global depositary receipt(s) do not move in the anticipated direction.

In addition, the movements in the price of the share or global depositary receipt or basket of shares or global depositary receipts may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the share or shares may affect the actual return to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the share(s) or global depositary receipt(s), the greater the effect on the rate of return.

If the Final Redemption Amount or Early Redemption Amount is determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the price of the share(s) or global depositary receipt(s) on the Final Redemption Amount or Early Redemption Amount will be magnified.

The market price of Secured EPNs may be volatile and may be affected by the time remaining to the redemption date, the volatility of the share(s) or global depositary receipt(s), the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant share as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such shares or global depositary receipts may be traded. Any such volatility may have a negative impact on the Final Redemption Amount or the Early Redemption Amount payable in respect of the Secured EPNs.

No issuer of the relevant share(s) or global depositary receipt(s) will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Secured EPNs and none of the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares or global depositary receipts contained in such Final Terms or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of any publicly available information) that would affect the trading price of the share or global depositary receipt will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares or global depositary receipts could affect the trading price of the share or global depositary receipt and therefore the trading price of the Secured EPNs.

Holders of Secured EPNs will have no direct proprietary interest in the share(s) or global depositary receipt(s) and will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares or global depositary receipts to which such Secured EPNs relate.

Adjustments to terms and conditions of Secured Equity Participation Notes

Following the occurrence of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the value of the share(s) or global depositary receipt(s) and, if so, will:

- (i) make the corresponding adjustment, if any, to any of the terms of the Conditions and/or the applicable Final Terms (including, without limitation, to the calculation of the Final Redemption Amount, the Early Redemption Amount, any Distribution Payment Amount) as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect; or
- (ii) instruct the Issuer to distribute further Secured EPNs to Securityholders; or
- (iii) determine in its absolute discretion the cash value per Secured EPNs of such Potential Adjustment Event and pay such amount to Securityholders.

Such adjustment, distribution or payment may have an adverse effect on the value and liquidity of the affected Secured EPNs.

In addition, if a Liquidation, Merger Event, Nationalisation or De-listing or Tender Offer, a Holding Termination Event or Jurisdictional Event occurs in relation to any share or global depositary receipt, the Calculation Agent or, in respect of a Holding Termination Event or Jurisdictional Event, the Issuer, in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) save in respect of a Liquidation or a Nationalisation or Delisting, make such adjustment, if any, to the relevant Conditions and/or the applicable Final Terms (including, without limitation, to the payment, redemption or settlement terms) to account for such event, and determine the effective date

of that adjustment. Such adjustment may have an adverse effect on the value and liquidity of the affected Secured EPNs; or

- (ii) redeem or cancel, as applicable, part (in the case of Secured EPNs relating to a basket of shares or global depositary receipts) or all (in any other case) of the Secured EPNs.

If the Issuer determines that a Change of Law, a Hedging Disruption, an Increased Cost of Hedging, an Increased Cost of Stock Borrow or a Loss of Stock Borrow shall have occurred or the Calculation Agent determines that an Insolvency Filing shall have occurred, the Issuer may in its absolute discretion redeem the Secured EPNs in whole or (in the case of Secured EPNs relating to a basket of shares or global depositary receipts) in part.

Where the Issuer or the Calculation Agent is granted, pursuant to the Secured EPN Conditions, the power to make any determination in respect of the Secured EPNs, including, without, limitation in respect of the occurrence of an Adjustment Event, neither the Trustee nor the Principal Paying Agent is responsible for verifying the accuracy of any such determination and accepts no liability to Securityholders should any such determination prove inaccurate.

Following any redemption or cancellation in the circumstances described above, an investor may not be able to reinvest the redemption or cancellation proceeds at an effective rate of return as high as the rate of return on the relevant Secured EPNs being redeemed or cancelled and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Physical Settlement

The applicable Final Terms in respect of a Series of Secured EPNs shall specify whether such Series shall be redeemed on the Early Redemption Date or Maturity Date by either (i) payment of the Early Redemption Amount or Final Redemption Amount (as applicable) ("**Cash Settlement**") or (ii) delivery of the Entitlement ("**Physical Settlement**").

Subject to the Issuer's option to vary settlement, a Securityholder shall be entitled to elect (i) in lieu of receiving Cash Settlement, to receive Physical Settlement or (ii) in lieu of Physical Settlement, to receive Cash Settlement, in respect of any Secured EPN held by such Securityholder on the Early Redemption Date or on the Maturity Date.

Unless specified otherwise in the applicable Final Terms, the Issuer has an option to vary settlement in respect of the Secured EPNs. If exercised by the Issuer, this option will lead to the Secured EPNs being physically settled or cash settled, as specified by the Issuer. Exercise of such option may affect the value of the Secured EPNs.

In order to receive the Entitlement in respect of a Secured EPN, the holder of such Secured EPN must (1) duly deliver a duly completed Secured EPN Asset Transfer Notice on or prior to the relevant time on the Cut-Off Date and (2) pay the relevant Physical Delivery Expenses.

If a Settlement Disruption Event occurs or exists on the Maturity Delivery Date, settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Early Redemption Amount or Final Redemption Amount (as applicable) in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Securities.

Holders must pay all Physical Delivery Expenses relating to their Secured EPNs. As used in the Conditions, "**Physical Delivery Expenses**" includes all taxes, duties and/or expenses including any depositary charges,

transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties (together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties) which may be or would be, or would have been incurred (i) in connection with the redemption of the Secured EPNs and/or the delivery or transfer of any Entitlement in respect thereof by the EPN Security Subsidiary, the Issuer or any Affiliate of the Issuer, and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the N&C Securities.

On Physical Settlement of the Secured EPNs, the EPN Security Subsidiary shall transfer the shares and/or global depositary receipts held by it in respect of such Secured EPN to the Issuer for the Issuer to deliver such shares and/or global depositary receipts to the Securityholder. As a result, subsequent to the delivery of the shares and/or global depositary receipts to the Issuer by the EPN Security Subsidiary and prior to their onward delivery to the Securityholder, the Securityholder will be subject to insolvency risk in respect of the Issuer.

Risks relating to EPN Security

The obligations of the Issuer to the Securityholders of each Series of Secured EPNs are secured pursuant to the Principal Trust Deed by a first fixed charge granted in favour of the Trustee by the Issuer over the entire issued share capital of the EPN Security Subsidiary. The Securityholders in respect of each Series of Secured EPNs share the benefit of the EPN Security on a *pari passu* basis with the Securityholder of each other Series of Secured EPNs outstanding.

The EPN Security Subsidiary is not an operating company and, subject as provided below, will have no business other than purchasing share(s) or global depositary receipt(s) in relation to each Series of Secured EPNs. The EPN Security Subsidiary is expected to have no assets other than its issued and paid-up share capital and the share(s) or global depositary receipt(s) specified in the Final Terms for each Series of Secured EPNs. On the Early Redemption Date or Maturity Date in respect of a Series of Secured EPNs, the EPN Security Subsidiary shall pursuant to the EPN TRS (i) in respect of any Secured EPNs of a Series to be redeemed by Cash Settlement, liquidate the share(s) or global depositary receipt(s) held by it in respect of such Secured EPNs and pay the net sale proceeds thereof to the Principal Paying Agent for their payment to Securityholders and (ii) in respect of any Secured EPNs of a Series to be redeemed by Physical Settlement, deliver the share(s) or global depositary receipt(s) held by it in respect of such Secured EPNs to the Issuer.

The EPN Security Subsidiary may also purchase and hold Secured EPNs from the Issuer as part of the distribution process of Secured EPNs prior to their onward sale to third parties. The Issuer shall provide the EPN Security Subsidiary with the funds to purchase such Secured EPNs pursuant to the EPN TRS. In consideration for such funding, the EPN Security Subsidiary shall pay to the Issuer an amount equal to any dividend or other distribution received by it in respect of the share(s) or global depositary receipt(s) purchased by the EPN Security Subsidiary. Upon the sale of any such Secured EPNs by the EPN Security Subsidiary, it shall use the sale proceeds to purchase the share(s) and/or global depositary receipt(s) linked to the relevant Series.

If the Secured EPNs of one Series are accelerated following the occurrence of an event of default in respect of such Series of Secured EPNs, each other Series of Secured EPNs shall automatically be accelerated.

Following the acceleration of the Secured EPNs as a result of the occurrence of an Event of Default, the redemption amount payable in respect of a Series of Secured EPNs will be an amount in aggregate equal to the sale proceeds received on the sale of the shares or global depositary receipt(s) specified in the applicable Final Terms in respect of such Series held by the EPN Subsidiary and sold during the Acceleration Sale Period (*less* any costs, expenses and liabilities that the Trustee or any person acting on its behalf incurs directly or indirectly in selling such share(s) or global depositary receipt(s), if any).

The Acceleration Sale Period shall be the period from and including the date on which the Acceleration Notice is delivered by the Trustee to the Issuer until such date as the Receiver appointed by the Trustee in respect of the enforcement of the EPN Security determines to be necessary to effect the sale of the share(s) or global depositary receipt(s) of all Series of Secured EPNs. No Secured EPN shall be redeemed until the expiry of such period notwithstanding that the share(s) or global depositary receipt(s) of some Series may be more liquid than others. There is no guarantee as to how long such period shall last and in times of market disruption such period may be significantly extended, delaying the date on which Securityholders shall receive the redemption proceeds in respect of their Secured EPNs.

The sale proceeds of the share(s) or global depositary receipt(s) held by the EPN Security Provider shall be applied in accordance with the order of priority specified in the Principal Trust Deed and the outstanding fees and expenses of the Trustee, any appointee or receiver thereof, the Principal Paying Agent, the Paying Agent and the Calculation Agent shall be paid in priority to amounts owing to the holders of the outstanding Secured EPNs. For the purposes of the application of the sale proceeds of the shares and/or global depositary receipts, any Secured EPNs that are VTB Secured Notes Held are not outstanding and therefore the holder of any such VTB Secured Note Held shall not receive payment in respect of such Secured EPN following the delivery of an Acceleration Notice as the EPN Security Subsidiary is not required, pursuant to the Principal Trust Deed, to hold any shares or global depositary receipts in respect of any Secured EPNs that are VTB Secured Notes Held.

Amounts realised from the EPN Security may be less than the aggregate value of the share(s) or global depositary receipt(s) held by the EPN Security Subsidiary.

Only the Trustee may pursue the remedies available under the Conditions and the Principal Trust Deed and enforce the rights of the holders of Secured EPNs in relation to the EPN Security.

No holder of Secured EPNs is entitled to proceed directly against the Issuer or the EPN Security Subsidiary or any of their assets unless the Trustee, having become bound to proceed in accordance with the terms of the Principal Trust Deed or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the EPN Security or pursue the remedies available under the Principal Trust Deed or the Conditions or otherwise take any action unless it is secured, indemnified and/or prefunded to its satisfaction.

Market Making

The Issuer has covenanted in the Conditions to purchase Secured EPNs from Securityholders in the circumstances and at a price determined in accordance with the Conditions. This obligation is subject to , as determined by the Issuer in its sole discretion:

- (i) the requirements of all applicable laws, rules and regulations;
- (ii) the internal policies and procedures of the Issuer; and
- (iii) there being:
 - (A) sufficient volume available for a liquid market in the share(s) and/or global depositary receipts(s) to which the Secured EPNs are linked; and/or
 - (B) no change in national or international financial, political or economic conditions or currency exchange rates or exchange controls, or the occurrence of any event or series of events outside of the Issuer's control (including market volatility), in each case which would materially adversely affect, prejudice or restrict the ability of the Issuer to perform such obligations; and/or

- (C) no event or series of events outside of the Issuer's control (and whether or not affecting the market generally) which results in the unscheduled closing of, or any disruption in the services of, any physical or electronic trading system or market affecting the Secured EPNs, the share(s), the global depository receipt(s) or the Issuer.

In the event that the Issuer were to default in respect of the Secured EPNs and ceased to make a market, this may limit or delay Securityholder's ability to sell their Secured EPNs and may also affect the price at which such Secured EPNs could be sold.

Risks relating to Securities generally

Securities are Unsecured Obligations

Other than in the case of Secured Notes, (and as disclosed above in "*Risks relating to Secured N&C Securities*" and "*Risks relating to Secured Equity Participation Notes*"), Securities are direct, unconditional and, subject, in the case of N&C Securities only, to the applicable negative pledge provisions, unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Market Disruption Event and Disrupted Day

If an issue of Securities includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date, an Averaging Date or a Pricing Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date, an Averaging Date or a Pricing Date, any consequential postponement of the Valuation Date, Averaging Date or a Pricing Date or any alternative provisions for valuation provided in any Securities may have an adverse effect on the value of such Securities.

Settlement Disruption Event and Failure to Deliver due to Illiquidity

In the case of Physical Delivery Securities (other than Credit Linked Securities), if a Settlement Disruption Event occurs or exists on the Maturity Delivery Date (in the case of N&C Securities) or Settlement Date (in the case of W&C Securities), settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Disruption Cash Redemption Price in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Securities. In addition if "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms, and in the opinion of the Calculation Agent it is impossible or impracticable to deliver some or all of the Relevant Assets comprising the Entitlement when due as a result of illiquidity in the market for the Relevant Assets, the Issuer has the right to pay the Failure to Deliver Settlement Price in lieu of delivering those Relevant Assets.

In the case of Physical Delivery Securities which are Credit Linked Securities, if all or some of the Deliverable Obligations included in the Entitlement 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 before the 30th Business Day following the Credit Settlement Date, failing which the Issuer shall give notice to the Securityholders and shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

Expenses

Holders of Physical Delivery Securities must pay all Expenses (in the case of Physical Delivery N&C Securities) or Exercise Expenses (in the case of Physical Delivery W&C Securities) relating to such Physical Delivery Securities. As used in the Conditions, "**Expenses**" includes all taxes, duties and/or expenses including any depositary charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties (together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties) which may be or would be, or would have been incurred (i) in connection with the redemption of the N&C Securities and/or the delivery or transfer of any Entitlement in respect thereof, and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the N&C Securities; and "**Exercise Expenses**" includes all taxes, duties and/or expenses including any depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties (together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties) which may be or would be, or would have been incurred (i) in connection with the exercise of the W&C Securities and/or any payment and/or delivery or transfer of the Entitlement in respect thereof, and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the W&C Securities.

No claim against any Reference Item

A Security will not represent a claim against any Reference Item and, in the event of any loss, a Holder will not have recourse under a Security to any Reference Item.

Modification and Waivers

The Conditions provide that the Principal Paying Agent (in the case of N&C Securities) or the Principal Security Agent (in the case of W&C Securities) and the Issuer may, without the consent of Securityholders, agree to (i) any modification (subject to certain specific exceptions) of the Securities or the Agency Agreement which is not prejudicial to the interests of the Securityholders or (ii) any modification of the Securities or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of law.

Meetings of Securityholders

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

Physical Delivery Requirements and Settlement Risk

In order to receive the Entitlement in respect of a Physical Delivery N&C Security, the holder of such N&C Security must (1) duly deliver a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-Off Date and (2) pay the relevant Expenses.

In order to receive the Entitlement in respect of a Physical Delivery W&C Security, the holder of such W&C Security must (1) deliver or send to the relevant Agent a duly completed Exercise Notice or Collection Notice on or prior to the relevant time on the Expiration Date and (2) pay the relevant Exercise Expenses and (in the case of Warrants) the relevant Exercise Price.

If so indicated and, in the case of N&C Securities, unless specified otherwise in the applicable Final Terms, the Issuer has an option to vary settlement in respect of the Securities. If exercised by the Issuer, this option

will lead to Physical Delivery Securities being cash settled or Cash Settled Securities being physically settled. Exercise of such option may affect the value of the Securities.

Illegality of Securities

If the Issuer determines that the performance of either its obligations under the Securities has or will become illegal in whole or in part for any reason, the Issuer may redeem or cancel, as applicable, the Securities.

If, in the case of illegality and to the extent permitted by applicable law, the Issuer redeems or cancels the Securities, then the Issuer will (in the case of N&C Securities) redeem each N&C Security at the Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption or (in the case of W&C Securities) cancel each W&C Security and the Early Cancellation Amount, which may be less than the purchase price of the Securities and may in certain circumstances be zero.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income (which has been implemented into UK law), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

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

U.S. Foreign Account Tax Compliance Withholding

The Issuer, the Trustee (in respect of Secured Notes) and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Securities characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified from that date and (ii) any Securities characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA. In addition, pursuant to the Conditions of the Securities, the Issuer may issue further Securities in respect of any Series of Securities already issued such that the further Securities shall be consolidated and form a single Series with the outstanding Securities. In addition, if Securities are issued before 1 January 2013 and additional Securities of the same series are issued after that date, the additional Securities may not be treated as exempt from FATCA withholding, which may have negative consequences on the existing Securities, including a negative impact on market price.

This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to

provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Securities is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Securities is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Securities, neither the Issuer, the Trustee (in respect of a Series of Secured Notes) nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Securities should consult their own tax advisers on how these rules may apply to payments they receive under the Securities.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Securities issued after 31 December 2012 (or whenever issued, in the case of Securities treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

Legislation Affecting Dividend Equivalent Payments

The United States Hiring Incentives to Restore Employment Act (the "**HIRE Act**") treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the HIRE Act such payments generally will be subject to U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the IRS to be substantially similar to a payment described in the preceding clauses (i) and (ii). Beginning 1 January 2013, a dividend equivalent payment includes a payment made pursuant to any notional principal contract that falls into one of the seven categories specified by the IRS unless otherwise exempted by the IRS. Where the securities reference an interest in a fixed basket of securities or an index, such fixed basket or index will be treated as a single security. Where the securities reference an interest in a basket of securities or an index that may provide for the payment of dividends from sources within the United States, absent final guidance from the IRS, it is uncertain whether the IRS would determine that payments under the securities are substantially similar to a dividend. If the IRS determines that a payment is substantially similar to a dividend, it may be subject to U.S. withholding tax that may be reduced by an applicable tax treaty provided that the beneficial owner timely claims a credit or refund from the IRS. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

Change of law

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

Additional Risk Factors

Additional risk factors in relation to specific issues of Securities may be included in the applicable Final Terms.

Risks relating to N&C Securities

Bearer N&C Securities where denominations involve integral multiples: Definitive Bearer N&C Securities

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

If Definitive Bearer N&C Securities are issued, holders should be aware that Definitive Bearer N&C Securities which have a denomination which is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Partly-paid N&C Securities

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

N&C Securities subject to optional redemption by the Issuer

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

The Issuer may be expected to redeem N&C Securities when its cost of borrowing is lower than the interest rate on the N&C Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the N&C Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Eurosystem Eligibility

There may be an intention (which, if applicable, will be specified in the applicable Final Terms) for certain N&C Securities to be held in a manner which will allow Eurosystem eligibility. This simply means that such N&C Securities are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the N&C Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Risks relating to W&C Securities

Certain Factors Affecting the Value and Trading Price of W&C Securities

Either (1) the Cash Settlement Amount (in the case of Cash Settled W&C Securities) or (2) the value of the Entitlement less (in the case of Warrants) the Exercise Price (the "**Physical Settlement Value**") (in the case of Physical Delivery W&C Securities) at any time prior to expiration or exercise, as applicable, is typically expected to be less than the trading price of such W&C Securities at that time. The difference between the trading price and the Cash Settlement Amount or the Physical Settlement Value, as the case may be, will

reflect, among other things, the "time value" of the W&C Securities. The "time value" of the W&C Securities will depend partly upon the length of the period remaining to expiration or exercise, as applicable, and expectations concerning the price or level of the Reference Item(s). W&C Securities offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of the W&C Securities varies with the price or level of the Reference Item(s), as well as by a number of other interrelated factors, including those specified herein.

Before exercising W&C Securities, Holders should carefully consider, among other things, (i) the trading price of the W&C Securities, (ii) the price or level and volatility of the Reference Item(s), (iii) the time remaining to expiration or exercise, as applicable, (iv) in the case of Cash Settled W&C Securities, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates and (vii) any related transaction costs.

An optional exercise or mandatory early exercise feature in W&C Securities is likely to limit their market value. In the case of an optional exercise feature, during any period when the Issuer may elect to exercise W&C Securities, the market value of those W&C Securities generally will not rise substantially above the price at which they can be exercised. This also may be true prior to any exercise period. In the case of a mandatory exercise feature, if the relevant Mandatory Early Exercise Event occurs the W&C Securities will be exercised prior to their originally designated exercise or expiry date. Potential investors should be aware that in certain circumstances, an optional exercise or mandatory early exercise of the W&C Securities by the Issuer may result in a loss of all or a substantial portion of their investment.

Time Lag after Exercise

In the case of any exercise of American Style Warrants and Bermudan Style Warrants, there will be a time lag between the time a Holder gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Warrants) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the Conditions of the W&C Securities. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Warrants arising from any daily maximum exercise limitation, the occurrence of a market disruption event or failure to open of an exchange or related exchange (if applicable) or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Currency Linked W&C Securities. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Warrants being exercised and may result in such Cash Settlement Amount being zero.

Minimum Exercise Amount

If so indicated in the applicable Final Terms, a Holder must tender or hold a specified number of W&C Securities at any one time in order to exercise. Thus, Holders with fewer than the specified minimum number of W&C Securities will either have to sell their W&C Securities or purchase additional W&C Securities, incurring transaction costs in each case, in order to realise their investment. Furthermore, Holders of such W&C Securities incur the risk that there may be differences between the trading price of such W&C Securities and the Cash Settlement Amount (in the case of Cash Settled W&C Securities) or the Physical Settlement Value (in the case of Physical Delivery W&C Securities) of such W&C Securities.

Limitations on Exercise

In the case of American Style Warrants and Bermudan Style Warrants, if so indicated in the applicable Final Terms, the Issuer will have the option to limit the number of Warrants exercisable on any date (other than the Expiration Date) to the maximum number specified in the applicable Final Terms and, in conjunction with such limitation, to limit the number of Warrants exercisable by any person or group of persons (whether or

not acting in concert) on such date. In the event that the total number of Warrants being exercised on any date (other than the Expiration Date) exceeds such maximum number and the Issuer elects to limit the number of Warrants exercisable on such date, a Holder may not be able to exercise on such date all Warrants that such holder desires to exercise. In any such case, the number of Warrants to be exercised on such date will be reduced until the total number of Warrants exercised on such date no longer exceeds such maximum, such Warrants being selected at the discretion of the Issuer or in any other manner specified in the applicable Final Terms. Unless otherwise specified in the applicable Final Terms, the Warrants tendered for exercise but not exercised on such date will be automatically exercised on the next date on which such Warrants may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

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

Exchange rate risks and exchange controls

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, the Final Redemption Amount or Cash Settlement Amount, as applicable, that investors may receive may be less than expected, or zero.

Interest rate risks

Investment in Fixed Rate N&C Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate N&C Securities.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above,

and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Where relevant, certain information with respect to the credit rating agencies and ratings will be disclosed in the applicable Final Terms.

Legal investment considerations may restrict certain investments

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

Current Market

Investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Securities. Such lack of liquidity may result in investors suffering losses on the Securities in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Securities at that time.

GENERAL DESCRIPTION OF THE PROGRAMME

Issuer:	VTB Capital plc.
Description:	Note, Warrant and Certificate Programme.
Calculation Agent:	VTB Capital plc or such other calculation agent specified in the applicable Final Terms.
Arranger:	VTB Capital plc,
Principal Paying Agent (in the case of N&C Securities)/Principal Securities Agent (in the case of W&C Securities):	The Bank of New York Mellon, London Branch.
Trustee:	BNY Mellon Corporate Trustee Services Limited
Types of Securities	Under the Programme the Issuer may from time to time issue notes ("Notes") and redeemable certificates ("redeemable Certificates" and, together with Notes, "N&C Securities") or warrants ("Warrants") and exercisable certificates ("exercisable Certificates" and, together with the Warrants, "W&C Securities", and W&C Securities together with N&C Securities, "Securities"). Unsecured and secured Securities of any kind may be issued, including, but not limited to Index Linked Securities, Equity Linked Securities, Currency Linked Securities, Commodity Linked Securities, Fund Linked Securities, Credit Linked Securities, Synthetic Pass-Through N&C Securities and Secured Notes.
Form of Securities:	The N&C Securities of each Series will be issued in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). W&C Securities will be represented by a Global W&C Security held by a common depositary on behalf of the Clearing Systems. Definitive W&C Securities will not be issued.
Status of the Securities:	The Securities (except for the Secured Notes) will constitute direct, unconditional, unsubordinated and, subject to the provisions of N&C Securities Condition 3 ("<i>Negative Pledge</i>"), unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding. The Secured Notes will constitute direct unconditional and unsubordinated obligations of the Issuer and will rank (in each case) <i>pari passu</i> among themselves and secured in the manner provided in the Trust Deed.

Approval, listing and admission to trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Securities (other than Secured Notes) issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

Securities may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as determined by the Issuer. Securities which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Securities are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.

Governing law:

The Securities and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.

FORM OF THE UNSECURED N&C SECURITIES AND THE W&C SECURITIES

Words and expressions defined in the "Terms and Conditions of the N&C Securities" or the "Terms and Conditions of the W&C Securities", as applicable, shall have the same meanings in this Form of the Unsecured N&C Securities and the W&C Securities.

Form of the unsecured N&C Securities

Each Tranche of N&C Securities other than Secured Notes ("**Unsecured N&C Securities**") will be in bearer form and will be initially issued in the form of a temporary global N&C Security (a "**Temporary Global N&C Security**") or, if so specified in the applicable Final Terms, a permanent global N&C Security (a "**Permanent Global N&C Security**" and Permanent Global N&C Securities together with Temporary Global N&C Securities, "**Global N&C Securities**") which, in either case, will:

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

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

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Global N&C Security is issued, interests in such Temporary Global N&C Security will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global N&C Security of the same Series or (b) for definitive Unsecured N&C Securities of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Unsecured N&C Securities, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership in a form to be provided by Euroclear and/or Clearstream, Luxembourg (unless such certificate has already been given) to the effect that the beneficial owners of interests in such N&C Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations. Such certification must have been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, must in turn have given a like certification (based on the certifications it has received) to the Principal Paying Agent. The holder of a Temporary Global N&C Security will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date without such certification unless, upon due certification, exchange of the Temporary Global N&C Security for an interest in a Permanent Global N&C Security or for definitive Unsecured N&C Securities is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Global N&C Security will be exchangeable (free of charge), in whole but not in part, for definitive Unsecured N&C Securities with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global N&C Security) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the Issuer. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in N&C Securities Condition 10) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Securityholders in accordance with N&C Securities Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global N&C Security) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Unsecured N&C Securities which have an original maturity of more than one year and on all receipts and interest coupons relating to such Unsecured N&C Securities:

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

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

Unsecured N&C Securities which are represented by a Global N&C Security will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

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

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

An N&C Security may be accelerated by the holder thereof in certain circumstances described in N&C Securities Condition 10. In such circumstances, where any N&C Security is still represented by a Global N&C Security and the Global N&C Security (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Unsecured N&C Securities and payment in full of the amount due has not been made in accordance with the provisions of the Global N&C Security then the Global N&C Security will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global N&C Security credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of the deed of covenant (the "**Deed of Covenant**") dated on or about 27 June 2012.

Form of the W&C Securities

Each Series of W&C Securities will be in registered form, will be represented by a Global W&C Security which will be deposited with a depositary (a "**Common Depositary**") on behalf of Euroclear and Clearstream, Luxembourg and will be registered in its name. Definitive W&C Securities will not be issued.

FORM OF THE SECURED NOTES

Words and expressions defined in the "Terms and Conditions of the N&C Securities" or the "Terms and Conditions of the Secured Equity Participation Notes", as applicable, shall have the same meanings in this Form of the Secured Notes.

Form of the Secured Notes

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

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

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

On and after the date (the "**Exchange Date**") which is 40 days after a Temporary Secured Global Security is issued, interests in such Temporary Secured Global Security will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Secured Global Security of the same Series or (b) for Definitive Secured Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Secured Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership in a form to be provided by Euroclear and/or Clearstream, Luxembourg (unless such certificate has already been given) to the effect that the beneficial owners of interests in such Secured Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations. Such certification must have been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, must in turn have given a like certification (based on the certifications it has received) to the Principal Paying Agent. The holder of a Temporary Secured Global Security will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date without such certification unless, upon due certification, exchange of the Temporary Secured Global Security for an interest in a Permanent Secured Global Security or for Definitive Secured Notes is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Secured Global Security will be exchangeable (free of charge), in whole but not in part, for definitive Secured Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Secured Global Security) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event or (c) at any time at the request of the Issuer. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Segregated Condition 9, Non-segregated Condition 9, or Secured EPN Condition 23) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Securityholders in accordance with N&C Securities Condition 14 or Secured EPN Condition 27 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Secured Global Security) may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Secured Notes which have an original maturity of more than one year and on all receipts and interest coupons relating to such N&C Securities:

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

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

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

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

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Principal Paying Agent.

A Secured Note may be accelerated by the Trustee in the circumstances described in Segregated Condition 9, Non-segregated Condition 9 or Secured EPN Condition 23 (as applicable). In such circumstances, where

any Secured Note (save for a Secured N&C Security or a Secured EPN) is still represented by a Secured Global Security and the Secured Global Security (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Secured Notes and payment in full of the amount due has not been made in accordance with the provisions of the Secured Global Security then the Secured Global Security will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Secured Global Security credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of the Trust Deed.

FORM OF FINAL TERMS OF THE N&C SECURITIES

Set out below is the form of Final Terms which will be completed for each Tranche of N&C Securities issued under the Programme.

[Date]

IMPORTANT NOTICE

THE N&C SECURITIES DESCRIBED HEREIN ("N&C SECURITIES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS AND THE N&C SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRADED, PLEDGED, EXERCISED, REDEEMED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'U.S. PERSON' AS DEFINED IN RULE 902(K) OF REGULATION S UNDER THE SECURITIES ACT, WHICH TERM IS DEEMED TO INCLUDE ANY PERSON THAT DOES NOT MEET THE DEFINITION OF 'NON-UNITED STATES PERSON' IN RULE 4.7 PROMULGATED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED ("CEA"). FURTHERMORE, TRADING IN THE N&C SECURITIES HAS NOT BEEN APPROVED BY THE CFTC UNDER THE CEA AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE N&C SECURITIES.

VTB CAPITAL plc

**Issue of [Aggregate [Nominal Amount/Number] of Tranche] [Title of N&C Securities]
under the
Note, Warrant and Certificate Programme**

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of N&C Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the N&C Securities. Accordingly any person making or intending to make an offer of the N&C Securities may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 48 of Part A below, provided such person is one of the persons mentioned in Paragraph 48 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of N&C Securities in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes

any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU].¹

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of N&C Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the N&C Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of the N&C Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of N&C Securities in any other circumstances.

The expression **"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU].²

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **"Conditions"**) set forth in the Base Prospectus dated 27 June 2012 [and the supplement[s] to the Base Prospectus dated [●] and [●]] which [together] constitute[s] a base prospectus for the purposes of [the Prospectus Directive][Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in any relevant Member State of the European Economic Area, the **"Prospectus Directive"**)], which includes any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU]. This document constitutes the Final Terms of the N&C Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of N&C Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [are/is] available for viewing at, and copies may be obtained from the specified offices of each of the Agents and from the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, in the case of N&C Securities listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **"Conditions"**) set forth in the Base Prospectus dated 27 June 2012 [and the supplement[s] to the Base Prospectus dated [●] and [●]]. This document contains the Final Terms of the N&C Securities described herein for the purposes of Article 5.4 of [the Prospectus Directive][Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in any relevant Member State of the European Economic Area, the **"Prospectus Directive"**)], which includes any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive

¹ Consider including this legend where a non-exempt offer of N&C Securities is anticipated (N.B. not relevant for an issue of a Tranche of N&C Securities with a denomination equal to or greater than EUR 100,000 (or its equivalent in another currency)).

² Consider including this legend where only an exempt offer of N&C Securities is anticipated (N.B. Not relevant for an issue of a Tranche of N&C Securities with a denomination equal to or greater than EUR 100,000 (or its equivalent in another currency)).

2010/73/EU] and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement[s] to the Base Prospectus dated [●] and [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of N&C Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus[es dated [●] and [●] [and the supplement[s] to the Base Prospectus dated [●] and [●]]. The Base Prospectuses [and the supplement[s] to the Base Prospectus dated [●] and [●]] [is][are] available for viewing at, and copies may be obtained from, the specified office of each of the Agents and from the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, in the case of N&C Securities listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

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

[When adding any other Final Terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: VTB Capital plc
2. (i) Type of N&C Securities: [Notes/Certificates]
- (ii) Series Number: []
- (iii) Tranche Number: []
- If fungible with an existing Series, include details of that Series, including the date on which the N&C Securities become fungible*
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) [Tranche: []]
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [] (N.B. if the N&C Securities are (i) to be admitted to trading on a regulated market within the European Economic Area, the minimum denomination should be €100,000 or its equivalent or (ii) offered to the public for purposes of the Prospectus Directive the minimum denomination should be €1,000 or its equivalent)
- (ii) Calculation Amount: []

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*

Redemption/ Payment Basis:

[Specify details of any provision for change of N&C Securities into another Interest Basis or Redemption/ Payment Basis]

12. Put/Call Options: [Investor Put][Issuer Call]
[(further particulars specified below)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

[Insert if rate of return may be deemed to exceed a reasonable commercial return:]

Each [Interest Amount] [Interim N&C Interest Amount] payable under the N&C Securities represents an amount payable by the Issuer (i) as consideration for use of the issue price by the Issuer and (ii) as compensation for and in recognition that *[insert relevant details as to additional risks for which the interest amount is consideration].*

13. Fixed Rate N&C Securities [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
(If payable other than annually, consider amending Condition 3)
(Not applicable in the case of a flat coupon amount; in which case consider disapplying interest accrual provisions in relation to any Early Redemption Amount.)
- (ii) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(NB: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
- (iv) Broken Amount(s): [[] per Calculation Amount payable on the Interest Payment Date falling on []/Not Applicable]
[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount(s)]
- (v) Day Count Fraction: [Actual/Actual (ICMA)
Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360 (ICMA)
30/360
30E/360
30E/360 (ISDA)
Other]
[(NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in euros)]

(vi) Determination Date(s): [] in each year

[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)]

(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))

(vii) Other terms relating to the method of calculating interest for Fixed Rate N&C Securities: [None/Give details]

14. Floating Rate N&C Securities [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Specified Period(s)/Specified Interest Payment Dates: []

(ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[specify other]*]

(iii) Additional Business Centre(s): []

(iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]

(v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): []

(vi) Screen Rate Determination: [Applicable/Not Applicable]
(if not applicable, delete the remaining sub-paragraphs of this paragraph)

– Reference Rate: []

(Either LIBOR, EURIBOR, MOSPRIME or other, although additional information is required if other - including fallback provisions in the Agency Agreement)

– Interest []

	Determination Date(s):	(The second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), the first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, and the day that is one Moscow business day prior to the start of each Interest Period if MOSPRIME)
	– Relevant Screen Page:	[] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately) [If MOSPRIME, insert: Reuters Screen MOSPRIME1 Page]
	– Rate Multiplier	[Applicable/Not Applicable] (specify formula)
(vii)	ISDA Determination:	
	– Floating Rate Option:	[]
	– Designated Maturity:	[]
	– Reset Date:	[]
(viii)	Margin(s):	[+/-] [] per cent. per annum
(ix)	Minimum Rate of Interest:	[] per cent. per annum
(x)	Maximum Rate of Interest:	[] per cent. per annum
(xi)	Day Count Fraction:	[Actual/Actual (ICMA) 30/360 Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 (ICMA) 30/360 30E/360 30E/360 (ISDA) Other] (See Condition 3 for alternatives)
(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate N&C Securities, if different	[]

from those set out in the
Terms and Conditions:

15. Zero Coupon N&C Securities [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(E)(c) and [6(L)] apply/specify other] (Consider applicable day count fraction if not US\$ denominated)
16. Index Linked Interest N&C Securities [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for Index Linked N&C Securities* shall apply.]
- (i) Index/Basket of Indices/Index Sponsor(s): []
- [The [] Index is a Multi-Exchange Index]
- [The Index Currency for the [] Index is []]
- (ii) Formula for calculating interest rate including back up provisions: []
- (iii) Calculation Agent responsible for making calculations in respect of the N&C Securities: []
- (iv) Specified Period(s)/Specified Interest Payment Dates: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vi) Additional Business []

- Centre(s):
- (vii) Minimum Rate of Interest: [] per cent. per annum
- (viii) Maximum Rate of Interest: [] per cent. per annum
- (ix) Day Count Fraction: []
- (x) Averaging: [The Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]
- (xi) Index Performance: [Applicable - *(insert formula)*/Not Applicable]
- (A) Best Performing Index: [Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Index having the highest Index Performance Provided That if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
- (B) Worst Performing Index: [Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Index having the lowest Index Performance Provided That if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date/Not Applicable]
- (xii) Exchange Rate: [Applicable/Not Applicable]
- [insert details]
- (xiii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is []. *(N.B. Only applicable in relation to Index Linked N&C Securities relating to a Basket)*
- (xiv) Exchange(s): []
- (xv) Related Exchange: []/[All Exchanges]
- (xvi) Valuation Date(s): []
- (xvii) Valuation Time: []
- (xviii) Observation Date(s): []
- (xix) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to [(and including/but excluding) []]/[Not

Applicable]

(N.B. this definition will need to be revised if there is more than one Observation Period)

(xx) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*]

(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)

(xxi) Trade Date: []

(xxii) Additional Disruption Events: The following Additional Disruption Events apply to the N&C Securities:

[Change of Law]

[Hedging Disruption]

[Increased Cost of Hedging]

(xxiii) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 6 apply to the N&C Securities/Not Applicable]

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

(A) Knock-in Determination Day: []

(B) Knock-in Event and consequences of a Knock-in Event: []

(C) Knock-in Level: []

(D) Knock-in Period Beginning Date: []

(E) Knock-in Period Ending Date: []

(F) Knock-in Valuation Time: []

(G) Knock-out Determination Day: []

(H) Knock-out Event and consequences []

- of a Knock-out Event:
- (I) Knock-out Level: []
- (J) Knock-out Period Beginning Date: []
- (K) Knock-out Period Ending Date: []
- (L) Knock-out Valuation Time: []
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: []
(*N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate*)
- (xxiv) Trigger Event Provisions: [Applicable/Not Applicable]

(*If not applicable, delete remaining sub-paragraphs of this paragraph*)
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
[Trigger Event (Closing Observation)]
[Trigger Event (Intraday Observation)]
[specify other and consequences]
- (B) Trigger Event Observation Date: []
(*N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate*)
- (C) Trigger Event Valuation Time: []
- (D) Trigger Percentage: [per cent.]

	(E)	Trigger Event Strike Level:	[]
	(F)	Trigger Event Observation Date consequences of a Disrupted Day:	[Omission][Postponement]
	(G)	Trigger Event intraday valuation consequences of disruption:	[Omission][Materiality]
	(H)	Additional Trigger Event Observation Date Disrupted Day provisions:	[] (N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)
	(xxv)	Other terms or special conditions:	[]
17.		Equity Linked Interest N&C Securities	[Applicable/Not Applicable] (If not applicable, delete remaining sub-paragraphs of this paragraph) [The provisions of Annex 2 of the Terms and Conditions – Additional Terms and Conditions for Equity Linked N&C Securities shall apply.]
	(i)	Share(s)/Basket of Share(s):	[]
	(ii)	Formula for calculating interest rate including back up provisions:	[]
	(iii)	Calculation Agent responsible for making calculations in respect of the N&C Securities:	[]
	(iv)	Specified Period(s)/Specified Interest Payment Dates:	[]
	(v)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
	(vi)	Additional Business Centre(s):	[]
	(vii)	Minimum Rate of Interest:	[]

- (viii) Maximum Rate of Interest: []
- (ix) Day Count Fraction: []
- (x) Averaging: [The Averaging Dates are [].]
 [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (xi) Share Performance: [Applicable - *(insert formula)*/Not Applicable]
- (A) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Share having the highest Share Performance Provided That if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
- (B) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Share having the lowest Share Performance Provided That if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date/Not Applicable]
- (xii) Exchange Rate: [Applicable/Not Applicable]
(insert details)
- (xiii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is []. *(N.B. Only applicable in relation to Equity Linked N&C Securities relating to a Basket)*
- (xiv) Exchange(s): []
- (xv) Related Exchange: []/[All Exchanges]
- (xvi) Valuation Date(s): []
- (xvii) Valuation Time: []
- (xviii) Observation Date(s): []
- (xix) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to [(and including/but excluding)] []/[Not Applicable]

(N.B. this definition will need to be revised if there is more than

one Observation Period)

(xx) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated *[insert calculation method]*

(N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)

(xxi) Tender Offer: [Applicable/Not Applicable]

(xxii) Share Substitution: [Applicable/Not Applicable]

[If Applicable: Share Substitution Criteria is []]

(xxiii) Local Tax Adjustment: [Applicable/Not Applicable]

Local Jurisdiction: []

(xxiv) Trade Date: []

(xxv) Additional Disruption Events: The following Additional Disruption Events apply to the N&C Securities:

[Change of Law]

[Hedging Disruption]

[Increased Cost of Hedging]

[Increased Cost of Stock Borrow]

[Initial Stock Loan Rate: []]

[Insolvency Filing]

[Loss of Stock Borrow]

[Maximum Stock Loan Rate: []]

(xxvi) Knock-in, Knock-out Provisions: [Applicable – the provisions of Equity Linked Condition 12 apply to the N&C Securities/Not Applicable]

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

(A) Knock-in Determination Day: []

(B) Knock-in Event and consequences of a Knock-in Event: []

(C) Knock-in Level: []

(D) Knock-in Period Beginning Date: []

(E) Knock-in Period Ending Date: []

- (F) Knock-in Valuation Time: []
- (G) Knock-out Determination Day: []
- (H) Knock-out Event and consequences of a Knock-out Event: []
- (I) Knock-out Level: []
- (J) Knock-out Period Beginning Date: []
- (K) Knock-out Period Ending Date: []
- (L) Knock-out Valuation Time: []
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: []
(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)
- (xxvii) Trigger Event Provisions: [Applicable – the provisions of Equity Linked Condition 13 apply to the N&C Securities/Not Applicable]
(If not applicable, delete remaining sub-paragraphs of this paragraph)
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
 [Trigger Event (Closing Observation)]
 [Trigger Event (Intraday Observation)]
 [specify other and consequences]

- (B) Trigger Event Observation Date: []
(*N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate*)
- (C) Trigger Event Valuation Time: []
- (D) Trigger Percentage: [per cent.]
- (E) Trigger Event Strike Level: []
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: []
(*N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate*)
- (xxviii) Other terms or special conditions: []
- (xxix) GDR/ADR Linked N&C Securities: [Applicable/Not Applicable]
18. Currency Linked Interest N&C Securities: [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

[The provisions of Annex 3 of the Terms and Conditions - *Additional Terms and Conditions for Currency Linked Securities* shall apply.]
- (i) Base Currency/Subject Currency: []
- (ii) Currency Price: []

(*N.B. Complete only if different from definition contained in Annex 3 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked Securities*)

[As defined in sub-paragraph (a)(i)/(a)(ii) of the definition of

"Currency Price" in Currency Linked Condition 2]

(N.B. Applicable where the Securities relate to a basket of Currencies)

(iii)	FX Market Disruption Event(s):	Currency Disruption Event: [Applicable/Not Applicable] [other] <i>(N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)</i>
(iv)	FX Price Source(s):	[]
(v)	Specified Financial Centre(s):	[]
(vi)	Formula for calculating interest rate including back up provisions:	[]
(vii)	Calculation Agent responsible for making calculations in respect of the N&C Securities:	[]
(viii)	Specified Period(s)/Specified Interest Period:	[]
(ix)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
(x)	Additional Business Centre(s):	[]
(xi)	Minimum Rate of Interest:	[]
(xii)	Maximum Rate of Interest:	[]
(xiii)	Day Count Fraction:	[]
(xiv)	Averaging:	Averaging [applies/does not apply] to the N&C Securities. [The Averaging Dates are [].] [In the event that an Averaging Date is a Disrupted Day [Omission/Postponement/Modified Postponement] shall apply.]
(xv)	Currency Performance	[Applicable - <i>(insert formula)</i> /Not Applicable]
	(A) Best Performing Reference Exchange Rate:	[Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, <i>(specify as applicable/other)</i>], as the case

may be,]] the Reference Exchange Rate having the highest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]

(B) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]] the Reference Exchange Rate having the lowest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable]

(xvi) Valuation Date(s): []

(xvii) Valuation Time: []

(xviii) Observation Date(s): []

(xix) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to (and including/but excluding) []][Not Applicable]

(N.B. this definition will need to be revised if there is more than one Observation Period)

(xx) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [].

(N.B. Only applicable in relation to Currency Linked N&C Securities relating to a Basket)

(xxi) Trigger Event Provisions: [Applicable/Not Applicable]

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

(A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
[Trigger Event (Closing Observation)]

[Trigger Event (Intraday Observation)]

[*specify other and consequences*]

(B) Trigger Event Observation Date: []

(N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Securities are not appropriate)

- (C) Trigger Event Observation Price: []
- (D) Trigger Event Valuation Time: []
- (E) Trigger Percentage: [per cent.]
- (F) Trigger Event Strike Price: []
- (G) Trigger Event Observation Date consequences of an FX Disrupted Day: [Omission][Postponement]
- (H) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (I) Additional Trigger Event Observation Date Disrupted Day provisions: []
(*N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate*)
- (xxii) Deliverable Currency Settlement: [Applicable][Not Applicable]
- (xxiii) Other terms or special conditions: []
19. Commodity Linked Interest N&C Securities: [Applicable/Not Applicable]

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

[The provisions of Annex 4 of the Terms and Conditions - *Additional Terms and Conditions for Commodity Linked Securities* shall apply.]
- (i) Commodity/Commodities/Commodity Index/Basket of Commodity Indices: [][which is deemed to be Bullion][*in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centre(s):* []]
- (ii) Formula for calculating interest rate including back up provisions: []
- (iii) Calculation Agent responsible for making calculations in respect of the N&C Securities: []

- (iv) Specified Period(s)/Specified Interest Payment Dates: []
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (vi) Additional Business Centre(s): []
- (vii) Minimum Rate of Interest: []
- (viii) Maximum Rate of Interest: []
- (ix) Day Count Fraction: []
- (x) Commodity Reference Price: []
- (xi) Price Source: []
- (xii) Exchange: []
- (xiii) Delivery Date: []
- (xiv) Pricing Date: []
- (xv) Common Pricing: [Applicable/Not Applicable] (*N.B. Only applicable in relation to Commodity Linked N&C Securities relating to a Basket*)
- (xvi) Additional Market Disruption Events: [*specify any applicable additional Market Disruption Events*]
- (xvii) Additional provisions for Commodity Trading Disruption: [Not Applicable]
[*If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price*]
- (xviii) Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[]
Commodity Index Cut-Off Date: []
- (xix) Commodity Business Day: [Commodity Linked Condition 2 applies/*insert other*]
- (xx) Trade Date: []
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket is []

(*N.B. Only applicable in relation to Commodity Linked N&C*)

Securities relating to a Basket)

- (xxii) Specified Price: [high price]
[low price]
[average of the high price and the low price]
[closing price]
[opening price]
[bid price]
[asked price]
[average of the bid price and the asked price]
[settlement price]
[official settlement price]
[official price]
[morning fixing]
[afternoon fixing]
[spot price]
[other]
- (xxiii) Knock-in, Knock-out Provisions: [Applicable – the provisions of Commodity Linked Condition 6 apply to the N&C Securities/Not Applicable]

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

- (A) Knock-in Determination Day: []
- (B) Knock-in Event and consequences of a Knock-in Event: []
- (C) Knock-in Level: []
- (D) Knock-in Period Beginning Date: []
- (E) Knock-in Period Ending Date: []
- (F) Knock-out Determination Day: []
- (G) Knock-out Event and consequences of a Knock-out Event: []
- (H) Knock-out Level: []
- (I) Knock-out Period []

- Beginning Date:
- (J) Knock-out Period
Ending Date: []
- (K) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (L) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: []
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (xxiv) Trigger Event Provisions: [Applicable/Not Applicable]
(*If not applicable, delete remaining sub-paragraphs of this paragraph*)
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
[Trigger Event (Closing Observation)]
[specify other and consequences]
- (B) Trigger Event Observation Date: []
(*N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Securities are not appropriate*)
- (C) Trigger Event Observation Period: []
- (D) Trigger Percentage: [per cent.]
- (E) Trigger Event Strike Level: []
- (F) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][Market Disruption Applicable] [Materiality]
- (G) Additional Trigger Event Observation Date Market Disruption Event provisions: []
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)

- (xxv) Other terms or special conditions: []
[Applicable/Not Applicable]
20. Fund Linked Interest N&C Securities
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked N&C Securities* shall apply.]
- (i) Fund/Basket of Funds: [] [The [] Fund is an ETF.]
- [[The Exchange for each Fund Share: []]
[Related Exchange for each Fund Share: []/All Exchanges]]
- [Underlying Index for each ETF: []]
(N.B. Include for ETFs)
- (ii) Fund Interests: []
- (iii) Formula for calculating interest rate including back up provisions: []
- (iv) Calculation Agent responsible for making calculations in respect of the N&C Securities: []
- (v) Specified Period(s)/Specified Interest Payment Dates: []
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (vii) Additional Business Centre(s): []
- (viii) Minimum Rate of Interest: [] per cent. per annum
- (ix) Maximum Rate of Interest: [] per cent. per annum
- (x) Day Count Fraction: []
- (xi) Trade Date: []
- (xii) Valuation Date(s): []
- (xiii) Valuation Time: []
- (xiv) Other terms or special []

conditions:

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each N&C Security and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part:
- (A) Minimum Redemption Amount: []
- (B) Maximum Redemption Amount: []
- (iv) Notice period (if other than as set out in the Conditions): []
22. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each N&C Security and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): []
23. Final Redemption Amount of each N&C Security: [[] per Calculation Amount/specify other/Not Applicable]
(For Index Linked, Equity Linked, Currency Linked, Commodity Linked and Fund Linked Redemption N&C Securities, Credit Linked and Synthetic Pass-Through N&C Securities state "Not

Applicable" and complete relevant section in paragraphs 25 – 31 below)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

24. Early Redemption Amount(s) of each N&C Security payable on redemption for taxation reasons or on an event of default or on an illegality (or, where otherwise required for purposes of any other relevant redemption specified in the Conditions and/or the method of calculating the same (if required or if different from that set out in Condition 7(E)):
- [/Market Value less Associated Costs/Other] per Calculation Amount
- (N.B. In the case of Index Linked, Equity Linked, Currency Linked, Commodity Linked, Fund Linked, Credit Linked and Synthetic Pass-Through N&C Securities or where otherwise relevant, consider deducting the cost to the Issuer and/or its affiliates of unwinding or adjusting any underlying or related funding and/or hedging arrangements in respect of the N&C Securities)*
25. Index Linked Redemption N&C Securities:
- [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 1 of the Terms and Conditions – Additional Terms and Conditions for Index Linked N&C Securities shall apply.]
- (i) Index/Basket of Indices/
Index Sponsor(s):
- []
- [The [] Index is a Multi-Exchange Index]
[The Index Currency for the [] Index is []]
- (ii) Calculation Agent responsible for making calculations in respect of the N&C Securities:
- []
- (iii) Final Redemption Amount:
- [] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (iv) Averaging:
- [The Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]

- (v) Index Performance: [Applicable - *(insert formula)*]/Not Applicable]
- (A) Best Performing Index: [Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date, (*specify as applicable/other*)[, as the case may be,]] the Index having the highest Index Performance Provided That if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
- (B) Worst Performing Index: [Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date, an Averaging Date or a Mandatory Early Termination Valuation Date (*specify as applicable/other*)[, as the case may be,]] the Index having the lowest Index Performance Provided That if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date]/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]
[*insert details*]
- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is []. (*N.B. Only applicable in relation to Index Linked N&C Securities relating to a Basket*)
- (viii) Exchange(s): []
- (ix) Related Exchange: []/[All Exchanges]
- (x) Valuation Date(s): []
- (xi) Valuation Time: []
- (xii) Observation Date(s): []
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] []to (and including/but excluding) []][Not Applicable]

(*N.B. this definition will need to be revised if there is more than one Observation Period*)
- (xiv) Disrupted Day: If a Valuation Date, an Averaging Date, an Observation Date or a Mandatory Early Termination Valuation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*]

(*N.B. Only applicable where provisions in Index Linked Conditions are not appropriate*)

- (xv) Trade Date: []
- (xvi) Additional Disruption Events: The following Additional Disruption Events apply to the N&C Securities:
[Change of Law]
[Hedging Disruption]
[Increased Cost of Hedging]
- (xvii) Knock-in, Knock-out Provisions: [Applicable – the provisions of Index Linked Condition 6 apply to the N&C Securities/Not Applicable]

(If not applicable, delete remaining sub-paragraphs of this paragraph)
- (A) Knock-in Determination Day: []
- (B) Knock-in Event and consequences of a Knock-in Event: []
- (C) Knock-in Level: []
- (D) Knock-in Period Beginning Date: []
- (E) Knock-in Period Ending Date: []
- (F) Knock-in Valuation Time: []
- (G) Knock-out Determination Day: []
- (H) Knock-out Event and consequences of a Knock-out Event: []
- (I) Knock-out Level: []
- (J) Knock-out Period Beginning Date: []
- (K) Knock-out Period Ending Date: []
- (L) Knock-out Valuation Time: []

- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: []
(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)
- (xviii) Trigger Event Provisions: [Applicable/Not Applicable]
(If not applicable, delete remaining sub-paragraphs of this paragraph)
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
 [Trigger Event (Closing Observation)]
 [Trigger Event (Intraday Observation)]
 [specify other and consequences]
- (B) Trigger Event Observation Date: []
(N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Securities are not appropriate)
- (C) Trigger Event Valuation Time: []
- (D) Trigger Percentage: [per cent.]
- (E) Trigger Event Strike Level:
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]

- (H) Additional Trigger Event Observation Date Disrupted Day provisions: []
(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)
- (xix) Mandatory Early Termination: [Applicable - the provisions of Index Linked Condition 8 apply to the N&C Securities/Not Applicable]
(If Not Applicable, delete the following sub-paragraphs)
- (A) Mandatory Early Termination Amount: []
(N.B. Only applicable where provisions of Index Linked Conditions are not appropriate)
- (B) Mandatory Early Termination Calculation Amount: [Each Calculation Amount][specify other]
- (C) Mandatory Early Termination Date: []
- (D) Mandatory Early Termination Event: []
- (E) Mandatory Early Termination Level: []
- (F) Mandatory Early Termination Rate: []
- (G) Mandatory Early Termination Valuation Date: []
(N.B. Specify if consequences of a Disrupted Day are other than as provided in the Index Linked Conditions)
- (H) Mandatory Early Termination Valuation Time: []
- (xx) Other terms or special conditions: []
26. Equity Linked Redemption N&C Securities: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

[The provisions of Annex 2 of the Terms and Conditions – Additional Terms and Conditions for Equity Linked N&C Securities shall apply.]

- (i) Share(s) / Basket of Shares: []
- (ii) Calculation Agent responsible for making calculations in respect of the N&C Securities: []
- (iii) Final Redemption Amount: [] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (iv) Averaging: [The Averaging Dates are [].]
- [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (v) Share Performance: []
- (A) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the highest Share Performance Provided That if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
- (B) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,] the Share having the lowest Share Performance Provided That if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]
- [insert details]*
- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is []. *(N.B. Only applicable in relation to Equity Linked N&C Securities relating to a Basket)*
- (viii) Exchange(s): []
- (ix) Related Exchange: []/[All Exchanges]

- (x) Valuation Date(s): []
- (xi) Valuation Time: []
- (xii) Observation Date(s): []
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)]
[] to (and including/but excluding) []][Not
Applicable]
- (N.B. this definition will need to be revised if there is more than
one Observation Period)*
- (xiv) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date,
as the case may be, is a Disrupted Day, the relevant price will be
calculated [*insert calculation method*].
- (N.B. Only applicable where provisions in Equity Linked
Conditions are not appropriate)*
- (xv) Tender Offer: [Applicable/Not Applicable]
- (xvi) Share Substitution: [Applicable/Not Applicable]
- [If Applicable: Share Substitution Criteria is []]
- (xvii) Local Tax Adjustment: [Applicable/Not Applicable]
- Local Jurisdiction []
- (xviii) Trade Date: []
- (xix) Additional Disruption
Events: The following Additional Disruption Events apply to the N&C
Securities:
- [Change of Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Initial Stock Loan Rate: []]
[Insolvency Filing]
[Loss of Stock Borrow]
[Maximum Stock Loan Rate: []]
- (xx) Knock-in, Knock-out
Provisions: [Applicable – the provisions of Equity Linked Condition 12
apply to the N&C Securities/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this
paragraph)*
- (A) Knock-in
Determination
Day: []

- (B) Knock-in Event and consequences of a Knock-in Event: []
- (C) Knock-in Level: []
- (D) Knock-in Period Beginning Date: []
- (E) Knock-in Period Ending Date: []
- (F) Knock-in Valuation Time: []
- (G) Knock-out Determination Day: []
- (H) Knock-out Event and consequences of a Knock-out Event: []
- (I) Knock-out Level: []
- (J) Knock-out Period Beginning Date: []
- (K) Knock-out Period Ending Date: []
- (L) Knock-out Valuation Time: []
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: []
- (N.B. Only applicable where provisions of Equity Linked Conditions are not appropriate)*

- (xxi) Trigger Event Provisions: [Applicable/Not Applicable]
(If not applicable, delete remaining sub-paragraphs of this paragraph)
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
 [Trigger Event (Closing Observation)]
 [Trigger Event (Intraday Observation)]
 [specify other and consequences]
- (B) Trigger Event Observation Date: []
(N.B. Only applicable where provisions in the Additional Terms and Conditions for Index Linked Securities are not appropriate)
- (C) Trigger Event Valuation Time: []
- (D) Trigger Percentage: [] per cent.]
- (E) Trigger Event Strike Level: []
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: []
(N.B. Only applicable where provisions of Equity Linked Conditions are not appropriate)
- (xxii) Mandatory Early Termination: [Applicable - the provisions of Equity Linked Condition 14 apply to the N&C Securities/Not Applicable]
(If Not Applicable, delete the following sub-paragraphs)
- (A) Mandatory Early Termination Amount: []
(N.B. Only applicable where provisions of Equity Linked Conditions are not appropriate)
- (B) Mandatory Early Termination Calculation Amount: [Each Calculation Amount][specify other]
- (C) Mandatory Early []

- Termination Date:
- (D) Mandatory Early Termination Event: []
- (E) Mandatory Early Termination Level: []
- (F) Mandatory Early Termination Rate: []
- (G) Mandatory Early Termination Valuation Date: []
(N.B. Specify if consequences of a Disrupted Day are other than as provided in the Equity Linked Conditions)
- (H) Mandatory Early Termination Valuation Time: []
- (xxiii) Other terms or special conditions: []
- (xxiv) GDR/ADR Linked N&C Securities: [Applicable/Not Applicable]
27. Currency Linked Redemption N&C Securities: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [The provisions of Annex 3 of the Terms and Conditions – *Additional Terms and Conditions for Currency Linked N&C Securities* shall apply.]
- (i) Base Currency/Subject Currency: []
(where the N&C Securities relate to a Basket of Currencies, state each Base Currency and Subject Currency)
- (ii) Currency Price: []
(N.B. Complete only if different from definition contained in Annex 3 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked N&C Securities)
 [As defined in sub-paragraph (a)(i)/(a)(ii) of the definition of "Currency Price" in Currency Linked Condition 2]
(N.B. Applicable where the Securities relate to a basket of Currencies)
- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]
 [other]

(N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)

- (iv) FX Price Source(s): []
- (v) Specified Financial Centre(s): []
- (vi) Calculation Agent responsible for making calculations in respect of the N&C Securities: []
- (vii) Final Redemption Amount: [] per Calculation Amount

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

- (viii) Averaging: Averaging [applies/does not apply] to the N&C Securities. [The Averaging Dates are [].]

- (ix) Currency Performance [Applicable - *(insert formula)*/Not Applicable]

- (A) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Reference Exchange Rate having the highest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]

- (B) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,] the Reference Exchange Rate having the lowest Currency Performance Provided That if [both][two or more] Reference Exchange Rates have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date/Not Applicable].

- (x) Valuation Date(s): []
- (xi) Valuation Time: []
- (xii) Observation Date(s): []

- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to (and including/but excluding) []][Not Applicable]
- (N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xiv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [].
- (N.B. Only applicable in relation to Currency Linked N&C Securities relating to a Basket)*
- (xv) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
- [Trigger Event (Closing Observation)]
- [Trigger Event (Intraday Observation)]
- [specify other and consequences]*
- (B) Trigger Event Observation Date: []
- (N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Securities are not appropriate)*
- (C) Trigger Event Observation Price: []
- (D) Trigger Event Valuation Time: []
- (E) Trigger Percentage: [per cent.]
- (F) Trigger Event Strike Price: []
- (G) Trigger Event Observation Date consequences of an FX Disrupted Day: [Omission][Postponement]
- (H) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]

- (I) Additional Trigger Event Observation Date Disrupted Day provisions: []
(N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)
- (xvi) Other terms or special conditions: []
28. Commodity Linked Redemption N&C Securities: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
[The provisions of Annex 4 of the Terms and Conditions – Additional Terms and Conditions for Commodity Linked N&C Securities shall apply.]
- (i) Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices: [] [which is deemed to be Bullion] [in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centres: []]
- (ii) Calculation Agent responsible for making calculations in respect of the N&C Securities: []
- (iii) Final Redemption Amount: [] per Calculation Amount
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (iv) Commodity Reference Price: []
- (v) Price Source: []
- (vi) Exchange: []
- (vii) Delivery Date: []
- (viii) Pricing Date: []
- (ix) Common Pricing: [Applicable] [Not Applicable] (N.B. Only applicable in relation to Commodity Linked N&C Securities relating to a Basket)
- (x) Additional Market Disruption Events: [specify any additional Market Disruption Events]
Additional provisions for [Not Applicable]

- Commodity Trading Disruption: *[If Commodity Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price]*
- Disruption Fallback(s): *[As set out in Commodity Linked Conditions]/[]*
[Commodity Index Cut-Off Date: []]
- (xi) Commodity Business Day: *[Commodity Linked Condition 2 applies/insert other]*
- (xii) Trade Date: *[]*
- (xiii) Weighting: *The weighting to be applied to each item comprising the Basket is []*
- (N.B. Only applicable in relation to Commodity Linked N&C Securities relating to a Basket)*
- (xiv) Specified Price: *[high price]*
[low price]
[average of the high price and the low price]
[closing price]
[opening price]
[bid price]
[asked price]
[average of the bid price and the asked price]
[settlement price]
[official settlement price]
[official price]
[morning fixing]
[afternoon fixing]
[spot price]
[other]
- (xv) Knock-in, Knock-out Provisions: *[Applicable – the provisions of Commodity Linked Condition 6 apply to the N&C Securities/Not Applicable]*
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Knock-in Determination Day: *[]*
- (B) Knock-in Event and consequences of a Knock-in Event: *[] (Complete by reference to Commodity Reference Price)*
- (C) Knock-in Level: *[]*

- (D) Knock-in Period Beginning Date: []
- (E) Knock-in Period Ending Date: []
- (F) Knock-out Determination Day: []
- (G) Knock-out Event and consequences of a Knock-out Event: [] (*Complete by reference to Commodity Reference Price*)
- (H) Knock-out Level: []
- (I) Knock-out Period Beginning Date: []
- (J) Knock-out Period Ending Date: []
- (K) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (L) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: [] (*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (xvi) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
[Trigger Event (Closing Observation)]
[specify other and consequences]
- (B) Trigger Event Observation Date: []
(*N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Securities are not appropriate*)
- (C) Trigger Event

- Observation Period: []
- (D) Trigger Percentage: [per cent.]
- (E) Trigger Event Strike Level: []
- (F) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][Market Disruption Applicable] [Materiality]
- (G) Additional Trigger Event Observation Date Market Disruption Event provisions: []
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (xvii) Mandatory Early Termination: [Applicable - the provisions of Commodity Linked Condition 8 apply to the N&C Securities/Not Applicable]

(*If Not Applicable, delete the following sub-paragraphs*)
- (A) Mandatory Early Termination Amount: []
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (B) Mandatory Early Termination Calculation Amount: [The Calculation Amount][*specify other*]
- (C) Mandatory Early Termination Date: []
- (D) Mandatory Early Termination Event: []
- (E) Mandatory Early Termination Level: []
- (F) Mandatory Early Termination Rate: []
- (G) Mandatory Early Termination Valuation Date: []
(*N.B. Specify if consequences of a Market Event Disruption are other than as provided in the Commodity Linked Conditions*)
- (xviii) Other terms or special conditions: []

29. Fund Linked Redemption N&C Securities: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- [The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Securities* shall apply.]
- (i) Fund/Basket of Funds: []
- [[The [] Fund is an ETF]
- [Exchange for each Fund Share: []]
- [Related Exchange for each Fund Share: [] /All Exchanges]]
- [Underlying Index: []]
- (N.B. Include for ETFs)*
- (ii) Fund Interest(s): []
- (iii) Calculation Agent responsible for making calculation in respect of the N&C Securities: []
- (iv) Final Redemption Amount: [] per Calculation Amount
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (v) Trade Date: []
- (vi) Valuation Date(s): []
- (vii) Valuation Time: []
- (viii) Other terms or special conditions: []
30. Credit Linked N&C Securities: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Credit Linked Conditions: 2009 Protocol Version: [Applicable/Not Applicable]

[If Applicable: The provisions of Annex 7 of the Terms and Conditions – Additional Terms and Conditions for Credit Linked Securities (2009 protocol version) shall apply.]

[If Not Applicable: The provisions of Annex 6 of the Terms and Conditions – Additional Terms and Conditions for Credit Linked Securities shall apply.]

(ii) Final Redemption Amount: [] per [Calculation Amount][unit]

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the N&C Securities will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

(iii) Settlement Method: [Auction Settlement/Cash Settlement/Physical Delivery]

[If Physical Delivery:

The provisions of Annex 9 of the Terms and Conditions – Additional Terms and Conditions for Physical Delivery N&C Securities shall apply in addition to Annex 6 of the Terms and Conditions / Annex 7 of the Terms and Conditions, as applicable.]

(iv) First-to-Default Credit Securities: [Applicable/Not Applicable]

(v) Nth-to-Default Credit Securities: [Applicable/Not Applicable]

[If Applicable, specify Relevant Number: []]

(vi) Trade Date: []

(vii) Calculation Agent responsible for making calculations and determinations in respect of the N&C Securities: []

(viii) Reference Entity(ies): []

(ix) Reference Obligation(s): []

[The obligation[s] identified as follows: []

Primary Obligor: []

Maturity: []

Coupon: []

CUSIP/ISIN: []]

(x) All Guarantees: [Applicable/Not Applicable]

Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition [15 (*if Annex 6*)/18 (*if Annex 7*)] [Applicable/Not Applicable]

(xi) Credit Events: [Bankruptcy]

[Failure to Pay]

[Grace Period Extension [Applicable/Not Applicable]]

[If Applicable:

Grace Period: []

[Obligation Default]

[Obligation Acceleration]

[Repudiation/Moratorium]

[Restructuring]

- Provisions relating to Restructuring Credit Event: Credit Linked Condition [12 (*if Annex 6*)/15 (*if Annex 7*)] [Applicable/Not Applicable]
- Provisions relating to Multiple Holder Obligation: Credit Linked Condition [13 (*if Annex 6*)/16 (*if Annex 7*)] [Applicable/Not Applicable]
- [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]
- [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]

[*other*]

Default Requirement: []

Payment Requirement: []

(xii) Conditions to Settlement: Notice of Publicly Available Information [Applicable/Not Applicable]

[*If Applicable*:

Public Source(s): []

- Specified Number: []]
- (xiii) Obligation(s):
- Obligation Category [Payment]
- [select one only]: [Borrowed Money]
- [Reference Obligations Only]
- [Bond]
- [Loan]
- [Bond or Loan]
- Obligation Characteristics
- [select all of which apply]: [Not Subordinated]
- [Credit Linked Specified Currency:
- [specify currency] [Standard Specified Currencies]
- [Not Sovereign Lender]
- [Not Domestic Currency:]
- [Domestic Currency means: [specify currency]]
- [Not Domestic Law]
- [Listed]
- [Not Domestic Issuance]
- Additional Obligation(s) []
- (xiv) Excluded Obligation(s): []
- (xv) [Whether on satisfaction of Conditions to Settlement - [Cash Settlement/Physical redemption of the N&C Delivery/Auction Settlement]] Securities will be by (a) [If Physical Delivery: Cash Settlement, (b) The provisions of Annex 9 of the Terms and Conditions – Physical Delivery or (c) Additional Terms and Conditions for Physical Delivery N&C Auction Settlement: Securities shall apply]
- (xvi) Accrual of Interest upon Credit Event: [Applicable/Not Applicable]
- (xvii) Merger Event: Credit Linked Condition [11 (if Annex 6)/ 14 (if Annex 7)]

[Applicable/Not Applicable]

(If Applicable)

[Merger Event Redemption Amount: []]

[Merger Event Redemption Date:[]]

(xviii) Unwind Costs: [Standard Unwind Costs/*other*/Not Applicable]

(xix) Provisions relating to Monoline Insurer as Reference Entity: Credit Linked Condition [14 (*if Annex 6*)/17 (*if Annex 7*)] [Applicable/Not Applicable]

(xx) Provisions relating to LPN Reference Entities: Credit Linked Condition [16 (*if Annex 6*)/19 (*if Annex 7*)] [Applicable/Not Applicable]

Terms relating to Cash Settlement (*In remainder of this item 31 include only such sections as are relevant*)

(xxi) Credit Event Redemption Amount: [] per Calculation Amount

(xxii) Credit Event Redemption Period: [] Business Days

(xxiii) Valuation Date: [Single Valuation Date:

[] Business Days]

[Multiple Valuation Dates:

[] Business Days; and each [] Business Days thereafter

Number of Valuation Dates: []]

(xxiv) Valuation Time: []

(xxv) Quotation Method: [Bid/Offer/Mid-market]

(xxvi) Quotation Amount: [[]/Representative Amount]

(xxvii) [Minimum Quotation Amount: []]

(xxviii) Quotation Dealers: []

(xxix) Quotations: [Include Accrued Interest/Exclude Accrued Interest]

(xxx) Valuation Method: [Market/Highest]

[Average Market/Highest/Average Highest]

- [Blended Market/Blended Highest]
- [Average Blended Market/Average Blended Highest]
- (xxxii) Other terms or special conditions: []
- Additional terms relating to Auction Settlement*
- (xxxiii) Fallback Settlement Method: [Cash Settlement/Physical Delivery]
[If Physical Delivery:
- The provisions of Annex 9 of the Terms and Conditions – *Additional Terms and Conditions for Physical Delivery N&C Securities* shall apply if the Fallback Settlement Method is applicable]
- (xxxiiii) Business Day Convention: [Following/Modified Following/Preceding]
- (xxxv) Succession Event Backstop Date subject to adjustment in accordance with Business Day Convention: [Yes/No]
- (xxxvi) Limitation Dates subject to adjustment in accordance with Business Day Convention: [Yes/No]
- Terms relating to Physical Delivery*
- (xxxvii) Physical Settlement Period: [] Business Days
- (xxxviii) Accrued Interest on Entitlement: [Include Accrued Interest/Exclude Accrued Interest]
- (xxxix) Settlement Currency: []
- (xl) Deliverable Obligations:
- Deliverable Obligation Category [Payment]
[Borrowed Money]
[select one only]: [Reference Obligations Only]
[Bond]
[Loan]

	[Bond or Loan]
Deliverable Obligation Characteristics	[Not Subordinated]
[select all of which apply]:	[Credit Linked Specified Currency: <i>[specify currency]</i>
	[Standard Specified Currencies]
	[Not Sovereign Lender]
	[Not Domestic Currency]
	[Domestic Currency means: <i>[specify currency]</i>]
	[Not Domestic Law]
	[Listed]
	[Not Contingent]
	[Not Domestic Issuance]
	[Assignable Loan]
	[Consent Required Loan]
	[Direct Loan Participation]
	[Qualifying Participation Seller: <i>[insert details]</i>]
	[Transferable]
	[Maximum Maturity: []]
	[Accelerated or Matured]
	[Not Bearer]
<i>Additional Deliverable Obligation(s):</i>	[]
(xl) Excluded Deliverable Obligation(s):	[]
(xli) Indicative Quotations:	[Applicable/Not Applicable]
(xlii) Cut-Off Date:	[]
(xliii) Guaranteed Cash Settlement Amount:	[]

- (xlv) Delivery provisions for Entitlement if different from Physical Delivery N&C Securities Conditions: []
- (xlv) Emerging Market Adjustment/Termination Provisions: [Applicable/Not Applicable]
(if Not Applicable delete the following sub-paragraphs)
- (A) Emerging Market Adjustment/Termination Events: [Inconvertibility Event]
 [Ownership Restriction Event]
 [Settlement/Custodial Event]
 [Taxation Event]
(specify other)
- (B) Emerging Market Termination Amount: [] *(Express per Calculation Amount)*
- (C) Reference Jurisdiction: []
- (D) Relevant Currency: []
- (xlv) Other terms or special conditions: []
31. Synthetic Pass-Through N&C Securities [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [The provisions of Annex 8 of the Terms and Conditions – *Additional Terms and Conditions for Synthetic Pass-Through N&C Securities* shall apply]
- (i) Reference Asset: []
- (ii) Reference Asset Obligor: []
- (iii) Reference Asset Currency: []
- (iv) Reference Asset Principal Amount: []
(Insert amount as of the Issue Date)

- (v) Exchange Rate: [The provisions of the definition of Exchange Rate in Synthetic Pass-Through Condition 2 apply][*(specify other)*]
- (vi) Final Received Amount: [Applicable/Not Applicable]
(N.B. Specify this or the Final Sale Amount as applicable, not both)
- (vii) Final Sale Amount: [Applicable/Not Applicable]
[Final Sale Amount Valuation Date: [] *(specify date and how any adjustments to it would be made)*]
- (viii) Final Redemption Amount: [The provisions of Synthetic Pass-Through Condition 3(b) apply][*(specify other)*]
- (ix) Maturity Date: [[] Business Days]
- (x) Reference Asset Settlement Date: [*(specify dates and how any adjustments should be made)*][The provisions of the definition of Reference Asset Settlement Date in Condition 2 of the Synthetic Pass-Through Conditions apply]
- (xi) Interim Amount Settlement Date: [] Business Days
- (xii) Reference Asset Substitution: [Applicable/Not Applicable]
(If not applicable, delete the following sub-paragraph)
[Reference Asset Substitution Criteria: []]
- (xiii) Reference Asset Adjustment Events: [Change in Law
Trade Date: []]
[Custodial Event]
[Currency Disruption Event]
[Hedging Disruption]
[Increased Cost of Hedging]
Trade Date: []]
[Market Disruption Event]
[Reference Asset Adjustment Event]
[Reference Asset Obligor Default Event]
[Reference Asset Termination]
[Residual Risk Event]
[Tax Adjustment Event]
(specify other)
- (xiv) Calculation Agent responsible for making calculation in respect of the N&C Securities: []

- (xv) Other terms or special conditions: []
32. Physical Delivery N&C Securities: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (N.B. Not applicable to Credit Linked N&C Securities)*
- [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery] *(If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)*
- [The provisions of Annex 9 of the Terms and Conditions — *Additional Terms and Conditions for Physical Delivery N&C Securities* shall apply.]
- (i) Relevant Asset(s): []
- (ii) Entitlement: []
- (iii) Cut-Off Date: []
- (iv) Guaranteed Cash Settlement Amount: []
- (v) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]
- (vi) Delivery provisions for Entitlement if different from Physical Delivery N&C Securities Conditions: []
- (vii) Settlement Business Day: []
- (viii) Issuer's option to vary Settlement: [Applicable/Not Applicable] *(N.B. Option will apply unless specified as Not Applicable. If Applicable, complete relevant Cash Settlement provisions and, in the case of Credit Linked N&C Securities, consider necessary amendments to the Additional Terms and Conditions for Credit Linked Securities)*
- (ix) Other terms or special Conditions: []
33. Secured N&C Securities: [Applicable/Not Applicable]
- [NB. If Applicable then a separate Issue Document must be approved by a competent authority for the purposes of the Prospectus Directive in relation to any Secured N&C Security]*

that will be admitted to trading on a regulated market in the European Economic Area or which is to be offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive]

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

[The provisions of Annex 10 of the Terms and Conditions – Additional Terms and Conditions of the Secured N&C Securities – Segregated Securities shall apply]

[The provisions of Annex 11 of the Terms and Conditions – Additional Terms and Conditions of the Secured N&C Securities – Non-segregated Securities shall apply]

(i)	Segregated Secured N&C Securities or Non-segregated Secured N&C Securities:	[Segregated Secured N&C Security] [Non-segregated Secured N&C Security]
(ii)	Accrued Interest Payable for purposes of Segregated Condition [7] or Non-segregated Condition [7]:	[Yes/No]
	<i>Terms relating to Segregated Secured N&C Securities:</i>	
(iii)	Charged Asset Issuer:	[]
	<i>(N.B. If more than one type of Segregated Charged Asset insert issuer of each.)</i>	
(iv)	Segregated Charged Assets:	[Insert description]
		[Bloomberg Code: [●]]
		ISIN: [●]]
	<i>(N.B. If more than one type of Segregated Charged Asset insert description of each.)</i>	
(v)	Number of Segregated Charged Assets:	[] <i>(N.B. If more than one type of Segregated Charged Asset, insert number of Segregated Charged Assets in respect of each type of Segregated Charged Asset.)</i>
(vi)	Segregated Security Provider:	[Insert details of Segregated Security Provider]
(vii)	Segregated Underlying Assets (other than the Segregated Charged	[None] [Specify other]

Assets):

(viii) Segregated Early Redemption Amount: [Segregated Condition 7(E) applies] [*Specify other*]

(ix) Segregated Supplementary Security Document(s): [*Specify additional security document*] [None]

Terms relating to Non-segregated Secured N&C Securities:

(x) Non-segregated Reference Asset Issuer: []
(N.B. If more than one type of Non-segregated Reference Asset insert issuer of each.)

(xi) Non-segregated Reference Assets: [*Insert description*]
[Bloomberg Code: [●]]
ISIN: [●]]
(N.B. If more than one type of Non-segregated Reference Asset insert description of each.)

(xii) Number of Non-segregated Reference Assets: [] *(N.B. If more than one type of Non-segregated Reference Asset, insert number of Non-segregated Reference Assets in respect of each type of Non-segregated Reference Asset.)*

(xiii) Non-segregated Security Subsidiary: [*Insert details of Non-segregated Security Subsidiary*]

(xiv) Non-segregated Early Redemption Amount: [Non-segregated Condition 7(E) applies] [*Specify other*]

GENERAL PROVISIONS APPLICABLE TO THE N&C SECURITIES

34. Form of N&C Securities: Each Tranche of N&C Securities will be in bearer form.
- [[Temporary Global N&C Security exchangeable for a Permanent Global N&C Security which is exchangeable for definitive N&C Securities [on 60 days' notice given at any time/only upon an Exchange Event].]
- [Temporary Global N&C Security exchangeable for definitive N&C Securities on and after the Exchange Date.]
- [Permanent Global N&C Security exchangeable for definitive N&C Securities only upon an Exchange Event.]]³

³ One of the above three options should be used in respect of N&C Securities other than Secured Notes.

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

[Temporary Secured Global Security exchangeable for Definitive Secured Notes on and after the Exchange Date.]

[Permanent Secured Global Security exchangeable for Definitive Secured Notes only upon an Exchange Event].]⁴

[Securities shall not be physically delivered in Belgium except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgium Law of 14 December 2005: *Include if notes are to be offered in Belgium.*]

(Ensure that this is consistent with the wording in the "Form of the Unsecured N&C Securities and the W&C Securities" section in the Base Prospectus and the N&C Securities themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the N&C Securities in item 6 includes language substantially to the following effect:

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of N&C Securities which is to be represented on issue by a [Temporary Global N&C Securities/Temporary Secured Global Security] exchangeable for [Definitive N&C Securities/Definitive Secured Notes].

"[€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No N&C Securities in definitive form will be issued with a denomination above [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of N&C Securities which is to be represented on issue by a [Temporary Global N&C Security/Temporary Secured Global Security] exchangeable for [Definitive N&C Securities/Definitive Secured Notes].)

35.	(i) New Global Note:	[Yes][No]
	(ii) Reference Item Linked N&C Security:	[Yes][No]
36.	Payment Day:	[Following/Modified Following]
37.	Additional Financial Centre(s) or	[Not Applicable/give details]

⁴ One of the above three options should be used in respect of Secured Notes.

other special provisions relating to
Payment Dates:

(Note that this item relates to the place of payment and not Interest Period end dates to which items 15(iii), 17(vi), 18(vi), 19(x), 20(vi) and 21(vii) relate)

38. Talons for future Coupons or Receipts to be attached to [Definitive N&C Securities/Definitive Secured Notes (and dates on which such Talons mature): [Yes/No][If yes, give details]
39. Details relating to Partly Paid N&C Securities: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the N&C Securities and interest due on late payment: [Not Applicable/give details]
(NB: a new form of Temporary Global N&C Security/Temporary Secured Global Security and/or Permanent Global N&C Security/Permanent Secured Global Security may be required for Partly Paid issues)
40. Details relating to Instalment N&C Securities:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
41. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the terms of Redenomination in the Final Terms)]
42. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such amendments would be acceptable as Final Terms or whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note or "unitary" Prospectus.) [(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)]

DISTRIBUTION

43. Method of distribution: [Syndicated/Non-syndicated]
44. (i) If syndicated, [names and addresses]* of Managers [and underwriting commitments]*: [Not Applicable/give names, [and addresses and underwriting commitments]*]
(Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of

*the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)**

- (ii) Date of Subscription Agreement*: []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
45. If non-syndicated, name [and address]* of relevant Dealer: [Not Applicable/give Name [and address]*]
46. Total commission and concession: [[] per cent. of the Aggregate Nominal Amount]/[Not Applicable]
47. U.S. Selling Restrictions: The N&C Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") or under any state securities laws and the N&C Securities may not be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person (as defined below). Furthermore, trading in the N&C Securities has not been approved by the United States Commodity Futures Trading Commission ("**CFTC**") under the United States Commodity Exchange Act, as amended ("**CEA**") and no U.S. Person may at any time trade or maintain a position in the N&C Securities.

As used herein, "**U.S. Person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons; or (vii) any other "U.S. Person" as such term may be defined in Rule 902 (k) of Regulation S under the Securities Act or in regulations adopted under the CEA.

[TEFRA D/TEFRA not applicable]

48. Non exempt Offer:**

[Not Applicable] [An offer of the N&C Securities may be made by the Managers [and [*specify names [and addresses]* of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the "**Financial Intermediaries**") other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] ("**Public Offer Jurisdictions**") during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"*] ("**Offer Period**"). See further Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

49. Additional selling restrictions:

[Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to the Official List and trading on the regulated market of the Luxembourg Stock Exchange] of the N&C Securities described herein pursuant to the Note, Warrant and Certificate Programme of VTB Capital plc.

RESPONSIBILITY

[[Subject as provided below,] the Issuer accepts responsibility for the information contained in these Final Terms.] [The information relating to ● [and ●] contained herein has been accurately extracted from [*insert information source(s)*]. The Issuer accepts responsibility for the accuracy of such extraction but accept no further or other responsibility in respect of such information.]

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application [has been]/[will be] made by the Issuer (or on its behalf) for the N&C Securities to be admitted to trading on, [the regulated market of], and listed on the Official List of, the Luxembourg Stock Exchange [with effect from []].]
[Application is expected to be made by the Issuer (or on its behalf) for the N&C Securities to be admitted to trading on, [the regulated market of,] and listed on the Official List of, the Luxembourg Stock Exchange with effect from [].] [Not Applicable.]

[Note that, for Transparency Directive purposes, N&C Securities with a Specified Denomination of less than €100,000 (or equivalent) should not be listed on a regulated market]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)**

- (ii) Estimate of total expenses related to admission to trading:** []

2. RATINGS

Ratings: [The N&C Securities will not be rated.]

[The N&C Securities to be issued [[have been]/[are expected to be]] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)].]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to N&C Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating

agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by *[insert the legal name of the relevant EU-registered credit rating agency entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU-registered credit rating agency entity]* is established in the European Union and registered under the CRA Regulation [As such *[insert the legal name of the relevant EU credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by *[insert the legal name of the relevant EU CRA entity that applied for registration]* may be used in the EU by the relevant market participants.]

[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [*EITHER:*] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation [*OR:*] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant non-EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority[and *[insert the legal name of the relevant credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and

Markets Authority on its website in accordance with such Regulation]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*], although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the N&C Securities has an interest material to the offer – *amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note or "unitary" prospectus.*)]

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

(i) [Reasons for offer []]

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

(ii) Estimated net proceeds: []

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

(iii) Estimated total expenses: [] (*Expenses are required to be broken down into each principal intended to "use" and presented in order of priority of such "uses"*)

(*N.B.: If the N&C Securities are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different*)

from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (Fixed Rate N&C Securities Only)**

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES] (INDEX LINKED N&C SECURITIES ONLY)]

*[Need to include details of where past and future performance and volatility of [the/each] index can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

*[Need to include the name of [the/each] index, the name of [the/each] index sponsor and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]**

7. PERFORMANCE OF [THE SHARE/BASKET OF SHARES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES]] (EQUITY LINKED N&C SECURITIES ONLY)]

*[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

8. PERFORMANCE OF [RATE[S] OF EXCHANGE/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE[S] OF EXCHANGE/FORMULA/CURRENCIES]] (CURRENCY LINKED N&C SECURITIES ONLY)]

*[Need to include details of [the/each] currency, the relevant weighting of each currency, where past and future performance and volatility of the [relevant rates/currencies] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

9. **PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES]] (COMMODITY LINKED N&C SECURITIES ONLY)**

*[Need to include details of [the/each] [commodity/commodity index], where pricing information about [the/each] [commodity/commodity index] is available, the relevant weighting of each [commodity/commodity index] within a basket of [commodities/commodity indices] and where past and future performance and volatility of [the commodity/basket of commodities/commodity index/basket of commodity indices] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

10. **PERFORMANCE OF [THE FUND/BASKET OF FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FUND/BASKET OF FUNDS]] (FUND LINKED N&C SECURITIES ONLY)**

*[Need to include details of [the/each] fund, the relevant weighting of each fund within a basket of funds and where past and future performance and volatility of [the/each] [fund/basket of funds] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

11. **PERFORMANCE OF [THE/EACH] REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE/EACH] REFERENCE ENTITY] (CREDIT LINKED N&C SECURITIES ONLY)**

*[Need to include details of [the/each] reference entity and where information on [the/each] reference entity can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

12. **PERFORMANCE OF [THE/EACH] REFERENCE ASSET, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE/EACH] REFERENCE ASSET] (SYNTHETIC PASS-THROUGH N&C SECURITIES ONLY)**

*[Need to include details of [the/each] reference asset, any security identification number of each reference asset, the relevant weighting of each reference asset within a basket of reference assets and where information on [the/each] reference asset can be obtained and where past and future performance and volatility of [the/each] reference asset can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

13. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CFI Code: []
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of initial Paying Agents and Calculation Agent:
- (vii) Names and addresses of additional Paying Agent(s) (if any): []
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility. [Yes][No]
 [Note that the designation "yes" simply means that the N&C Securities are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the N&C Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the N&C Securities must be issued in NGN form*]

14. TERMS AND CONDITIONS OF THE OFFER (**PUBLIC OFFER ONLY**)** *

- Offer Price: [Issue Price/Not Applicable/*specify*]
- [Conditions to which the offer is subject:] [Not Applicable/*give details*]
- [Description of the application process:] [Not Applicable/*give details*]
- [Details of the minimum and/or maximum amount of application:] [Not Applicable/*give details*]
- [Details of the time period, including any possible amendments, during which the offer will be open and description of the application process:] [Not Applicable/*give details*]

[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not Applicable/*give details*]

[Details of the method and time limits for paying up and delivering the N&C Securities:] [Not Applicable/*give details*]

[Manner and date in which results of the offer are to be made public:] [Not Applicable/*give details*]

[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not Applicable/*give details*]

[Categories of potential investors to which the N&C Securities are offered and whether tranche(s) have been reserved for certain countries:] [Not Applicable/*give details*]

[Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:] [Not Applicable/*give details*]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not Applicable/*give details*]

[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [None/*give details*]

* Delete if the securities are not Derivative Securities

** Delete if the securities are Derivative Securities

*** Delete if minimum denomination is €100,000 (or its equivalent in the relevant currency as at the date of issue).

TERMS AND CONDITIONS OF THE N&C SECURITIES

The following are the Terms and Conditions of the N&C Securities which will be incorporated by reference into each Global N&C Security (as defined below) and each definitive N&C Security, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive N&C Security will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of N&C Securities may specify other terms and conditions (including the Additional Terms and Conditions described below) 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 N&C Securities. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global N&C Security and definitive N&C Security. Reference should be made to "Form of the Unsecured N&C Securities and the W&C Securities" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant N&C Securities. These Terms and Conditions of the N&C Securities shall apply to all N&C Securities other than Secured Equity Participation Notes.

The Additional Terms and Conditions contained in Annex 1 in the case of Index Linked N&C Securities, Annex 2 in the case of Equity Linked N&C Securities, Annex 3 in the case of Currency Linked N&C Securities, Annex 4 in the case of Commodity Linked N&C Securities, Annex 5 in the case of Fund Linked N&C Securities, Annex 6 in the case of Credit Linked N&C Securities for which 2009 Protocol Version is not specified as applicable in the applicable Final Terms and Annex 7 in the case of Credit Linked N&C Securities for which 2009 Protocol Version is specified as applicable in the applicable Final Terms, Annex 8 in the case of Synthetic Pass-Through N&C Securities, Annex 9 in the case of Physical Delivery N&C Securities and Annex 10 in the case of Secured N&C Securities (each as defined below) will apply to the N&C Securities if specified in the applicable Final Terms.

IMPORTANT NOTICE

THE N&C SECURITIES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS AND THE N&C SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRADED, PLEDGED, EXERCISED, REDEEMED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'U.S. PERSON' AS DEFINED IN RULE 902(K) OF REGULATION S UNDER THE SECURITIES ACT, WHICH TERM IS DEEMED TO INCLUDE ANY PERSON THAT DOES NOT MEET THE DEFINITION OF 'NON-UNITED STATES PERSON' IN RULE 4.7 PROMULGATED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED ("CEA"). FURTHERMORE, TRADING IN THE N&C SECURITIES HAS NOT BEEN APPROVED BY THE CFTC UNDER THE CEA AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE N&C SECURITIES.

The Series of N&C Securities described in the applicable Final Terms (such N&C Securities being hereinafter referred to as the "N&C Securities") are issued by VTB Capital plc (the "Issuer"). N&C Securities will be either notes ("Notes") or redeemable certificates ("Certificates"), as specified in the applicable Final Terms, and references in these Terms and Conditions to "N&C Security", "N&C Securities", "Note", "Notes", "Certificate", "Certificates" will be construed accordingly. This N&C Security is one of a Series (as defined below) of securities (the "N&C Securities") issued by the Issuer. References herein to the "N&C Securities" shall be references to the N&C Securities of this Series and shall mean:

- (a) in relation to any N&C Securities represented by a global N&C Security (a "Global N&C Security"), units of each Specified Denomination in the Specified Currency (in the case of Notes) or each security unit represented by the Global N&C Security (in the case of Certificates);

- (b) any Global N&C Security; and
- (c) any definitive N&C Securities issued in exchange for a Global N&C Security.

The N&C Securities, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement dated on or about 27 June 2012 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer and The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**"), The Bank of New York Mellon (Luxembourg) SA as paying agent (together with the Principal Paying Agent, the "**Paying Agents**" which expression shall include any additional or successor paying agents) and the other agents named therein. A calculation agent (the "**Calculation Agent**") may be appointed in respect of each Series of N&C Securities.

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

The Final Terms for this N&C Security (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this N&C Security which supplement these Terms and Conditions (the "**Terms and Conditions**", or the "**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 N&C Security. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this N&C Security.

Any reference to "Securityholders" or "Holders" in relation to any N&C Securities shall mean the holders of the N&C Securities and shall, in relation to any N&C Securities represented by a Global N&C Security, be construed as provided below. Any reference herein to "**Receiptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means N&C Securities which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of N&C Securities together with any further Tranche or Tranches of N&C Securities 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.

The Securityholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated on or about 27 June 2012 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the specified office of the Issuer or the Paying Agents and copies may be obtained from those specified offices save that, if this N&C Security is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Securityholder holding one or more N&C Securities and such Securityholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such N&C

Securities and identity. The base prospectus prepared by the Issuer in respect of the N&C Securities (the **Base Prospectus**) and, in the case of N&C Securities admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Securityholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in 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.

1. Form, Denomination and Title

The N&C Securities are in bearer form and, in the case of definitive N&C Securities, serially numbered, (in the case of Notes) in the Specified Currency and the Specified Denomination(s) or (in the case of Certificates) in security units. N&C Securities of one Specified Denomination may not be exchanged for N&C Securities of another Specified Denomination. Unless otherwise specified in the applicable Final Terms, the N&C Securities will be issued in Classic Global Note ("**CGN**") form.

This N&C Security may be a Fixed Rate N&C Security, a Floating Rate N&C Security, a Zero Coupon N&C Security, an Index Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Currency Linked Interest N&C Security, a Commodity Linked Interest N&C Security, a Fund Linked Interest N&C Security (each such term as defined in the applicable Final Terms) or a combination of any of the foregoing depending on the Interest Basis specified in the applicable Final Terms.

This N&C Security may be an Instalment N&C Security, a Partly Paid N&C Security, an Index Linked Redemption N&C Security (together with Index Linked Interest N&C Securities, "**Index Linked N&C Securities**"), an Equity Linked Redemption N&C Security (together with Equity Linked Interest N&C Securities, "**Equity Linked N&C Securities**", which expression shall include GDR/ADR Linked N&C Securities), a Currency Linked Redemption N&C Security (together with Currency Linked Interest N&C Securities, "**Currency Linked N&C Securities**"), a Commodity Linked Redemption N&C Security (together with Commodity Linked Interest N&C Securities, "**Commodity Linked N&C Securities**"), a Fund Linked Redemption N&C Security (together with Fund Linked Interest N&C Securities, "**Fund Linked N&C Securities**"), a Credit Linked N&C Security, a Synthetic Pass-Through N&C Security (each such term as defined in the applicable Final Terms) or a combination of any of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Final Terms. Any of an Index Linked N&C Security, an Equity linked N&C Security, a Currency Linked N&C Security, a Commodity Linked N&C Security, a Fund Linked N&C Security, a Credit Linked N&C Security and a Synthetic Pass-Through N&C Security will be a Reference Item Linked N&C Security if so specified in the applicable Final Terms.

Definitive N&C Securities are issued with Coupons attached, unless they are Zero Coupon N&C Securities in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

If the applicable Final Terms specify that the N&C Security is a Physical Delivery N&C Security, being a N&C Security to be redeemed by delivery of the Entitlement, Annex 9 to the Terms and Conditions - *Additional Terms and Conditions for Physical Delivery N&C Securities* shall apply.

Subject as set out below, title to the N&C Securities, Receipts and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any N&C Security, Receipt or Coupon 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 N&C Security, without prejudice to the provisions set out in the next succeeding paragraph.

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

N&C Securities which are represented by a Global N&C Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

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

2. Status of the N&C Securities

The N&C Securities, Receipts and Coupons constitute direct, unconditional, unsubordinated and (subject to the provisions of the Condition 3) unsecured obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. Negative Pledge

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

- (a) all amounts payable by it under the N&C Securities, Receipts and Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Issuer in its reasonable discretion deems not

materially less beneficial to the interests of the Securityholders or (B) as is approved by an Extraordinary Resolution of the Securityholders.

In these Conditions:

"Conduit Security Interest" means a Security Interest which is created in connection with a specifically identifiable asset(s) where recourse for the indebtedness so secured is limited to the value of such asset(s) and cash flow generated thereby;

"Covered Bonds" means bonds, notes or other securities (however defined) designated by the Issuer as covered bonds and secured on a segregated pool of assets (whether held by the Issuer or any third party guarantor); and

"Relevant Indebtedness" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (other than Covered Bonds) which are (with the consent of the Issuer of the indebtedness) for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market and having an original maturity in excess of one year, and (ii) any guarantee or indemnity in respect of any such indebtedness.

4. Redenomination

(A) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Securityholders, the Receiptholders and the Couponholders on giving prior notice to the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Securityholders in accordance with Condition 14 below elect that, with effect from the Redenomination Date specified in the notice, the N&C Securities shall be redenominated in euro.

The election will have effect as follows:

- (a) the N&C Securities and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each N&C Security and Receipt equal to the nominal amount of that N&C Security or Receipt in the Specified Currency, converted into euro at the Established Rate, Provided That, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Securityholders, the stock exchange (if any) on which the N&C Securities may be listed and the Paying Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the N&C Securities will be calculated by reference to the aggregate nominal amount of N&C Securities held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (c) if definitive N&C Securities are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant N&C Securities in the denomination of euro 100,000 and/or such higher amounts as the Agent may determine and

notify to the Securityholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Securityholders in euro in accordance with Condition 6; and (ii) in the case of N&C Securities which are not Relevant N&C Securities, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Securityholders;

- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the N&C Securities) will become void with effect from the date on which the Issuer gives notice (the "**Exchange Notice**") that replacement euro-denominated N&C Securities, Receipts and Coupons are available for exchange (Provided That such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any N&C Securities and Receipts so issued will also become void on that date although those N&C Securities and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated N&C Securities, Receipts and Coupons will be issued in exchange for N&C Securities, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Securityholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the N&C Securities;
- (e) after the Redenomination Date, all payments in respect of the N&C Securities, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the N&C Securities to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the N&C Securities are Fixed Rate N&C Securities and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
 - (i) in the case of the N&C Securities represented by a Global N&C Security, by applying the Rate of Interest to the aggregate outstanding nominal amount of the N&C Securities represented by such Global N&C Security; and
 - (ii) in the case of definitive N&C Securities, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate N&C Security in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

- (g) if the N&C Securities are Floating Rate N&C Securities, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Paying Agents, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

(B) *Definitions*

In the Terms and Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

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

"Redenomination Date" means (in the case of interest bearing N&C Securities) any date for payment of interest under the N&C Securities or (in the case of Zero Coupon N&C Securities) any date, in each case specified by the Issuer in the notice given to the Securityholders pursuant to Condition 4(A) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

"Relevant N&C Securities" means all N&C Securities where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

"Treaty" means the Treaty on the functioning of the European Union, as amended.

5. Interest

(A) *Day Count Fraction*

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 5:

- (a) if **"Actual/Actual (ICMA)"** is specified in the applicable Final Terms:
 - (i) in the case of N&C Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **"Accrual Period"**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of N&C Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) 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 (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if "**Actual/360**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if "**30/360 (ICMA)**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.
- (g) 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;

- (h) 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; or

- (i) 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, in which case D₂ will be 30.

In these Terms and Conditions:

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

"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.

(B) *Interest on Fixed Rate N&C Securities*

Each Fixed Rate N&C Security bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Subject to early redemption of the N&C Securities, interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

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

Except in the case of N&C Securities in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate N&C Securities which are represented by a Global N&C Security, the aggregate outstanding nominal amount of the Fixed Rate N&C Securities represented by such Global N&C Security or, if they are Partly Paid N&C Securities, the aggregate amount paid up; or
- (b) in the case of Fixed Rate N&C Securities in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate N&C Security in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(C) *Interest on Floating Rate N&C Securities, Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities and Fund Linked Interest N&C Securities*

(a) *Interest Payment Dates*

Each Floating Rate N&C Security, Index Linked Interest N&C Security, Equity Linked Interest N&C Security, Currency Linked Interest N&C Security, Commodity Linked Interest N&C Security and Fund Linked Interest N&C Security bears interest on its outstanding nominal amount (or, if it is a Partly Paid N&C Security, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

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

- (1) in any case where Specified Periods are specified in accordance with Condition 5(B)(a)(ii) above, the Floating Rate Convention, such Interest Payment 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 Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such

Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, "**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 dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "**TARGET2 System**") is open.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate N&C Securities, Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities and Fund Linked Interest N&C Securities will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate N&C Securities*

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 (i), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying 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 N&C Securities (the "**ISDA Definitions**") and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and

- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate ("LIBOR"), on the Euro-zone interbank offered rate ("EURIBOR") or on the Moscow interbank market ("MOSPRIME"), 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(i), **"Floating Rate"**, **"Calculation Agent"**, **"Floating Rate Option"**, **"Designated Maturity"** and **"Reset Date"** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate N&C Securities*

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. London time, in the case of LIBOR, 11.00 a.m. Brussels time, in the case of EURIBOR, or 1.30 p.m. Moscow time in the case of MOSPRIME 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 Principal Paying 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 Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

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

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

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in

accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

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

(d) *Determination of Rate of Interest and Calculation of Interest Amounts*

The Principal Paying Agent, in the case of Floating Rate N&C Securities, and the Calculation Agent, in the case of Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities and Fund Linked Interest N&C Securities, 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. In the case of Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities and Fund Linked Interest N&C Securities, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent, in the case of Floating Rate N&C Securities, and the Calculation Agent, in the case of Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities and Fund Linked Interest N&C Securities, will calculate the amount of interest (the "**Interest Amount**") payable on the N&C Securities for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate N&C Securities, Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities or Fund Linked Interest N&C Securities which are represented by a Global N&C Security, the aggregate outstanding nominal amount of the N&C Securities represented by such Global N&C Security (or, if they are Partly Paid N&C Securities, the aggregate amount paid up); or
- (ii) in the case of Floating Rate N&C Securities, Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities or Fund Linked Interest N&C Securities in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate N&C Security, Index Linked Interest N&C Security, Equity Linked Interest N&C Security, Currency Linked Interest N&C Security, Commodity Linked Interest N&C Security or Fund Linked Interest N&C Security in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. In such case, the Calculation Agent will notify the Principal Paying

Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

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

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate N&C Securities, Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities or Fund Linked Interest N&C Securities are for the time being listed (by no later than the first day of each Interest Period) 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 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 relevant Floating Rate N&C Securities, Index Linked Interest N&C Securities, Equity Linked Interest N&C Securities, Currency Linked Interest N&C Securities, Commodity Linked Interest N&C Securities or Fund Linked Interest N&C Securities are for the time being listed and to the Securityholders in accordance with Condition 14. For the purposes of this paragraph (e), the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(C), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all Securityholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Securityholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

(D) *Interest on Partly Paid N&C Securities*

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

(E) *Accrual of interest*

Each N&C Security (or in the case of the redemption of part only of a N&C Security, that part only of such N&C Security) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such N&C Security have been paid and/or all assets deliverable in respect of such N&C Security have been delivered; and

- (b) five days after the date on which the full amount of the moneys payable in respect of such N&C Security has been received by the Principal Paying Agent and/or all assets in respect of such N&C Security have been received by any agent appointed by the Issuer to deliver such assets to Securityholders and notice to that effect has been given to the Securityholders in accordance with Condition 14,

Provided That if Annex 6 – Additional Terms and Conditions for Credit Linked N&C Securities or Annex 7 – Additional Terms and Conditions for Credit Linked N&C Securities (2009 Protocol Version) applies in respect of the N&C Securities; and

- (i) "Accrual of Interest upon Credit Event" is specified as Not Applicable in the applicable Final Terms, each N&C Security shall cease to bear interest from the Interest Payment Date immediately preceding the Credit Event Determination Date, or if the Credit Event Determination Date is an Interest Payment Date such Interest Payment Date or, if the Credit Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the N&C Securities; or
- (ii) "Accrual of Interest upon Credit Event" is specified as being Applicable in the applicable Final Terms, each N&C Security shall cease to bear interest from the Credit Event Determination Date; and

Provided Further That, if Annex 6 – *Additional Terms and Conditions for Credit Linked N&C Securities* applies in respect of the N&C Securities and:

- (A) Credit Linked Condition 6 or Credit Linked Condition 7 applies in respect of the N&C Securities and, in the case of Credit Linked Condition 6, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 7, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, as the case may be; and/or
- (B) Credit Linked Condition 8 applies in respect of the N&C Securities and Conditions to Settlement or the Repudiation/Moratorium Extension Condition, as applicable, are not satisfied on or prior to the Postponement Date,

then interest will accrue as provided in Credit Linked Condition 6, Credit Linked Condition 7 or Credit Linked Condition 8, as the case may be; or

Provided Further That, if Annex 7 – Additional Terms and Conditions for Credit Linked N&C Securities (2009 Protocol Version) applies in respect of the N&C Securities and:

- (C) Credit Linked Condition 7, Credit Linked Condition 8 or Credit Linked Condition 9 applies in respect of the N&C Securities and, in the case of Credit Linked Condition 7, a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date or, in the case of Credit Linked Condition 8, a Failure to Pay has not occurred on or prior to the Grace Period Extension Date or, in the case of Credit Linked Condition 9, a Credit Event has not occurred on or prior to the DC Cut-off Date, as the case may be; and/or
- (D) Credit Linked Condition 10 applies in respect of the N&C Securities and Conditions to Settlement or the Repudiation/Moratorium Extension Condition, as applicable, are not satisfied on or prior to the Postponement Date,

then interest will accrue as provided in Credit Linked Condition 7, Credit Linked Condition 8, Credit Linked Condition 9 or Credit Linked Condition 10, as the case may be.

6. Payments

(A) *Method of payment*

Subject as provided below:

- (a) payments in a Specified Currency other than euro or U.S. dollars will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively);
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (c) payments will be made in U.S. dollars by transfer to a U.S. dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 6, means the United States of America, including the States and the District of Columbia, and its possessions, or by cheque drawn on a United States bank).

In no event will payment be made by a cheque mailed to an address in the United States.

(B) *Payments Subject to Fiscal and Other Laws*

Payments will be subject in all cases, but without prejudice to the provisions of Condition 8, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

(C) *Presentation of definitive N&C Securities, Receipts and Coupons*

Payments of principal in respect of definitive N&C Securities 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 N&C Securities, and payments of interest in respect of definitive N&C Securities 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).

Payments of instalments of principal (if any) in respect of definitive N&C Securities, other than the final instalment, 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 the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will 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 the relevant N&C Security in accordance with the preceding paragraph. Each Receipt must be presented

for payment of the relevant instalment together with the definitive N&C Security to which it appertains. Receipts presented without the definitive N&C Security to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive N&C Security becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate N&C Securities in definitive form (other than Index Linked Redemption N&C Securities, Equity Linked Redemption N&C Securities, Commodity Linked Redemption N&C Securities, Fund Linked Redemption N&C Securities, Credit Linked N&C Securities, Synthetic Pass-Through N&C Security or Long Maturity N&C Securities (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

Upon the date on which any Floating Rate N&C Security, Index Linked N&C Security, Equity Linked N&C Security, Commodity Linked N&C Security, Fund Linked N&C Security, Credit Linked N&C Security, Synthetic Pass-Through N&C Security or Long Maturity N&C Security in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity N&C Security**" is a Fixed Rate N&C Security (other than a Fixed Rate N&C Security which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon Provided That such N&C Security shall cease to be a Long Maturity N&C Security on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such N&C Security.

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

(D) *Payments in respect of Global N&C Securities*

Payments of principal and interest (if any) in respect of N&C Securities represented by any Global N&C Security will (subject as provided below) be made in the manner specified above in relation to definitive N&C Securities or otherwise in the manner specified in the relevant Global N&C Security, where applicable against presentation or surrender, as the case may be, of such Global N&C Security at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made on such Global N&C Security either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, as applicable.

(E) *General provisions applicable to payments*

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

Notwithstanding the foregoing provisions of this Condition 6, if any amount of principal and/or interest in respect of N&C Securities is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such N&C Securities will be made at the specified office of a Paying Agent in the United States if:

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

(F) *Payment Day*

If the date for payment of any amount in respect of any N&C Security, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay or amendment. For these purposes, "**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) in the case of N&C Securities in definitive form only, the relevant place of presentation; and
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(G) Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8;
- (b) the Final Redemption Amount of the N&C Securities;
- (c) the Early Redemption Amount of the N&C Securities;
- (d) the Optional Redemption Amount(s) (if any) of the N&C Securities;
- (e) the Failure to Deliver Settlement Price (if any) in respect of the N&C Securities;
- (f) the Disruption Cash Settlement Price (if any) in respect of the N&C Securities;
- (g) the Credit Event Redemption Amount (if any) in respect of the N&C Securities;
- (h) the Partial Cash Settlement Amount (if any) in respect of the N&C Securities;
- (i) in relation to N&C Securities redeemable in instalments, the Instalment Amounts;
- (j) in relation to Zero Coupon N&C Securities, the Amortised Face Amount (as defined in Condition 7(E)(c)); and
- (k) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the N&C Securities.

Any reference in these Terms and Conditions to interest in respect of the N&C Securities shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or, with respect to Synthetic Pass-Through Securities only, which may be payable as an Interim N&C Interest Amount.

(H) *Definition of Affiliate*

"**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.

7. Redemption and Purchase

(A) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each N&C Security (unless it is a Credit Linked N&C Security) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date or if the N&C Securities are specified as Physical Delivery N&C Securities in the applicable Final Terms, by delivery of the Entitlement (subject as provided in Annex 9 – *Additional Terms and Conditions for Physical Delivery N&C Securities*) specified in or determined in the manner specified in the applicable Final Terms on the Maturity Date.

(B) *Redemption for Tax Reasons*

The Issuer may redeem the N&C Securities, in whole, but not in part, at any time (if this N&C Security is not a Floating Rate N&C Security, an Index Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Currency Linked Interest N&C Security, a Commodity Linked Interest N&C Security, a Fund Linked Interest N&C Security or a Synthetic Pass-Through N&C Security) or on any Interest Payment Date (if this N&C Security is a Floating Rate N&C Security, an Index Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Currency Linked Interest N&C Security, a Commodity Linked Interest N&C Security, a Fund Linked Interest N&C Security or a Synthetic Pass-Through N&C Security) on giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and, in accordance with Condition 14, the Securityholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the N&C Securities, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the N&C Securities; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

Provided That no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the N&C Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

N&C Securities redeemed pursuant to this Condition 7(B) will be redeemed at their Early Redemption Amount referred to in Condition 7(E) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

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

- (a) not less than 30 nor more than 60 days' notice to the Securityholders in accordance with Condition 14; and
- (b) not less than 15 days before the giving of the notice referred to in (a), notice to the Principal Paying Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the N&C Securities 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 nominal amount or number of units not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of N&C Securities, the N&C Securities to be redeemed ("**Redeemed N&C Securities**")

will be selected individually by lot, in the case of Redeemed N&C Securities represented by definitive N&C Securities, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount at their discretion) in the case of Redeemed N&C Securities represented by a Global N&C Security, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed N&C Securities represented by definitive N&C Securities, a list of the serial numbers of such Redeemed N&C Securities will be published in accordance with Condition 14 not less than 30 days prior to the date fixed for redemption. No exchange of the relevant Global N&C Security will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (C) and notice to that effect shall be given by the Issuer to the Securityholders in accordance with Condition 14 at least five days prior to the Selection Date.

(D) *Redemption at the option of the Securityholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms, upon the holder of any N&C Security giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 60 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 N&C Security on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. 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.

If this N&C Security is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this N&C Security the holder of this N&C Security must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7 accompanied by this N&C Security or evidence satisfactory to the Paying Agent concerned that this N&C Security will, following delivery of the Put Notice, be held to its order or under its control. If this N&C Security is represented by a Global N&C Security or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this N&C Security the holder of this N&C Security must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this N&C Security is represented by a Global N&C Security, the terms of which require presentation for recording changes to its nominal amount or number of units, at the same time present or procure the presentation of the relevant Global N&C Security to the Principal Paying Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any N&C Security pursuant to this paragraph (D) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph (D) and instead to declare such N&C Security forthwith due and payable pursuant to Condition 10.

(E) *Early Redemption Amounts*

The Early Redemption Amount shall be calculated as follows:

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

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

where:

"RP" means the Reference Price; and

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

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

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

- (d) in the case of Index Linked N&C Securities, Equity Linked N&C Securities, Currency Linked N&C Securities, Commodity Linked N&C Securities, Fund Linked N&C Securities, Credit Linked N&C Securities or Synthetic Pass-Through N&C Securities, the Early Redemption Amount in respect of each nominal amount of such N&C Securities equal to the Calculation Amount will be set out in the applicable Final Terms.

If "**Market Value less Associated Costs**" is specified as the Early Redemption Amount in the applicable Final Terms the Early Redemption Amount in respect of each nominal amount of N&C Securities equal to the Calculation Amount shall be an amount determined by the Calculation Agent, which on (i) in the case of redemption other than pursuant to Condition 10, the second Business Day immediately preceding the due date for the early redemption of the N&C Securities or (ii) in the case of redemption pursuant to Condition 10, the due date for the early redemption of such N&C Securities, represents the fair market value of such N&C Securities (taking into account all factors which the Calculation Agent determines relevant) less Associated Costs, and Provided That in determining such fair market value, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the N&C Securities.

As used herein:

"Associated Costs" means an amount per nominal amount of the N&C Securities (which may not be less than zero) equal to the Calculation Amount equal to such N&C Securities' pro rata share of the total amount of any and all costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with such early redemption, including, without limitation, any costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding, substituting, re-establishing and/or incurring any funding relating to the N&C Securities and/or any hedge positions (including without limitation, any derivative transactions) relating to or entered into in connection with the N&C Securities, all as determined by the Calculation Agent in its sole discretion.

(F) *Instalments*

Instalment N&C Securities will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined in accordance with Condition 7(E) above.

(G) *Partly Paid N&C Securities*

Partly Paid N&C Securities will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7 and the applicable Final Terms.

(H) *Illegality*

In the event that the Issuer determines in good faith that the performance of its obligations under the N&C Securities or that any arrangements made to hedge its obligations under the N&C Securities 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 Securityholders in accordance with Condition 14 (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount referred to in Condition 7(E) above together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(I) *Purchases*

The Issuer or any of its Affiliates may at any time purchase N&C Securities (Provided That, in the case of definitive N&C Securities, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such N&C Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

(J) *Cancellation*

All N&C Securities which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All N&C Securities so cancelled and any N&C Securities purchased and cancelled pursuant to paragraph (I) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

(K) *Late payment on Zero Coupon N&C Securities*

If the amount payable in respect of any Zero Coupon N&C Security upon redemption of such Zero Coupon N&C Security pursuant to paragraphs (A), (B), (C) or (D) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon N&C Security shall be the amount calculated as provided in paragraph (E)(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon N&C Security becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon N&C Security have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon N&C Securities has been received by the Principal Paying Agent and notice to that effect has been given to the Securityholders in accordance with Condition 14.

8. Taxation

All payments of principal and interest in respect of the N&C Securities, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom, or any political subdivision or any authority thereof or therein having power to tax (each a "**Tax Jurisdiction**") unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the relevant Paying Agent) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and:

- (A) in the case of N&C Securities which are specified as being Reference Item Linked N&C Securities in the applicable Final Terms, the Issuer shall not pay any additional amounts to the holders of the N&C Securities, Receipts or Coupons; and
- (B) in the case of N&C Securities which are not specified as being Reference Item Linked N&C Securities in the applicable Final Terms, the Issuer will, subject to certain limitations and exceptions (set forth below), pay such additional amounts as may be necessary in order that the net amounts received by the Securityholders, Receiptholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the N&C Securities, or, as the case may be, Receipts or Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any N&C Security, Receipt or Coupon:
 - (a) presented for payment in a Tax Jurisdiction; or
 - (b) presented for payment by or on behalf of a Securityholder who is liable for such taxes or duties in respect of such N&C Securities, Receipts or Coupons by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such N&C Securities, Receipts or Coupons; or
 - (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(E)); or

- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a Securityholder who would have been able to avoid such withholding or deduction by presenting the relevant N&C Security, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

9. Prescription

The N&C Securities, Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined below) therefor.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Securityholders in accordance with Condition 14.

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 9 or Condition 6(C) or any Talon which would be void pursuant to Condition 6(C).

10. Events of Default

Upon the occurrence of one or more of the events listed below (each an "**Event of Default**"), the holders of at least one-fifth in nominal amount or number of units of the N&C Securities then outstanding may at their option declare the N&C Securities to be immediately due and repayable at their Early Redemption Amount (determined in accordance with Condition 7(E)) together with interest, if any, accrued thereon by written notice to the Issuer and the Principal Paying Agent at its main office in London. Unless all such faults have been cured by the Issuer prior to receipt of such written notice, the N&C Securities shall become immediately due and repayable at their Early Redemption Amount together with interest, if any, accrued thereon.

Each of the following events shall constitute an Event of Default:

- (a) if default is made in the payment in the Specified Currency of any interest due in respect of the N&C Securities and the default continues for a period of 14 days after the due date; or
- (b) if default is made in the payment of any principal or premium (if any) due in respect of the N&C Securities, or in the delivery when due of the Entitlement in respect of the N&C Securities (in each case whether at maturity or upon redemption or otherwise), and the default continues for a period of 7 days after the due date; or
- (c) if the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions and the failure continues for the period of 30 days after the date on which written notice of such failure, requiring the Issuer to remedy the same, first shall have been given to the Issuer and the Principal Paying Agent by holders of at least one-fifth in nominal amount or number of units of the N&C Securities then outstanding; or

- (d) if: (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer fails to make any payment in respect of any such Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period; (iii) any security given by the Issuer (excluding any Conduit Security Interest, as defined in Clause 3) for any Indebtedness for Borrowed Money becomes enforceable; (iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money; Provided That no event described in this Condition 10(d) shall constitute an Event of Default where (A) the Issuer is taking action in good faith in appropriate legal proceedings to dispute the validity of the obligation alleged to arise by virtue of such event or the enforceability of the security, as the case may be; or (B) any such event arises solely because of inadvertence or mechanical failure or other failure in transmission; or (C) the relevant Indebtedness for Borrowed Money when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred and not been cured since the Issue Date shall not exceed US\$10,000,000 (or its equivalent in any other currency); or
- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by an Extraordinary Resolution of the Securityholders; or
- (f) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by an Extraordinary Resolution of the Securityholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) (i) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of its undertaking or assets or an encumbrancer takes possession of the whole or a substantial part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of its undertaking or assets, and (ii) in any such case (other than the appointment of an administrator) is not discharged, dismissed, suspended or stayed within 28 days; or
- (h) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (i) if the validity of the N&C Securities is contested by the Issuer or the Issuer denies any of its obligations under the N&C Securities; or
- (j) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the N&C Securities or any of such obligations shall be or become unenforceable or invalid.

For the purposes of this Condition 10:

"Indebtedness for Borrowed Money" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) any borrowed money, (ii) any notes, bonds, debentures, debenture stock, loan stock or other securities or (iii) any liability under or in respect of any acceptance or acceptance credit other than liabilities in respect of deposits made by third parties in the ordinary course of the retail business of the VTB Group (being JSC VTB Bank together with its subsidiaries).

11. Replacement of N&C Securities, Receipts, Coupons and Talons

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

12. Paying Agents and Calculation Agent

(A) *Paying Agents*

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

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

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the N&C Securities are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent, which may be the Principal Paying Agent, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer was incorporated or is resident for tax purposes; and
- (d) there will at all times be a Paying Agent with a specified office in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing, or complying with, or introduced in order to conform to, any such Directive, Provided That under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(E). Notice of any variation, termination, appointment or change will be given to the Securityholders promptly in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Securityholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity

into which any Paying 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 paying agent.

(B) *Calculation Agent*

In relation to each issue of N&C Securities, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders, Receiptholders or Couponholders. All calculations and determinations made in respect of the N&C Securities by the Calculation Agent shall be in its sole and absolute discretion, in good faith, and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Paying Agents and the Securityholders, Receiptholders or Couponholders. The Calculation Agent shall promptly notify the Issuer and the Principal Paying Agent upon any such calculations and determinations, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Paying Agents, the Securityholders, the Receiptholders 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.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

13. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the 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 N&C Security to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. Notices

All notices regarding the N&C Securities will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the N&C Securities are admitted to trading and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxembourger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the N&C Securities 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.

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

Notices to be given by any Securityholder shall be in writing and given by lodging the same, together (in the case of any N&C Security in definitive form) with the relative N&C Security or N&C Securities, with the Principal Paying Agent. Whilst any of the N&C Securities are represented by a Global N&C Security, such notice may be given by any holder of a N&C Security to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Securityholders, Modification, Waiver and Substitution

(A) *Meetings of Securityholders, Modification and Waiver*

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the N&C Securities, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by the Securityholders holding not less than five per cent. in nominal amount or number of units of the N&C Securities for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount or number of units of the N&C Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Securityholders whatever the nominal amount or number of units of the N&C Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the N&C Securities, the Receipts or the Coupons (including modifying the date of maturity of the N&C Securities or any date for payment of interest thereon, reducing or cancelling the amount of principal or the Entitlement or the rate of interest payable in respect of the N&C Securities or altering the currency of payment of the N&C Securities, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount or number of units of the N&C Securities for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount or number of units of the N&C Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

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

- (a) any modification (except as mentioned above) of the N&C Securities, the Receipts, the Coupons or the Agency Agreement or to any waiver or authorisation of any breach or proposed breach by the Issuer of any of the terms of the N&C Securities, the Receipts, the Coupons or the Agency Agreement or determine that any Event of Default (as defined in Condition 10) shall not be treated as such which is not prejudicial to the interests of the Securityholders; or
- (b) any modification of the N&C Securities, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

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

(B) *Substitution of Issuer or Branch*

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute**") as principal debtor in respect of all obligations arising from or in connection with the N&C Securities Provided That (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the N&C Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the N&C Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) each stock exchange or listing authority on which the N&C Securities are listed shall have confirmed that following the proposed substitution of the Substitute the N&C Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Securityholders in accordance with Condition 14, including by providing notice of the substitution to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them to be published subsequently in accordance with Condition 14.

The Issuer shall have the right upon giving notice to the Securityholders in accordance with Condition 14 to change the branch through which it is acting for the purposes of the N&C Securities, the date of such change to be specified in such notice Provided That no change may take place prior to the date of the giving of such notice. The Issuer shall provide notice of any such change of branch to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them (to be published subsequently in accordance with Condition 14).

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Securityholders, the Receiptholders or the Couponholders to create and issue further securities having terms and conditions the same as the N&C Securities 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 N&C Securities.

If the Issuer issues further N&C Securities of the same Series during the initial 40-day restricted period applicable to the outstanding N&C Securities of such Series, then such 40-day period will be extended until 40 days after the later of the commencement of the offering of such further issue of N&C Securities and the Issue Date of such further issue of N&C Securities. In addition, if the Issuer issues further N&C Securities of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of N&C Securities without applying to the outstanding N&C Securities. After the expiration of the new 40-day restricted period, all such N&C Securities will be consolidated with and form a single Series with the outstanding N&C Securities.

17. Contracts (Rights of Third Parties) Act 1999

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

18. Governing Law and Submission to Jurisdiction

(A) *Governing law*

The Agency Agreement, the Deed of Covenant, the N&C Securities, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the N&C Securities, the Receipts and the Coupons shall be governed by, and construed in accordance with, English law.

(B) *Submission to jurisdiction*

In relation to any legal action or proceedings arising out of or in connection with the N&C Securities, Receipts or Coupons (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the N&C Securities, Receipts or Coupons) ("**Proceedings**"), the courts of England have exclusive jurisdiction and the Issuer and the Securityholders, Receiptholders and Couponholders (by their acquisition of the Securities, Receipts and Coupons are deemed to) submit to the exclusive jurisdiction of the English courts. The Issuer and the Securityholders, Receiptholders and Couponholders (by their acquisition of the Securities, Receipts and Coupons are deemed to) waive any objection to Proceedings in the English courts on the grounds of venue or that the Proceedings have been brought in an inconvenient forum.

19. Severability

Should any of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

FORM OF FINAL TERMS OF THE SECURED EQUITY PARTICIPATION NOTES

Set out below is the form of Final Terms which will be completed for each Tranche of Secured Equity Participation Notes issued under the Programme.

[Date]

IMPORTANT NOTICE

THE SECURED EQUITY PARTICIPATION NOTES DESCRIBED HEREIN ("SECURED EQUITY PARTICIPATION NOTES" OR "SECURED EPNS") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS AND THE SECURED EQUITY PARTICIPATION NOTES MAY NOT BE OFFERED, SOLD, RESOLD, TRADED, PLEDGED, EXERCISED, REDEEMED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'U.S. PERSON' AS DEFINED IN RULE 902(K) OF REGULATION S UNDER THE SECURITIES ACT, WHICH TERM IS DEEMED TO INCLUDE ANY PERSON THAT DOES NOT MEET THE DEFINITION OF 'NON-UNITED STATES PERSON' IN RULE 4.7 PROMULGATED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED ("CEA"). FURTHERMORE, TRADING IN THE SECURED EQUITY PARTICIPATION NOTES HAS NOT BEEN APPROVED BY THE CFTC UNDER THE CEA AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE SECURED EQUITY PARTICIPATION NOTES.

VTB CAPITAL plc

Issue of *[Aggregate [Nominal Amount/Number] of Tranche]* Secured Equity Participation Notes under the Note, Warrant and Certificate Programme

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Secured Equity Participation Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Secured Equity Participation Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Secured Equity Participation Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Secured Equity Participation Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 27 June 2012 [and the supplement[s] to the Base Prospectus dated [●] and [●]]. This document constitutes the Final Terms of the Secured Equity Participation Notes described herein and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of Secured Equity Participation Notes is only

available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [are/is] available for viewing at, and copies may be obtained from the specified offices of each of the Agents.

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

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 27 June 2012 [and the supplement[s] to the Base Prospectus dated [●] and [●]]. This document contains the Final Terms of the Secured Equity Participation Notes described herein and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement[s] to the Base Prospectus dated [●] and [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer and the offer of Secured Equity Participation Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus[es dated [●] and [●] [and the supplement[s] to the Base Prospectus dated [●] and [●]]. The Base Prospectuses [and the supplement[s] to the Base Prospectus dated [●] and [●]] [is][are] available for viewing at, and copies may be obtained from, the specified office of each of the Agents.]

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

1. Issuer: VTB Capital plc
2. (i) Series Number of Secured Equity Participation Notes: []
- (ii) Tranche Number: []
- If fungible with an existing Series, include details of that Series, including the date on which the Secured Equity Participation Notes become fungible*
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 - (i) Series: []
 - (ii) [Tranche: []]
5. Issue Price: [] per cent. of the Aggregate Nominal Amount
6. Specified Denominations: [] *(N.B. if the Secured Equity Participation Notes are (i) to be admitted to trading on a regulated market within the European Economic Area, the minimum denomination should be €100,000 or its equivalent or (ii) offered to the public for purposes of the Prospectus Directive the minimum denomination should be €1,000 or its equivalent)*

7. Issue Date: []
8. Trade Date (Holding Termination Event (Condition 16(G))): [Not Applicable] [Specify]
9. Maturity Date: [*specify date*] [(the "**Scheduled Maturity Date**")]

PROVISIONS RELATING TO SHARE(S) OR (GDR(S))

10. Single Share/GDR or Basket of Shares/GDRs: [Single Share/GDR][Basket of Shares/GDRs]
11. Reference Issuer: []
(*If linked to a Basket, list in respect of each Basket Component*)
12. Reference Jurisdiction: []
(*If linked to a Basket, list in respect of each Basket Component*)
13. Share:
(*The Share(s) to which the Secured EPNs are linked*)⁵: The [ordinary] [preference] shares of the Reference Issuer
Bloomberg Code: [●]
ISIN: [●]
(*If linked to a Basket, list in respect of each Basket Component*)
14. GDRs:
(*The GDRs to which the Secured EPNs are linked*) [Not Applicable] (*if not applicable delete remaining sub-paragraph*) [Common GDRs of the Reference Issuer]
Bloomberg Code: [●]
ISIN: [●]
(*If linked to a Basket, list in respect of each Basket Component*)
15. Form of ownership or interest in Shares(s) or GDR(s):
(*Condition 5(A)*) [Legal title] [Beneficial title] [*Specify other*]
16. Number of Shares/GDRs: [[●] Shares/GDRs] (*N.B. If the Secured EPNs are linked to Basket, list the number of Shares / GDRs in respect of each Basket Component.*)
17. Exchange(s): []
(*The stock exchange(s) on which the Shares/GDRs are listed*)

⁵ To be included for both Share linked and GDR linked Secured EPNs.

18. Related Exchange: []
(The stock exchange on which options and futures in the Shares/GDRs are traded)
19. Distributions
- Distribution Payment Amount: [Applicable] [Not Applicable]
20. Form of Settlement: [Cash Settlement/Physical Settlement]
- (a) Issuer's option to vary Settlement (Condition 12(I)): [Applicable/Not Applicable] *(N.B. Option will apply unless specified as Not Applicable.)*
- (b) Cut-Off Date: [Condition 12(C) applies][[•] Business Days before the Early Redemption Date or the Maturity Date (as applicable)]
21. Final Redemption
- (a) Final Fixing Date: []
- (b) Final Reference Price: [Volume Weighted Average Price] [Closing Price] [Issuer Execution Price]
- (c) Sale Period: [Final Fixing Date only] [[•] Scheduled Trading Days]
22. Physical Settlement
- (a) Entitlement: [[[•] Shares] [and] [[•] GDRs] per Secured EPN]
- (b) Delivery provisions for Entitlement if different from Conditions: []
23. Adjustment and Disruption Events
- (a) Jurisdictional Event: [Applicable] [Not Applicable]
- (b) Additional Disruption Events: The following Additional Disruption Events apply to the Secured Equity Participation Notes:
- [Change of Law]
[Hedging Disruption]
[Increased Cost of Hedging]
[Increased Cost of Stock Borrow]
[Initial Stock Loan Rate: [•]]
[Insolvency Filing]
[Loss of Stock Borrow]
[Maximum Stock Loan Rate: [•]]

GENERAL PROVISIONS APPLICABLE TO THE SECURED EQUITY PARTICIPATION NOTES

24.	Form of Secured Equity Participation Notes:	Each Tranche of Secured Equity Participation Notes will be in bearer form. [Temporary Secured Global Security exchangeable for a Permanent Secured Global Security which is exchangeable for Definitive Secured Notes [on 60 days' notice given at any time/only upon an Exchange Event].] [Temporary Secured Global Security exchangeable for Definitive Secured Notes on and after the Exchange Date.] [Permanent Secured Global Security exchangeable for Definitive Secured Notes only upon an Exchange Event].] [Securities shall not be physically delivered in Belgium except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgium Law of 14 December 2005: <i>Include if notes are to be offered in Belgium.</i>] <i>(Ensure that this is consistent with the wording in the "Form of the Secured Notes" section in the Base Prospectus and the Secured Equity Participation Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Secured Equity Participation Notes in item 6 includes language substantially to the following effect:</i> <i>"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Secured Equity Participation Notes which is to be represented on issue by a Temporary Secured Global Security exchangeable for Definitive Secured Notes.</i> <i>"[€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Secured EPNs in definitive form will be issued with a denomination above [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Secured EPNs which is to be represented on issue by a Temporary Secured Global Security exchangeable for Definitive Secured Notes.)</i>
25.	New Global Note:	[Yes][No]
26.	Additional Business Centre(s) (Condition 6):	[Specify] [None]
27.	Additional Financial Centre(s) or other special provisions relating	[Not Applicable/give details]

to Payment Dates:

28. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the terms of Redenomination in the Final Terms)]
29. Other final terms: [Not Applicable/give details]

DISTRIBUTION

30. Method of distribution: [Syndicated/Non-syndicated]
31. (i) If syndicated, names and addresses* of Managers and underwriting commitments*: [Not Applicable/give names, [and addresses and underwriting commitments]*]
*(Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)**
- (ii) Date of Subscription Agreement*: []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give Name [and address]*]
33. U.S. Selling Restrictions: The Secured Equity Participation Notes have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") or under any state securities laws and the Secured Equity Participation Notes may not be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person (as defined below). Furthermore, trading in the Secured Equity Participation Notes has not been approved by the United States Commodity Futures Trading Commission ("**CFTC**") under the United States Commodity Exchange Act, as amended ("**CEA**") and no U.S. Person may at any time trade or maintain a position in the Secured Equity Participation Notes.

As used herein, "**U.S. Person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary

supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons; or (vii) any other "U.S. Person" as such term may be defined in Rule 902 (k) of Regulation S under the Securities Act or in regulations adopted under the CEA.
[TEFRA D/TEFRA not applicable]

34. Non exempt Offer: *

[Not Applicable] [An offer of the Secured Equity Participation Notes may be made by the Managers [and [specify names [and addresses] of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the "**Financial Intermediaries**") other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] ("**Public Offer Jurisdictions**") during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"] ("**Offer Period**"). See further Part B below.

(NB. If Applicable then a separate Issue Document must be approved by a competent authority for the purposes of the Prospectus Directive in relation to any Secured N&C Security that will be admitted to trading on a regulated market in the European Economic Area or which is to be offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive)

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

35. Additional selling restrictions:

[Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue of the Secured Equity Participation Notes described herein pursuant to the Note, Warrant and Certificate Programme of VTB Capital plc.

RESPONSIBILITY

[[Subject as provided below,] the Issuer accepts responsibility for the information contained in these Final Terms.] [The information relating to ● [and ●] contained herein has been accurately extracted from [*insert information source(s)*]. The Issuer accepts responsibility for the accuracy of such extraction but accept no further or other responsibility in respect of such information.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing and Admission to trading: Not Applicable.

2. RATINGS

Ratings: [The Secured Equity Participation Notes to be issued have not been rated.]

[The Secured Equity Participation Notes to be issued [[have been]/[are expected to be]] rated *[insert details]* by *[insert credit rating agency name(s)]*.]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Secured Equity Participation Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). The ratings have been endorsed by [insert the legal name of the relevant EU-registered credit rating agency entity] in accordance with the CRA Regulation. [Insert the legal name of the relevant EU-registered credit rating agency entity] is established in the European Union and registered under the CRA Regulation [As such [insert the legal name of the

relevant EU credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [*EITHER:*] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation [*OR:*] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority[and [*insert the legal name of the relevant credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation]]

[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance

with the CRA Regulation].]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Secured Equity Participation Notes has an interest material to the offer – *amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note or "unitary" prospectus.)]

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

(i) [Reasons for offer []]

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

(ii) Estimated net proceeds: []

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

(iii) Estimated total expenses: [] *(Expenses are required to be broken down into each principal intended to "use" and presented in order of priority of such "uses")*

5. PERFORMANCE OF [THE SHARE/BASKET OF SHARES/GDR/BASKET OF GDRS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES/GDR/BASKET OF GDRS]]

[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

The Reference Issuer is [REFERENCE ISSUER].

Further information on the Reference Issuer can be found on the Reference Issuer's website at [WEBSITE].

[The Shares to which the Secured Equity Participation Notes relate are the [ordinary shares] [preference shares] [global depositary receipts] of the Reference Issuer, listed on [EXCHANGE],

Bloomberg Code:[●], ISIN: [●]. Information on the Shares, including information on their volatility and past and further performance, can be found on the website of the [EXCHANGE] at [WEBSITE] under symbol [●].]

[The Global Depositary Receipts to which the Secured Equity Participation Notes relate are the [common global depositary receipts] of the Reference Issuer listed on [EXCHANGE], Bloomberg: [●], ISIN: [●]. As at the Issue Date, one Global Depositary Receipt represents [●] Shares. Information on the Global Depositary Receipts, including information on their volatility and past and further performance, can be found on the website of [EXCHANGE] at [WEBSITE] under the symbol [●].]

6. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CFI Code: []
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of initial Paying Agents and Calculation Agent:
- (vii) Names and addresses of additional Paying Agent(s) (if any): []
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility. [Yes][No]

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

* Delete if minimum denomination is €100,000 (or its equivalent in the relevant currency as at the date of issue).

TERMS AND CONDITIONS OF THE SECURED EQUITY PARTICIPATION NOTES

The following are the Terms and Conditions of the Secured Equity Participation Notes (the "EPN Terms and Conditions") which will be incorporated by reference into each Secured Global Security (as defined below) and each definitive Secured EPN, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Secured EPN will have endorsed thereon or attached thereto such EPN Terms and Conditions. The Terms and Conditions of the N&C Securities and the annexes thereto will not apply to the Secured Equity Participation Notes. The applicable Final Terms (the "Final Terms") in relation to any Tranche of Secured Equity Participation 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 Secured Equity Participation Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Secured Global Security and Definitive Secured Note. Reference should be made to "Form of the Secured 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 Secured Equity Participation Notes.

IMPORTANT NOTICE

THE SECURED EQUITY PARTICIPATION NOTES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS AND THE SECURED EQUITY PARTICIPATION NOTES MAY NOT BE OFFERED, SOLD, RESOLD, TRADED, PLEDGED, EXERCISED, REDEEMED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'U.S. PERSON' AS DEFINED IN RULE 902(K) OF REGULATION S UNDER THE SECURITIES ACT, WHICH TERM IS DEEMED TO INCLUDE ANY PERSON THAT DOES NOT MEET THE DEFINITION OF 'NON-UNITED STATES PERSON' IN RULE 4.7 PROMULGATED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED ("CEA"). FURTHERMORE, TRADING IN THE SECURED EQUITY PARTICIPATION NOTES HAS NOT BEEN APPROVED BY THE CFTC UNDER THE CEA AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE SECURED EQUITY PARTICIPATION NOTES.

The Series of Secured Equity Participation Notes described in the applicable Final Terms (such Secured Equity Participation Notes being hereinafter referred to as the "**Secured EPNs**") are issued by VTB Capital plc (the "**Issuer**"). Secured EPNs are N&C Securities and will be notes ("**Notes**"), and references in these Terms and Conditions to "N&C Security", "N&C Securities", "Note" or "Notes", will be construed accordingly. The Secured EPNs are non-interest bearing. The redemption amount payable and any interim amounts payable in respect of the Secured EPNs are linked to a specified share or a basket of Shares (each such share, a "**Share**") or a specified global depositary receipt or basket of global depositary receipts (each such global depositary receipt, a "**GDR**"), as specified in the applicable Final Terms. This Secured EPN is one of a Series (as defined below) of Secured EPNs issued by the Issuer. References herein to the "Secured EPNs" shall be references to the Secured EPNs of this Series and shall mean:

- (a) in relation to any Secured EPNs represented by a secured global Security (a "**Secured Global Security**"), units of each Specified Denomination in the Specified Currency;
- (b) any Secured Global Security; and
- (c) any definitive secured note (a "**Definitive Secured Note**") issued in exchange for a Secured Global Security.

The Secured EPNs are constituted and secured by a principal trust deed dated on or about 27 June 2012 (as amended or supplemented from time to time, the "**Principal Trust Deed**") between the Issuer, Angle Capital Limited (the "**EPN Security Subsidiary**") and BNY Mellon Corporate Trustee Services Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Principal Trust Deed).

The Secured EPNs have the benefit of an amended and restated agency agreement dated on or about 27 June 2012 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer, the Trustee and The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**"), The Bank of New York Mellon (Luxembourg) SA as paying agent (together with the Principal Paying Agent, the "**Paying Agents**" which expression shall include any additional or successor paying agents) and the other agents named therein.

VTB Capital plc has been appointed as calculation agent (the "**Calculation Agent**", which expression shall include any replacement calculation agent appointed from time to time) in respect of each Series of Secured EPNs.

The Final Terms for this Secured EPN (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Secured EPN which supplement these EPN Terms and Conditions (the "**Terms and Conditions**", or the "**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 Secured EPN. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Secured EPN.

Any reference to "Securityholders" or "Holders" in relation to any Secured EPNs shall mean the holders of the Secured EPNs and shall, in relation to any Secured EPNs represented by a Secured Global Security, be construed as provided below.

As used herein, "**Tranche**" means Secured EPNs which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Secured EPNs together with any further Tranche or Tranches of Secured EPNs 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 and/or Issue Prices.

Copies of the Principal Trust Deed and the Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the specified office of the Issuer or the Paying Agents and copies may be obtained from those specified offices save that, if this Secured EPN is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Securityholder holding one or more Secured EPNs and such Securityholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Secured EPNs and identity. The base prospectus prepared by the Issuer in respect of the Secured EPNs (the "**Base Prospectus**") and, in the case of Secured EPNs admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Securityholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Principal Trust Deed, the Agency Agreement 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 appearing on the face of the Notes (which expression shall include the body thereof) and in the Principal Trust Deed and the Agency Agreement.

Words and expressions defined in the Principal Trust Deed, 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, however, that*, in the event of inconsistency between such documents, the definition of the relevant term shall have the meaning specified in the relevant document ranking the highest in the following order of priority:

- (a) *firstly*, the Final Terms relevant to the Series in question;
- (b) *secondly*, the Principal Trust Deed; and
- (c) *thirdly*, the Agency Agreement.

1. Form, Denomination and Title

The Secured EPNs are in bearer form and, in the case of definitive Secured EPNs, serially numbered, in the Specified Currency and the Specified Denomination(s). Secured EPNs of one Specified Denomination may not be exchanged for Secured EPNs of another Specified Denomination. Unless otherwise specified in the applicable Final Terms, the Secured EPNs will be issued in Classic Global Note ("CGN") form.

Subject as set out below, title to the Secured EPNs will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Secured EPN 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 Secured Global Security, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the N&C Securities is represented by a Secured Global Security held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**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 or number of units of such Secured EPNs (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount or number of units of such Secured EPNs 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 Trustee and the Paying Agents as the holder of such principal amount or number of units of such Secured EPNs for all purposes other than with respect to the payment of principal on such principal amount or number of units of such Secured EPNs, for which purpose the bearer of the relevant Secured Global Security shall be treated by the Issuer, the Trustee and any Paying Agent as the holder of such principal amount or number of units of such Secured EPNs in accordance with and subject to the terms of the relevant Secured Global Security and the expressions "Securityholder", "Holder" and "holder of Secured EPNs" and related expressions shall be construed accordingly.

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

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

2. Status of the Secured EPNs

The Secured EPNs constitute direct, unconditional and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and secured in the manner provided in the Principal Trust Deed.

3. Security

(A) *Security*

The obligations of the Issuer to the Securityholders of each Series of Secured EPNs are secured (the "**EPN Security**") in the Principal Trust Deed by a first fixed charge granted in favour of the Trustee by the Issuer over the entire issued share capital of Angle Capital Limited (the "**Charged EPN Shares**" and the "**EPN Security Subsidiary**", respectively). The Securityholders in respect of each Series of Secured EPNs shall share the benefit of the EPN Security on a *pari passu* basis with the Securityholders of each other Series of Secured EPNs outstanding.

(B) *Monies received by Trustee held on Trust*

All monies received by the Trustee in connection with the Secured EPNs will be held by the Trustee on trust to apply the same in accordance with the application of proceeds provisions of the Principal Trust Deed.

4. Negative Pledge

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

- (a) all amounts payable by it under the Secured EPNs are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems to be not materially less beneficial to the interests of the Securityholders or (B) as is approved by an Extraordinary Resolution of the Securityholders.

In these Conditions:

"**Conduit Security Interest**" means a Security Interest which is created in connection with a specifically identifiable asset(s) where recourse for the indebtedness so secured is limited to the value of such asset(s) and cash flow generated thereby;

"**Covered Bonds**" means bonds, notes or other securities (however defined) designated by the Issuer as covered bonds and secured on a segregated pool of assets (whether held by the Issuer or any third party guarantor); and

"**Relevant Indebtedness**" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (other than Covered Bonds) which are (with the consent of the Issuer of the indebtedness) for the time being quoted, listed or ordinarily dealt in on any stock

exchange, over-the-counter or other securities market and having an original maturity in excess of one year, and (ii) any guarantee or indemnity in respect of any such indebtedness.

5. Issuer Covenants

So long as any of the Secured EPNs remain outstanding (as defined in the Principal Trust Deed), the Issuer shall not, save to the extent permitted by the Final Terms, the Principal Trust Deed or the Conditions:

- (a) sell, or otherwise dispose of, the shares the subject of the EPN Security;
- (b) exercise any rights that it may have in its capacity as holder of the shares the subject of the EPN Security;
- (c) create or permit to exist upon or affect any of the shares the subject of the EPN Security, any Encumbrance or any other security interest whatsoever other than as contemplated by the Principal Trust Deed;
- (d) permit the Principal Trust Deed, or the priority of the EPN Security created hereby or thereby to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such EPN Security to be released from such obligations; or
- (e) issue a Series of Secured EPNs in respect of which the redemption amount following the redemption of such Series as a result of the occurrence of an Event of Default in respect of such Series is other than the Acceleration Amount, calculated in the manner set-out in these Conditions.

In these Conditions:

"Encumbrance" means any mortgage, pledge, lien, hypothecation, security interest or other arrangement having similar effect.

6. Market Making

Subject to the proviso below, upon the holder of any Secured EPN giving to the Issuer in accordance with Condition 27 (*Notices*) not less than 5 nor more than 10 Business Days' notice the Issuer will, upon the expiry of such notice, purchase such Secured EPN on the Business Day specified therein at an amount determined by the Issuer in its sole discretion by reference to the market value of such Secured EPN, deducting the costs and expenses of the Issuer or any Affiliate of the Issuer in unwinding, terminating or transferring any hedging or related transaction entered into by the Issuer or any Affiliate of the Issuer in relation to the Secured EPNs or incurred in relation to the purchase of the Secured EPNs pursuant to this Condition 6.

If this Secured EPN is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require purchase of this Secured EPN the holder of this Secured EPN must deliver, this Secured EPN at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **"Market Making 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 6 (*Market Making*).

Following the purchase by the Issuer of a Secured EPN in accordance with this Condition 6 (*Market Making*) the Paying Agent shall arrange delivery of such Secured EPN to the Issuer or its nominee in such manner as the Issuer shall notify the Paying Agent from time to time and at the Issuer's risk and expense.

Any Market Making Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Secured EPN pursuant to this Condition 6 (*Market Making*) shall be irrevocable.

Notwithstanding this Condition 6 (*Market Making*), the obligation of the Issuer to purchase the Secured EPN of any holder on any day is subject to, in each case as determined by the Issuer in its sole discretion:

- (a) the requirements of all applicable laws, rules and regulations;
- (b) the internal policies and procedures of the Issuer; and
- (c) there being:
 - (i) sufficient volume available for a liquid market in the Share(s) or GDR(s) to which a Series of Secured EPNs are linked; and/or
 - (ii) no change in national or international financial, political or economic conditions or currency exchange rates or exchange controls, or the occurrence of any event or series of events outside of the Issuer's control (including market volatility), in each case which would materially adversely affect, prejudice or restrict the ability of the Issuer to perform such obligations; and/or
 - (iii) no event or series of events outside of the Issuer's control (and whether or not affecting the market generally) which results in the unscheduled closing of, or any disruption in the services of, any physical or electronic trading system or market affecting the Secured EPNs, the Share(s), the GDR(s) or the Issuer.

If, prior to the due date for its purchase, an Event of Default has occurred and is continuing or the Secured EPN becomes immediately due and repayable or if upon due presentation payment of the purchase moneys is improperly withheld or refused, or if on the due date for its purchase the Issuer notifies the Paying Agent that it has determined that the conditions precedent to such purchase set-out above have not been satisfied, the Paying Agent concerned shall post the Secured EPN (upon the Secured EPN being deposited with the Paying Agent by the Issuer if applicable) by uninsured post to, and at the risk of, the relevant Securityholder (unless the Securityholder has otherwise requested and paid the costs of insurance to the relevant Paying Agent at the time of depositing the Secured EPN) at the address given by the Securityholder in the relevant Market Making Notice.

No Paying Agent shall be responsible for any loss, damage or expense suffered by a Securityholder in respect of the receipt or transfer by a Paying Agent of a Definitive Secured Note pursuant to this Condition 6 other than as a result of its own wilful default, negligence or bad faith or that of its officers, directors or employees.

In these Terms and Conditions, "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 dealing in foreign exchange and foreign currency

deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and

- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open.

7. **Redenomination**

(A) *Redenomination*

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Trustee, the EPN Security Subsidiary or the Securityholders, on giving prior notice to the Principal Paying Agent, the Trustee, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Securityholders in accordance with Condition 27 (*Notices*) below, elect that, with effect from the Redenomination Date specified in the notice, the N&C Securities shall be redenominated in euro.

The election will have effect as follows:

- (a) the Secured EPNs shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a principal amount for each N&C Security equal to the principal amount of that Secured EPN in the Specified Currency, converted into euro at the Established Rate, Provided That, if the Issuer determines, with the agreement of the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Securityholders, the stock exchange (if any) on which the Secured EPNs may be listed and the Paying Agents of such deemed amendments;
- (b) if definitive Secured EPNs are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Secured EPNs in the denomination of euro 100,000 and/or such higher amounts as the Agent may determine and notify to the Securityholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Securityholders in euro in accordance with Condition 8 (*Payments*); and (ii) in the case of Secured EPNs which are not Relevant Secured EPNs, in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Principal Paying Agent shall determine and notify to the Securityholders;
- (c) the Issuer shall give notice (the "**Exchange Notice**") that replacement euro-denominated Secured EPNs are available for exchange (Provided That such securities are so available). The payment obligations contained in any Secured EPNs so issued will become void on that date although those Secured EPNs will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Secured EPNs will be issued in exchange for Secured EPNs denominated in the Specified Currency in such manner as the Principal Paying Agent

may specify and as shall be notified to the Securityholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal on the Secured EPNs;

- (d) after the Redenomination Date, all payments in respect of the Secured EPNs will be made solely in euro as though references in the Secured EPNs to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (e) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Paying Agents, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

(B) *Definitions*

In the Terms and Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to rounding in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

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

"Redenomination Date" means any date specified by the Issuer in the notice given to the Securityholders pursuant to Condition 7(A) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

"Relevant Secured EPN" means all Secured EPNs where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

"Treaty" means the Treaty on the functioning of the European Union, as amended.

8. Payments

(A) *Method of payment*

Subject as provided below:

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

- (c) payments will be made in U.S. dollars by transfer to a U.S. dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this Condition 8 (*Payments*), means the United States of America, including the States and the District of Columbia, and its possessions) or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States.

(B) *Payments Subject to Fiscal and Other Laws*

Payments will be subject in all cases, but without prejudice to the provisions of Condition 21, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

(C) *Presentation of definitive Secured EPNs*

Payments of principal in respect of definitive Secured EPNs 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 Secured EPNs at the specified office of any Paying Agent outside the United States.

(D) *Payments in respect of Secured Global Securities*

Payments of principal in respect of Secured EPNs represented by any Secured Global Security will (subject as provided below) be made in the manner specified above in relation to definitive Secured EPNs or otherwise in the manner specified in the relevant Secured Global Security, where applicable against presentation or surrender, as the case may be, of such Secured Global Security at the specified office of any Paying Agent outside the United States. A record of each payment will be made on such Secured Global Security either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, as applicable.

(E) *General provisions applicable to payments*

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

Notwithstanding the foregoing provisions of this Condition 8, if any amount of principal in respect of Secured EPNs is payable in U.S. dollars, such U.S. dollar payments of principal in respect of such Secured EPN will be made at the specified office of a Paying Agent in the United States if:

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

- (b) payment of the full amount of such principal 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 in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(F) *Payment Day*

If the date for payment of any amount in respect of any Secured EPN 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 or amendment. For these purposes, "**Payment Day**" means any day which (subject to Condition 22 (*Prescription*)) 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) in the case of Secured EPNs in definitive form only, the relevant place of presentation; and
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(G) *Interpretation of principal*

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

- (a) the Final Redemption Amount of the Secured EPNs;
- (b) the Early Redemption Amount of the Secured EPNs;
- (c) the Partial Cash Settlement Amount (if any) in respect of the Secured EPNs; and
- (d) any premium and any other amounts which may be payable by the Issuer under or in respect of the Secured EPNs.

(H) *Definition of Affiliate*

"**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.

9. Redemption and Purchase

(A) *Redemption at maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Secured EPN will be redeemed by the Issuer on the Maturity Date at its Final Redemption Amount in the relevant Specified Currency or by delivery of the Entitlement pursuant to Condition 12 (*Physical Settlement*) below.

(B) *Redemption for Taxation and other Reasons*

The Issuer may and, in respect of paragraph (a) below, shall redeem a Series of Secured EPNs, in whole, but not in part, at any time, if the Issuer determines in its sole discretion that:

- (a) on the occasion of the next payment of any Distribution Payment Amount (as defined in Condition 18(A) below) due under the Secured EPNs, the Issuer would be required to make a withholding or deduction as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- (b) the cost to the Issuer of complying with its obligations under or in connection with the Secured EPNs would be materially increased;
- (c) the cost to the EPN Security Subsidiary of meeting its operating or administrative expenses would be materially increased; or
- (d) the EPN Security Subsidiary would suffer tax above and beyond those taxes of which it was aware at the time of issue of the relevant Series of Secured EPNs in respect of its income in respect of the Share(s) or GDR(s) linked to such Series.

The Issuer shall notify the Principal Paying Agent, the Trustee and, in accordance with Condition 27 (*Notices*), the Securityholders that the Secured EPNs are to be redeemed pursuant to this Condition 9(B) (and the date on which any such notice of redemption is delivered to the Securityholders will be the Early Redemption Notification Date (as defined in Condition 13(A) below)).

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and providing reasonable details in respect thereof.

The Secured EPNs of a Series of Secured EPNs redeemed pursuant to this Condition 9(B) will be redeemed on the Early Redemption Date at their Early Redemption Amount or by delivery of the Entitlement pursuant to Condition 12 (*Physical Settlement*) below.

In these Conditions:

"Tax Jurisdiction" means the United Kingdom, or any political subdivision or any authority thereof or therein having power to tax

(C) *Illegality*

In the event that the Issuer determines in good faith that the performance of the Issuer's or the EPN Security Subsidiary's obligations in respect of a Series of Secured EPNs or under the EPN Security or that any arrangements made by the Issuer or the EPN Security Subsidiary to hedge its obligations in respect of the Secured EPNs have 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 shall give notice thereof to the Trustee and the Principal Paying Agent and, in accordance with Condition 27 (*Notices*), the Securityholders (and the date on which any such notice of redemption is delivered to the Securityholders will be the Early Redemption Notification Date (as defined in Condition 13(A) below)).

The Secured EPNs of a Series of Secured EPNs redeemed pursuant to this Condition 9(C) will be redeemed on the Early Redemption Date at their Early Redemption Amount or by delivery of the Entitlement pursuant to Condition 12 (*Physical Settlement*) below.

(D) *Purchases*

The Issuer or the EPN Security Subsidiary may at any time purchase Secured EPNs at any price in the open market or otherwise. Such Secured EPNs may be held, reissued, resold or, at the option of the Issuer or the EPN Security Subsidiary (as applicable), surrendered to any Paying Agent for cancellation.

(E) *Cancellation*

All Secured EPNs which are redeemed will forthwith be cancelled. All Secured EPNs so cancelled and any Secured EPNs purchased and cancelled pursuant to paragraph (D) above shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

10. Final Redemption Amount

(A) *Final Redemption Amount for Secured EPNs linked to either Shares or GDRs but not linked to a Basket*

The "**Final Redemption Amount**" per Secured EPN where such Secured EPNs are linked to either Shares or GDRs but not linked to a Basket shall be an amount in the Specified Currency as determined by the Issuer in accordance with the following formula:

$$\frac{\text{Number of Reference Units per Secured EPN} \times \text{Final Reference Price} \times (1 - \text{Commission})}{\text{Relevant Exchange Rate}}$$

*less the pro rata share of any taxes or stamp duty incurred (or which would be incurred) by the EPN Security Subsidiary and/or the Issuer or an Affiliate on the sale of the Aggregate Number of Reference Units and/or unwind of Hedging Arrangements entered into in relation thereto, in each case rounded down to the smallest unit of the Specified Currency, subject to Condition 16 (*Adjustments*) and Condition 19 (*Non-Convertibility*), and subject to a minimum of zero.*

(B) *Final Redemption Amount for Secured EPNs linked to both Shares and GDRs but not linked to a Basket*

If the Secured EPNs are not linked to a Basket and the Reference Units comprise both GDRs and Shares on the Final Fixing Date as a result of the conversion of Shares into GDRs (or *vice versa*) on

or prior to the Final Fixing Date pursuant to the GDR programme of the Reference Issuer (such Reference Units, the "**Combined Reference Units**"), the "**Final Redemption Amount**" per Secured EPN shall be an amount in the Specified Currency as determined by the Issuer in accordance with the following formula:

$$\frac{1}{\text{Outstanding Number of Notes}} \times \left(\left[\frac{\text{Final Shares} \times (\text{Final Reference Price} - \text{Conversion Costs}) \times (1 - \text{Share Commission})}{\text{Relevant Exchange Rate}} \right] + \left[\frac{\text{Final GDRs} \times (\text{Final Reference Price} - \text{Conversion Costs}) \times (1 - \text{GDR Commission})}{\text{Relevant Exchange Rate}} \right] \right)$$

less the *pro rata* share of any taxes or stamp duty incurred (or which would be incurred) by the EPN Security Subsidiary and/or the Issuer or an Affiliate on the sale of the Final Shares and Final GDRs and/or unwind of Hedging Arrangements entered into in relation thereto, in each case rounded down to the smallest unit of the Specified Currency, subject to Condition 16 (*Adjustments*) and Condition 19 (*Non-Convertibility*), and subject to a minimum of zero.

(C) *Final Redemption Amount for Secured EPNs linked to a Basket of Shares and/or GDRs*

The "**Final Redemption Amount**" in respect of Secured EPNs linked to a Basket of Shares and/or GDRs shall be an amount per Secured EPN equal to the sum of the Basket Component Price of each Basket Component in the Basket.

The "**Basket Component Price**" of each Basket Component shall be determined by the Issuer in accordance with one of the following formulae:

- (a) Where the Basket Component consists of Shares or GDRs, the Basket Component Price for each such Basket Component shall be determined by the Issuer in accordance with the following formula:

$$\frac{\text{Number of Basket Components per Secured EPN} \times \text{Final Reference Price} \times (1 - \text{Commission})}{\text{Relevant Exchange Rate}}$$

- (b) Where the Basket Component consists of Shares and GDRs on the Final Fixing Date as a result of the conversion of Shares into GDRs (or *vice versa*) on or prior to the relevant Final Fixing Date pursuant to the GDR programme of the related Reference Issuer (such Reference Units, "**Combined Reference Units**"), the Basket Component Price for each such Basket Component shall be determined by the Issuer in accordance with the following formula, subject to a minimum of zero:

$$\frac{1}{\text{Outstanding Number of Notes}} \times \left(\left[\frac{\text{Final Shares} \times (\text{Final Reference Price} - \text{Conversion Costs}) \times (1 - \text{Share Commission})}{\text{Relevant Exchange Rate}} \right] + \left[\frac{\text{Final GDRs} \times (\text{Final Reference Price} - \text{Conversion Costs}) \times (1 - \text{GDR Commission})}{\text{Relevant Exchange Rate}} \right] \right)$$

Less, in each case, the *pro rata* share of any taxes or stamp duty incurred (or which would be incurred) by the EPN Security Subsidiary and/or the Issuer or an Affiliate on the sale of the Aggregate Number of Reference Units in respect of such Basket Component or the Final Shares and Final GDRs (as applicable) and/or unwind of Hedging Arrangements entered into in relation thereto,

in each case rounded down to the smallest unit of the Specified Currency, subject to Condition 16 (*Adjustments*) and Condition 19 (*Non-Convertibility*) and in each case subject to a minimum of zero.

(D) *Definitions*

In these Conditions:

"Aggregate Number of Reference Units" means (i) in respect of Secured EPNs not linked to a Basket, the Number of Reference Units per Secured EPN multiplied by the Outstanding Number of Secured EPNs, rounded down to the nearest integral number of Reference Units and (ii) in respect of Secured EPNs linked to a Basket and each Basket Component, the Number of Reference Units per Secured EPN specified for such Basket Component multiplied by the Outstanding Number of Secured EPNs, rounded down to the nearest integral number of the Reference Units comprised in such Basket Component.

"Basket Component" means each share and/or GDR of a basket (the **"Basket"**) of Reference Units as set out in the Final Terms.

"Basket Component Price" has the meaning given in paragraph (C) above.

"Closing Price" means, in respect of any Reference Unit, the average price of one Reference Unit quoted on the relevant Exchange as determined by the Issuer as at the Valuation Time on the relevant Exchange on each relevant Scheduled Trading Day during the relevant Sale Period or, in respect of an early redemption pursuant to Condition 13 (*Mandatory Early Redemption*), on the relevant Early Redemption Fixing Date.

"Commission" means:

- (a) in respect of Secured EPNs not linked to a Basket, an amount in the currency in which the Final Reference Price, or the Early Redemption Reference Price, as applicable, is determined equal to any commission and transaction costs per Reference Unit incurred (or which would be incurred) in respect of the sale of the Aggregate Number of Reference Units, expressed as a percentage of the Final Reference Price, or the Early Redemption Reference Price, as applicable, as determined by the Issuer plus any fee charged by the Issuer; and
- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, an amount in the currency in which the relevant Final Reference Price for such Basket Component, or the Early Redemption Reference Price for such Basket Component, as applicable, is determined equal to any commission and transaction costs per Reference Unit incurred (or which would be incurred) in respect of the sale of the Aggregate Number of Reference Units for such Basket Component, expressed as a percentage of the Final Reference Price, or the Early Redemption Reference Price, as applicable, as determined by the Issuer plus any fee charged by the Issuer.

"Conversion Cost" means:

- (a) in respect of Secured EPNs not linked to a Basket,
 - (i) an amount in the currency in which the GDRs are denominated equal to the costs per GDR incurred (or which would be incurred in such a conversion) in converting Shares into GDRs (including any exceptional charges for such conversion) during the Conversion Period as determined by the Issuer; or

- (ii) an amount in the currency in which the Shares are denominated equal to the costs per Share incurred (or which would be incurred in such a conversion) in converting GDRs into Shares (including any exceptional charges for such conversion) during the Conversion Period as determined by the Issuer; and
- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component;
 - (i) an amount in the currency in which the GDRs comprised in such Basket Component are denominated equal to the costs per GDR incurred (or which would be incurred in such a conversion) in converting Shares comprised in such Basket Component into GDRs (including any exceptional charges for such conversion) during the relevant Conversion Period as determined by the Issuer; or
 - (ii) an amount in the currency in which the Shares comprised in such Basket Component are denominated equal to the costs per Share incurred (or which would be incurred in such a conversion) in converting GDRs comprised in such Basket Component into Shares (including any exceptional charges for such conversion) during the relevant Conversion Period as determined by the Issuer.

"Conversion Period" means (i) in respect of Secured EPNs not linked to a Basket, the period from and including the Issue Date to and including the Final Fixing Date, or in respect of an early redemption pursuant to Condition 13 (*Mandatory Early Redemption*), the Early Redemption Fixing Date and (ii) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, the period from and including the Issue Date to and including the Final Fixing Date in respect of such Basket Component, or in respect of an early redemption pursuant to Condition 13 (*Mandatory Early Redemption*), the relevant Early Redemption Fixing Date in respect of such Basket Component.

"Exchange" means, in respect of a Reference Unit, the stock exchanges so specified in the Final Terms in respect of such Reference Unit or such other stock exchange on which such Reference Unit is, in the determination of the Calculation Agent, traded or quoted as the Calculation Agent may (in its discretion) select and notify to Securityholders in accordance with Condition 27 (*Notices*), or (in any such case) any transferee or successor exchange.

"Execution Price" means in respect of any Reference Units, the volume weighted average price per Reference Unit calculated by the Issuer by reference to the price at which the sale of the relevant Aggregate Number of Reference Units is effected by the Issuer or any Affiliate or the EPN Security Subsidiary or the Trustee or pursuant to any Hedging Arrangements, or could be effected by the Issuer or such Affiliate or the EPN Security Subsidiary or the Trustee or pursuant to any Hedging Arrangements on a theoretical hedge, on a best efforts basis:

- (a) other than in respect of an early redemption, during the relevant Sale Period; or
- (b) in respect of an early redemption pursuant to Condition 9 (*Redemption and Purchase*) or Condition 13 (*Mandatory Early Redemption*), on the relevant Early Redemption Fixing Date.

"Final Fixing Date" means (i) in respect of Secured EPNs not linked to a Basket, the date specified as such in the Final Terms, or if such date is not a Scheduled Trading Day the next following Scheduled Trading Day and (ii) in respect of Secured EPNs linked to a Basket, the date specified as such in the Final Terms, provided that if such date is not a Scheduled Trading Day for one or more Basket Components, the Final Fixing Date for each Basket Component for which such day is a Scheduled Trading Day shall be the date on which the Final Fixing Date was originally scheduled to

fall, and the Final Fixing Date for each Basket Component for which such day is not a Scheduled Trading Day shall be the immediately following day which is a Scheduled Trading Day in respect of such Basket Component.

"Final GDRs" means:

- (a) in respect of Secured EPNs not linked to a Basket, either:
 - (i) on the Final Fixing Date, the cumulative number of GDRs obtained for the purposes of the Secured EPNs on each Scheduled Trading Day from and including the Issue Date to and including the Final Fixing Date by converting Shares which form part of the Reference Units for the purposes of the Secured EPNs into GDRs under the GDR programme of the Reference Issuer *less* any such GDRs which have been re-converted into Shares during the Conversion Period; or
 - (ii) the number of GDRs remaining after converting GDRs forming part of the Reference Units for the purposes of the Secured EPNs into Shares during the Conversion Period; and
- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, either:
 - (i) on the relevant Final Fixing Date, the cumulative number of GDRs obtained for the purposes of the Secured EPNs and such Basket Component on each relevant Scheduled Trading Day from and including the Issue Date to and including the relevant Final Fixing Date by converting Shares which form part of such Basket Component for the purposes of the Secured EPNs into GDRs under the GDR programme of the relevant Reference Issuer *less* any such GDRs which have been re-converted into Shares during the relevant Conversion Period; or
 - (ii) the number of GDRs remaining after converting GDRs forming part of such Basket Component for the purposes of the Secured EPNs into Shares during the relevant Conversion Period.

"Final Reference Price" means, subject to Condition 11 (*Disrupted Days and Extension of the Sale Period*), the Volume Weighted Average Price, the Closing Price, or the Execution Price, as specified in the Final Terms, in respect of the Reference Unit(s).

"Final Shares" means:

- (a) in respect of Secured EPNs not linked to a Basket, either:
 - (i) on the Final Fixing Date, the cumulative number of Shares obtained for the purposes of the Secured EPNs on each Scheduled Trading Day from and including the Issue Date to and including the Final Fixing Date by converting GDRs which form part of the Reference Units for the purposes of the Secured EPNs into Shares under the GDR programme of the Reference Issuer *less* any such Shares which have been re-converted into GDRs during the Conversion Period; or
 - (ii) the number of Shares remaining after converting Shares which form part of the Reference Units for the purposes of the Secured EPNs in part or in full, into GDRs under the GDR programme of the Reference Issuer, including any such Shares

which have been re-converted from GDRs into Shares during the Conversion Period; and

- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, either:
 - (i) on the relevant Final Fixing Date, the cumulative number of Shares obtained for the purposes of the Secured EPNs and such Basket Component on each relevant Scheduled Trading Day from and including the Issue Date to and including the relevant Final Fixing Date by converting GDRs which form part of such Basket Component for the purposes of the Secured EPNs into Shares under the GDR programme of the relevant Reference Issuer *less* any such Shares which have been re-converted into GDRs during the relevant Conversion Period; or
 - (ii) the number of Shares remaining after converting Shares which form part of such Basket Component for the purposes of the Secured EPNs in part or in full, into GDRs under the GDR programme of the relevant Reference Issuer, including any such Shares which have been re-converted from GDRs into Shares during the relevant Conversion Period.

"GDR Commission" means:

- (a) in respect of Secured EPNs not linked to a Basket, an amount in the currency in which the Final Reference Price of the GDRs, or the Early Redemption Reference Price of the GDRs, as applicable, is determined equal to any commission and transaction costs per GDR incurred (or which would be incurred in such a sale) by the Issuer, an Affiliate or the EPN Security Subsidiary in respect of the sale of the Final GDRs or the Early Redemption GDRs, as applicable, expressed as a percentage of the Final Reference Price of the GDRs or the Early Redemption Reference Price of the GDRs (respectively), as determined by the Issuer plus any fee charged by the Issuer; and
- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, an amount in the currency in which the relevant Final Reference Price of the GDRs forming part of such Basket Component, or the relevant Early Redemption Reference Price of the GDRs forming part of such Basket Component, as applicable, is determined equal to any commission and transaction costs per GDR incurred (or which would be incurred in such a sale) by the Issuer, an Affiliate or the EPN Security Subsidiary in respect of the sale of the relevant Final GDRs or the relevant Early Redemption GDRs, as applicable, expressed as a percentage of the relevant Final Reference Price of the GDRs forming part of such Basket Component or the relevant Early Redemption Reference Price of the GDRs forming part of such Basket Component (respectively), as determined by the Issuer plus any fee charged by the Issuer.

"Hedging Arrangements" means any hedging arrangements entered into by the Issuer (or an Affiliate or the EPN Security Subsidiary) at any time with respect to the Secured EPNs, including without limitation the purchase and/or sale of any Reference Units, any shares or units in funds linked to the performance of any Reference Units, any options or futures on such Reference Units or any depositary receipts in respect of any Shares (if applicable) comprised in an index or traded on an Exchange or Related Exchange at any time and any associated foreign exchange transactions.

"Number of Secured EPNs" means the initial aggregate principal amount of Secured EPNs, plus the initial aggregate principal amount of any Secured EPNs issued pursuant to Condition 29 (*Further Issues*), divided by the Specified Denomination.

"Number of Reference Units per Secured EPN" means, subject to Condition 16 (*Adjustments*), the "Number of GDRs" and/or the "Number of Shares" specified in the Final Terms in respect of a Series of Secured EPNs divided by the number of Secured EPNs issued in respect of such Series of Secured EPNs.

"Outstanding Number of Secured EPNs" means the Number of Secured EPNs as reduced at any date by (i) the number of Secured EPNs which have been repurchased and cancelled and (ii) the number of Secured EPNs in respect of which an Early Redemption Fixing Date has occurred.

"Reference Issuer" means (i) in respect of Secured EPNs not linked to a Basket, the reference issuer specified in the Final Terms and (ii) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, the reference issuer specified in the Final Terms in respect of such Basket Component.

"Reference Units" means (i) in respect of Secured EPNs not linked to a Basket, the Shares and/or the GDRs and (ii) in respect of Secured EPNs linked to a Basket, the Shares and/or the GDRs comprising the Basket Components of such Secured EPN (and any reference to a **"Reference Unit"** shall be to one unit of the Reference Units).

"Related Exchange(s)" means, in respect of any Reference Unit, the Related Exchange(s), if any, as specified in respect of such Reference Unit in the Final Terms, or such other options or futures exchange(s) as the Calculation Agent may, select and notify to Securityholders in accordance with Condition 27 (*Notices*) or, in any such case, any transferee or successor exchange.

"Relevant Exchange Rate" means the reference exchange rate for the conversion of the relevant currency into the Specified Currency (or the effective rate resulting from the application of rates into and out of one or more third currencies) as the Issuer may determine (in its sole and absolute discretion) to be the prevailing spot rate for such exchange.

"Sale Date" means, in respect of any Reference Unit, any related Scheduled Trading Day during the related Sale Period.

"Sale Period" means:

- (a) in respect of Secured EPNs not linked to a Basket, either:
 - (i) the period of a number of Scheduled Trading Days ending on, and including, the Final Fixing Date, as specified in the Final Terms; or
 - (ii) the Final Fixing Date, as specified in the Final Terms provided that if the Sale Period is not specified in the Final Terms, then the Sale Period shall be the period of five Scheduled Trading Days ending on, and including the Final Fixing Date; and
- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, either:
 - (i) the period of a number of Scheduled Trading Days in respect of such Basket Component ending on, and including, the Final Fixing Date, as specified in the Final Terms; or
 - (ii) the Final Fixing Date, as specified in the Final Terms provided that if the Sale Period is not specified in the Final Terms, then the Sale Period shall be the period of

five Scheduled Trading Days in respect of such Basket Component ending on, and including the Final Fixing Date.

"Scheduled Maturity Date" has the meaning given to such term in the applicable Final Terms.

"Scheduled Trading Day" means in respect of any Reference Unit, each day on which each relevant Exchange and each relevant Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

"Share Commission" means:

- (a) in respect of Secured EPNs not linked to a Basket, an amount in the currency in which the Final Reference Price of the Shares, or the Early Redemption Reference Price of the Shares, as applicable, is determined equal to any commission and transaction costs per Share incurred by the Issuer, an Affiliate or the EPN Security Subsidiary in respect of the sale of the Final Shares, or the Early Redemption Shares, as applicable, expressed as a percentage of the Final Reference Price of Shares, or the Early Redemption Reference Price of the Shares (respectively), as determined by the Issuer plus any fee charged by the Issuer; and
- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, an amount in the currency in which the relevant Final Reference Price of the Shares forming part of such Basket Component, or the Early Redemption Reference Price of the Shares forming part of such Basket Component, as applicable, is determined equal to any commission and transaction costs per Share incurred by the Issuer, an Affiliate or the EPN Security Subsidiary in respect of the sale of the Final Shares forming part of such Basket Component, or the Early Redemption Shares forming part of such Basket Component, as applicable, expressed as a percentage of the Final Reference Price of Shares forming part of such Basket Component, or the Early Redemption Reference of the Shares forming part of such Basket Component (respectively), as determined by the Issuer plus any fee charged by the Issuer.

"Valuation Time" means, in respect of any Reference Unit, the close of trading on the relevant Exchange in relation to such Reference Unit, or such other time as the Issuer may select (in its sole and absolute discretion) and notify to Securityholders in accordance with Condition 27 (*Notices*), as applicable. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

"Volume Weighted Average Price" means, in respect of any Reference Units, the average of the volume weighted average prices per Reference Unit as reported by the relevant Exchange on each relevant Scheduled Trading Day during the relevant Sale Period or, in respect of an early redemption pursuant to Condition 13 (*Mandatory Early Redemption*), on the relevant Early Redemption Fixing Date.

11. Disrupted Days and Extension of the Sale Period

(A) Disrupted Days

Subject as provided in Condition 11(B) (*Extension of the Sale Period and Determination of the Final Reference Price – Secured EPNs not linked to a Basket*) and Condition 11(C) (*Extension of the Sale Period and determination of the Final Reference Price – Secured EPNs linked to a Basket*) below, if the Issuer determines in respect of a Secured EPN that a Sale Date is a Disrupted Day then:

- (a) in the case of Secured EPNs not linked to a Basket, such Sale Date shall be the first succeeding Scheduled Trading Day which the Issuer determines is not a Disrupted Day; and
- (b) in the case of Secured EPNs linked to a Basket, such Sale Date for each Reference Unit in the Basket which is not affected by the occurrence of a Disrupted Day shall be such original Sale Date which would (but for the occurrence of a Disrupted Day in relation to an Affected Reference Unit (as defined below)) have been the Sale Date and for each Reference Unit which is affected by the occurrence of a Disrupted Day (each an "**Affected Reference Unit**") shall be the first succeeding Scheduled Trading Day which the Issuer determines is not a Disrupted Day relating to the Affected Reference Unit.

(B) *Extension of the Sale Period and Determination of the Final Reference Price – Secured EPNs not linked to a Basket*

In the case of any Secured EPN which is not linked to a Basket, if the Issuer determines that by the Final Fixing Date the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable)) some or all of the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable), whether due to the occurrence of a Disrupted Day or for any other reason, then the Sale Period shall be extended until the last Scheduled Trading Day on which all of the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable), have been sold by the Issuer or any Affiliate or the EPN Security Subsidiary (or would have been sold if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable)) provided that the last day of the Sale Period shall not be later than five Scheduled Trading Days following the Scheduled Maturity Date (the "**Final Sale Date**").

If the Issuer determines that the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, had held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable)) all of the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) by the Final Sale Date, the Issuer shall determine the Final Reference Price, Final Reference Price of Shares and/or the Final Reference Price of GDRs (as applicable) by reference to:

- (a) if the Issuer or any Affiliate or the EPN Security Subsidiary has been able to sell (or would have been able to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, had held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable)) some of the Reference Units, Final Shares and/or Final GDRs (as applicable) during the Sale Period, the price at which the sale of such Shares or GDRs was, or would have been, effected; and
- (b) in respect of Reference Units, Final Shares and/or Final GDRs (as applicable) which the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, had held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable)), the Issuer's good faith estimate of the price of one such Share or one such GDR (as applicable) on the Final Sale Date, which may be zero.

(C) *Extension of the Sale Period and determination of the Final Reference Price – Secured EPNs linked to a Basket*

In the case of any Secured EPN which is linked to a Basket, if in respect of any Basket Component, by the related Final Fixing Date the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) in respect of such Basket Component) some or all of the Aggregate Number of Reference Units, the Final Shares and/or the Final GDRs (as applicable), in each case in respect of such Basket Component, whether due to:

- (a) the occurrence of a Disrupted Day; or
- (b) for any other reason,

then the Sale Period for such Basket Component shall be extended until the last relevant Scheduled Trading Day on which all of the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component, have been sold by the Issuer or an Affiliate or the EPN Security Subsidiary (or would have been sold if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component) *provided, however, that* the last day of the Sale Period shall not be later than five relevant Scheduled Trading Days following the Scheduled Maturity Date (the "**Final Sale Date**").

If the Issuer determines that the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, had held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component) all of the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component by the Final Sale Date, the Issuer shall determine the Final Reference Price, Final Reference Price of Shares and/or the Final Reference Price of GDRs (as applicable) by reference to:

- (a) if the Issuer or any Affiliate or the EPN Security Subsidiary has been able to sell (or would have been able to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, had held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component) some of the Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component during the Sale Period, the price at which the sale of such Shares or GDRs was, or would have been, effected; and
- (b) in respect of Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component which the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, had held the Aggregate Number of Reference Units, Final Shares and/or Final GDRs (as applicable) comprised in such Basket Component), the Issuer's good faith estimate of the price of one such Share or one such GDR (as applicable) on the Final Sale Date, which may be zero.

(D) *Definitions*

In these Conditions:

"Disrupted Day" means, in respect of a Reference Unit, any related Scheduled Trading Day on which (i) any related Exchange fails to open for trading during its regular trading session, (ii) any relevant Related Exchange fails to open for trading during its regular trading session and/or (iii) a Market Disruption Event in respect of such Reference Unit has occurred or is continuing.

"Early Closure" means, in respect of any Reference Unit, the closure on any related Exchange Business Day of any relevant Exchange or any relevant Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Business Day and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Exchange Business Day" means, in respect of a Reference Unit, any related Scheduled Trading Day on which each related Exchange and each relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means, in respect of a Reference Unit, any event (other than a related Early Closure) that disrupts or impairs (as determined by the Issuer) the ability of market participants in general (i) to effect transactions in, or obtain market values for, such Reference Unit on a related Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options relating to such Reference Unit on any relevant Related Exchange.

"Market Disruption Event" means, in respect of any Reference Unit, the occurrence or existence on any related Scheduled Trading Day of a Trading Disruption or an Exchange Disruption with respect to such Reference Unit which in either case the Issuer determines is material or an Early Closure with respect to such Reference Unit.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside the regular trading session hours.

"Trading Disruption" means, in respect of any Reference Units, any suspension of or limitation imposed on trading (i) by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise, or (ii) in futures or options contracts relating to such Reference Units.

12. Physical Settlement

(A) *Election of Physical Settlement*

The Final Terms in respect of a Series of Secured EPNs shall specify whether such Series shall be redeemed on the Early Redemption Date or Final Redemption Date by either (i) payment of the Early Redemption Amount or Final Redemption Amount (as applicable) ("**Cash Settlement**") or (ii) delivery of the Entitlement ("**Physical Settlement**").

Subject to Condition 12(B) (*Option to vary Settlement*) below, a Securityholder shall be entitled to elect (i) in lieu of receiving Cash Settlement, to receive Physical Settlement or (ii) in lieu of Physical Settlement, to receive Cash Settlement, in respect of any Secured EPN held by such Securityholder on the Early Redemption Date or Maturity Date.

(B) *Option to vary Settlement*

Unless 'Issuer's option to vary Settlement' is specified as Not Applicable in the applicable Final Terms, the Issuer has an option to vary settlement in respect of the Secured EPNs. The Issuer may (in its sole and absolute discretion) in respect of each Series of Secured EPNs and notwithstanding any election made by a Securityholder pursuant to Condition 12(A) above, elect (i) not to redeem the Secured EPNs by Cash Settlement or (ii) not to redeem the Secured EPNs by Physical Settlement, as the case may be, but, in lieu thereof, to redeem the Secured EPNs by Physical Settlement or Cash Settlement on the Early Redemption Date or Maturity Date (as applicable). Notification of such election will be given to Securityholders in accordance with Condition 27 (*Notices*) below.

(C) *Delivery of Secured EPN Physical Settlement Notice*

In order to obtain delivery of the Entitlement in respect of any Secured EPN:

- (a) if such Secured EPN is represented by a Secured Global Security, the relevant Holder must provide to Euroclear or Clearstream, Luxembourg (as applicable) in a form acceptable thereto, with a copy to the Principal Paying Agent, the Trustee and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Secured EPN Physical Settlement Notice substantially in the form set out and/or containing the information specified in the Agency Agreement (the "**Secured EPN Physical Settlement Notice**"); and
- (b) if such Secured EPN is in definitive form, the relevant Holder must deliver to any Paying Agent, with a copy to the Principal Paying Agent, the Trustee and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Secured EPN Physical Settlement Notice.

The Entitlement will be delivered at the risk of the relevant Holder on or before the Early Redemption Date or Maturity Date, as applicable, (such date, subject to adjustment in accordance with these Conditions, the "**Maturity Delivery Date**") in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery, provided, however, that the Secured EPN Physical Settlement Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent, the Trustee and the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

In these Conditions:

"Cut-Off Date" means 10 Business Days before the Early Redemption Date or the Maturity Date (as applicable) or such other time period as specified in the applicable Final Terms.

"Entitlement" means, in respect of a Secured EPN, the number of Shares and/or GDRs specified as the 'Entitlement' in the applicable Final Terms.

(D) *Criteria in respect of Secured EPN Physical Settlement Notice*

Forms of the Secured EPN Physical Settlement Notice may be obtained during normal business hours from the specified office of any Paying Agent.

A Secured EPN Physical Settlement Notice may only be delivered (i) if such Secured EPN is represented by a Secured Global Security, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be or (ii) if such Secured EPN is in definitive form, in writing.

If such Secured EPN is in definitive form, such Secured EPN must be delivered together with the duly completed Secured EPN Physical Settlement Notice.

A Secured EPN Physical Settlement Notice must:

- (a) specify the name, address and contact telephone number of the relevant Holder and the name of any person from whom the Issuer may obtain details for the delivery of the Entitlement;
- (b) in the case of Secured EPNs represented by a Secured Global Security, specify the number of units or principal amount of Secured EPNs which are the subject of such notice and the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Secured EPNs and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Holder's account with such Secured EPNs on or before the Maturity Delivery Date (as defined below);
- (c) include an undertaking to pay all Physical Delivery Expenses and, in the case of Secured EPNs represented by a Secured Global Security, an authority to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Physical Delivery Expenses;
- (d) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Holder's account to be credited with any cash payable by the Issuer, in respect of any Partial Cash Settlement Amount or any dividends relating to the Entitlement, as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Early Redemption Amount or Final Redemption Amount (as applicable) pursuant to Condition 12(I) (*Settlement Disruption Event*) below;
- (e) certify that the beneficial owner of each Secured EPN is not a "U.S. Person" as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, which term is deemed to include any person that does not meet the definition of 'Non-United States Person' in Rule 4.7 promulgated by the United States Commodity Futures Trading Commission (the "CFTC") under the United States Commodity Exchange Act, as amended (the "CEA") ("U.S. Person"), the Secured EPN is not being redeemed within the United States or on behalf of a U.S. Person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. Person in connection with any redemption thereof; and
- (f) authorise the production of such notice in any applicable administrative or legal proceedings.

No Secured EPN Physical Settlement Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or a Paying Agent as provided above. After delivery of a Secured EPN Physical Settlement Notice, the relevant Holder may not transfer the Secured EPNs which are the subject of such notice.

(E) *Verification of Secured EPN Physical Settlement Notice*

In the case of Secured EPNs represented by a Secured Global Security, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Holder is the holder of the specified principal amount or number of units of Secured EPNs according to its books.

Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Paying Agent the series number and number of Secured EPNs the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each such Secured EPN. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Maturity Delivery Date, debit the securities account of the relevant Holder with the Secured EPNs the subject of the relevant Secured EPN Physical Settlement Notice.

Failure properly to complete and deliver a Secured EPN Physical Settlement Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made (i) in the case of Secured EPNs represented by a Secured Global Security, by the Issuer after consultation with the Principal Paying Agent and shall be conclusive and binding on the relevant Holder or (ii) in the case of Secured EPNs in definitive form, by the relevant Paying Agent after consultation with the Principal Paying Agent and the Issuer and shall be conclusive and binding on the Issuer and the relevant Holder.

If such Secured EPN Physical Settlement Notice is subsequently corrected to the satisfaction of the Issuer or the relevant Paying Agent, in each case in consultation with the Principal Paying Agent and, in the case of the relevant Paying Agent, the Issuer, it shall be deemed to be a new Secured EPN Physical Settlement Notice submitted at the time such correction was delivered as provided above.

The Issuer or the relevant Paying Agent, as applicable, shall use reasonable efforts to promptly notify the Holder submitting a Secured EPN Physical Settlement Notice if, in consultation with the Principal Paying Agent, in the case of the relevant Paying Agent, and the Issuer, it has determined that such Secured EPN Physical Settlement Notice is incomplete or not in proper form. In the absence of negligence or wilful default on its part, none of the Issuer or the Paying Agents shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

(F) *Late Delivery of Secured EPN Physical Settlement Notice*

If a Secured EPN Physical Settlement Notice is delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then:

- (a) if Cash Settlement is applicable in respect of the Series of Secured EPNs, the Secured EPNs specified in the Secured EPN Physical Settlement Notice shall be redeemed by Cash Settlement; and

- (b) if Physical Settlement is applicable in respect of the Series of Secured EPNs, the Entitlement will be delivered as soon as practicable after the Maturity Delivery Date (in which case, such date of delivery shall be the Maturity Delivery Date) at the risk of such Holder in the manner provided above.

(G) *Partial Cash Settlement*

Where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Shares or GDRs capable of being delivered, the Securityholders will receive an Entitlement comprising of the nearest number (rounded down) of Shares or GDRs capable of being delivered by the Issuer (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Entitlements), and in respect of the amount of Shares or GDRs not capable of being delivered, an amount in the Specified Currency which shall be the value of the amount of the Shares or GDRs so rounded down, as calculated by the Issuer from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Issuer deems appropriate) (the "**Partial Cash Settlement Amount**").

(H) *Dividends*

Where the Entitlement comprises Shares, any dividend or other distribution in respect of such Entitlement will be payable to the party that would receive such dividend or other distribution according to market practice for a sale of the Share executed on the Maturity Delivery Date and to be delivered in the same manner as the Entitlement. Any such dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Secured EPN Physical Settlement Notice.

(I) *Settlement Disruption Event*

If, prior to the delivery of the Entitlement in accordance with these Conditions, a Settlement Disruption Event is subsisting, then the Maturity Delivery Date in respect of such Secured EPN shall be postponed until the next Settlement Business Day on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder, in accordance with Condition 27 (*Notices*). Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such Secured EPN as a result of any delay in the delivery of the Entitlement pursuant to these Conditions. Where delivery of the Entitlement has been postponed as provided in these Conditions the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Entitlement in respect of any Secured EPN is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Secured EPN by Cash Settlement not later than on the third Business Day following the date that the notice of such election (the "**Election Notice**") is given to the Securityholders in accordance with Condition 27 (*Notices*) (with a copy to the Principal Paying Agent and the Trustee).

In these Conditions:

"**Settlement Disruption Event**" means an event beyond the control of the Issuer as a result of which, in the opinion of the Issuer, delivery of the Entitlement by or on behalf of the Issuer in accordance with these Conditions and/or the applicable Final Terms is not practicable.

(J) *No Obligations during Intervening Period*

For such period of time after the Maturity Delivery Date as the Issuer, the EPN Security Subsidiary or any person other than the relevant Holder shall continue to be the legal owner of the Shares or GDRs comprising the Entitlement (the "**Intervening Period**"), neither the Issuer, the EPN Security Subsidiary nor any other such person shall:

- (a) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Secured EPN of any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in respect of such Shares or GDRs;
- (b) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Shares or GDRs during the Intervening Period; or
- (c) be under any liability to the relevant Holder, or any subsequent beneficial owner of such Secured EPN in respect of any loss or damage which the relevant Holder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such Shares or GDRs during such Intervening Period.

(K) *Delivery subject to Laws and Regulations*

Delivery of the Entitlement in respect of the Secured EPNs is subject to all applicable laws, regulations and practices in force on the Maturity Delivery Date and none of the EPN Security Subsidiary, the Issuer nor any of its Affiliates or agents nor the Paying Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the EPN Security Subsidiary, the Issuer nor any of its Affiliates or agents nor the Paying Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Secured EPNs.

(L) *Physical Delivery Expenses*

All Physical Delivery Expenses shall be for the account of the relevant Holder and no delivery and/or transfer of any Entitlement shall be made until all Physical Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

For these purposes "**Physical Delivery Expenses**" means all taxes, duties and/or expenses including any depositary charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties) which the Issuer determines may be or would be, or would have been incurred (i) in connection with the redemption of the Secured EPNs and/or the delivery or transfer of any Entitlement in respect thereof by the EPN Security Subsidiary, the Issuer or any Affiliate of the Issuer, and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the Secured EPNs.

13. Mandatory Early Redemption

(A) *Mandatory Early Redemption in Whole*

If an Early Redemption Event occurs (other than (in the case of Secured EPNs linked to a Basket) where the Issuer determines (in its sole discretion) to partially redeem the Secured EPNs in

accordance with Condition 13(B) (*Mandatory Early Redemption in Part*) below), the Issuer shall, promptly following such determination, notify the Securityholders (with a copy to the Principal Paying Agent and the Trustee) and shall redeem all of the Secured EPNs on the Early Redemption Date at their Early Redemption Amount or by delivery of the Entitlement pursuant to Condition 12 (*Physical Settlement*) together with any Distribution Payment Amount accrued to (but excluding) the Early Redemption Date.

Notice of such redemption shall be given to the Securityholders prior to the Early Redemption Date in accordance with Condition 27 (*Notices*). For the avoidance of doubt, the Early Redemption Event does not need to be continuing on the Early Redemption Date.

In these Conditions:

"Adjustment Event" means a Potential Adjustment Event, a Merger Event, a Tender Offer, a Nationalisation, a Delisting, a Liquidation, a Change of Law, a Hedging Disruption, an Increased Cost of Hedging, an Increased Cost of Stock Borrow, an Insolvency Filing or a Loss of Stock Borrow.

"Early Redemption Date" means the date which is two Currency Business Days following (i) (in the case of Secured EPNs not linked to a Basket) the Early Redemption Fixing Date and (ii) (in the case of Secured EPNs linked to a Basket) the last Early Redemption Fixing Date to occur in respect of each Basket Component.

"Early Redemption Event" means (i) a GDR Early Redemption Event or (ii) the determination by the Issuer in its discretion to redeem the Secured EPNs in full or (in the circumstances of Condition 13(B) (*Mandatory Early Redemption in Part*) only) in part following the occurrence of (A) an Adjustment Event (other than a Potential Adjustment Event), as described in Condition 16 (*Adjustments*) and Condition 17 (*Additional Disruption Events*), or (B) a Jurisdictional Event or Holding Termination Event, as described in Condition 16(G) (*Adjustments in respect of Jurisdictional Events or Holding Termination Events*).

"Early Redemption Fixing Date" means subject to Condition 15 (*Disrupted Days and Determination of Early Redemption Reference Price*) below (i) in respect of Secured EPNs not linked to a Basket, the Early Redemption Notification Date, or the immediately following Scheduled Trading Day if the Early Redemption Notification Date is not a Scheduled Trading Day and (ii) in respect of Secured EPNs linked to a Basket, the Early Redemption Notification Date, provided that if such date is not a Scheduled Trading Day for one or more Basket Components, the Early Redemption Fixing Date for each Basket Component for which such day is a Scheduled Trading Day shall be the Early Redemption Notification Date, and the Early Redemption Fixing Date for each Basket Component for which such day is not a Scheduled Trading Day shall be the immediately following day which is a Scheduled Trading Day in respect of such Basket Component.

"Early Redemption GDRs" means:

- (a) in respect of Secured EPNs not linked to a Basket, either:
 - (i) on the Early Redemption Fixing Date, the cumulative number of GDRs obtained for the purposes of the Secured EPNs on each Scheduled Trading Day from and including the Issue Date to and including the Early Redemption Fixing Date by converting Shares which form part of the Reference Units for the purposes of the Secured EPNs into GDRs under the GDR programme of the Reference Issuer *less* any such GDRs which have been re-converted into Shares during the Conversion Period; or

- (ii) the number of GDRs remaining after converting GDRs forming part of the Reference Units for the purposes of the Secured EPNs into Shares during the Conversion Period; and
- (b) in respect of Secured EPNs linked to a Basket and in respect of each Basket Component, either:
 - (i) on the relevant Early Redemption Fixing Date, the cumulative number of GDRs obtained for the purposes of the Secured EPNs and such Basket Component on each relevant Scheduled Trading Day from and including the Issue Date to and including the relevant Early Redemption Fixing Date by converting Shares which form part of such Basket Component for the purposes of the Secured EPNs into GDRs under the GDR programme of the relevant Reference Issuer *less* any such GDRs which have been re-converted into Shares during the relevant Conversion Period; or
 - (ii) the number of GDRs remaining after converting GDRs forming part of such Basket Component for the purposes of the Secured EPNs into Shares during the relevant Conversion Period.

"Early Redemption Notification Date" means the date on which notice of an early redemption is delivered or deemed to be delivered by the Issuer to the Securityholders in accordance with Condition 9 (*Redemption and Purchase*) or Condition 13 (*Mandatory Early Redemption*), as applicable.

"Early Redemption Reference Price" means, subject to Condition 15 (*Disrupted Days and Determination of Early Redemption Reference Price*), the Execution Price.

"GDR Early Redemption Event" means (a) in the case of Secured EPNs not linked to a Basket and in the case of the Reference Units comprising GDRs, the termination of the GDR programme of the Reference Issuer and the liquidation of the GDRs prior to the Maturity Date of the Secured EPNs without the Shares being converted into related Shares of the Reference Issuer, as determined by the Issuer or (b) in the case of Secured EPNs linked to a Basket and in the case of the Reference Units comprised in any Basket Component comprising GDRs, the termination of the relevant GDR programme of the relevant Reference Issuer and the liquidation of the relevant GDRs prior to the Maturity Date of the Secured EPNs without the relevant Shares being converted into related Shares of the relevant Reference Issuer, as determined by the Issuer.

(B) *Mandatory Early Redemption in Part*

If an Early Redemption Event occurs in respect of Secured EPNs linked to a Basket and the Issuer determines in its absolute discretion to partially redeem the Secured EPNs in accordance with this Condition 13(B), the Issuer shall promptly following such determination, notify the Securityholders and shall redeem a principal amount of each Secured EPN equal to the proportion of the total principal amount of such Secured EPN which is the proportion of the Affected Basket Component(s) to the aggregate of all Basket Components (as determined by the Issuer in its discretion) at the Partial Early Redemption Amount or by delivery of the Entitlement (solely in respect of the Affected Basket Component(s)) pursuant to Condition 12 (*Physical Settlement*) on the Early Redemption Date.

Notice of such redemption shall be given to the Securityholders (with a copy to the Principal Paying Agent and the Trustee) prior to the Early Redemption Date in accordance with Condition 27 (*Notices*). For the avoidance of doubt, the Early Redemption Event does not have to be continuing on the Early Redemption Date.

Following any partial redemption of the Secured EPNs, the Calculation Agent shall make any adjustment to the terms of the Secured EPNs as the Calculation Agent determines to be appropriate to account for such partial redemption.

In these Conditions:

"Hedge Proceeds" means the cash amount constituting the proceeds received by the Issuer (or an Affiliate) or the EPN Security Subsidiary in respect of any Hedging Arrangements, subject to a minimum of zero.

"Partial Early Redemption Amount" means an amount equal to the Early Redemption Amount which would be determined in accordance with the terms of the Secured EPNs if the Basket in respect of each Secured EPN comprised solely the Reference Units in the Affected Basket Component. For such purpose, the **"Affected Basket Component(s)"** shall mean the Basket Component(s) which comprise(s) the relevant Reference Unit(s) affected by the relevant Adjustment Event, Jurisdictional Event, Holding Termination Event or GDR Early Redemption Event, as the case may be.

14. Early Redemption Amount

- (A) *Early Redemption Amount for Secured EPNs linked to either Shares or GDRs but not linked to a Basket*

The **"Early Redemption Amount"** per Secured EPN where such Secured EPNs are linked to either Shares or GDRs but not linked to a Basket shall be an amount in the Specified Currency as determined by the Issuer in accordance with the following formula:

$$\frac{\text{Number of Reference Units per Secured EPN} \times \text{Early Redemption Reference Price} \times (1 - (\text{Commission} + \text{Regulatory Change Cost}))}{\text{Relevant Exchange Rate}}$$

less the pro rata share of any taxes or stamp duty incurred (or which would be incurred) by the EPN Security Subsidiary and/or the Issuer or an Affiliate on the sale of the Aggregate Number of Reference Units and/or unwind of Hedging Arrangements entered into in relation thereto, in each case rounded down to the smallest unit of the Specified Currency, subject to Condition 16 (Adjustments) and Condition 19 (Non-Convertibility), and subject to a minimum of zero.

"Regulatory Change Cost" means the amount determined by the Issuer to be such sum expressed as a percentage of the Final Reference Price or Early Redemption Reference Price, as applicable, which equals the cost, as a result of Change of Law, which the Issuer or its Affiliates or the EPN Security Subsidiary would have incurred had it held the relevant Reference Units (being, in the case of Secured ELNs linked to a Basket, the Reference Units comprised in the Basket Component in respect of which such Final Reference Price or Early Redemption Reference Price, as applicable, is being determined).

- (B) *Early Redemption Amount for Secured EPNs linked to both Shares and GDRs but not linked to a Basket*

If the Secured EPNs are not linked to a Basket and the Reference Units have been converted into Combined Reference Units, the **"Early Redemption Amount"** per Secured EPN shall be an amount in the Specified Currency as determined by the Issuer in accordance with the following formula:

$$\frac{1}{\text{Outstanding Number of Notes}} \times \left(\left[\frac{\text{Early Redemption Shares} \times (\text{Early Redemption Reference Price} - \text{Conversion Costs}) \times (1 - (\text{Share Commission} + \text{Regulatory Change Cost}))}{\text{Relevant Exchange Rate}} \right] + \left[\frac{\text{Early Redemption GDRs} \times (\text{Early Redemption Reference Price} - \text{Conversion Costs}) \times (1 - (\text{GDR Commission} + \text{Regulatory Change Cost}))}{\text{Relevant Exchange Rate}} \right] \right)$$

less the *pro rata* share of any taxes or stamp duty incurred (or which would be incurred) by the EPN Security Subsidiary and/or the Issuer or an Affiliate on the sale of the Early Redemption Shares and the Early Redemption GDRs and/or unwind of Hedging Arrangements entered into in relation thereto, in each case rounded down to the smallest unit of the Specified Currency, subject to Condition 16 (*Adjustments*) and Condition 19 (*Non-Convertibility*), and subject to a minimum of zero.

(C) *Early Redemption Amount for Secured EPNs linked to a Basket of Shares and/or GDRs*

The "**Early Redemption Amount**" in respect of Secured EPNs linked to a Basket of Shares and/or GDRs shall be an amount per Secured EPN equal to the sum of the Early Redemption Basket Component Price of each Basket Component in the Basket.

The "**Early Redemption Basket Component Price**" of each Basket Component shall be determined by the Issuer in accordance with one of the following formulae:

- (a) Where the Basket Component consists of Shares or GDRs, the Basket Component Price for each such Basket Component shall be determined by the Issuer in accordance with the following formula:

$$\frac{\text{Number of Basket Components per Secured EPN} \times \text{Early Redemption Reference Price} \times (1 - (\text{Commission} + \text{Regulatory Cost}))}{\text{Relevant Exchange Rate}}$$

- (b) Where the Basket Component consists of Combined Reference Units, the Early Redemption Basket Component Price for each such Basket Component shall be determined by the Issuer in accordance with the following formula, subject to a minimum of zero:

$$\frac{1}{\text{Outstanding Number of Notes}} \times \left(\left[\frac{\text{Early Redemption Shares} \times (\text{Early Redemption Reference Price} - \text{Conversion Costs}) \times (1 - (\text{Share Commission} + \text{Regulatory Change Cost}))}{\text{Relevant Exchange Rate}} \right] + \left[\frac{\text{Early Redemption GDRs} \times (\text{Early Redemption Reference Price} - \text{Conversion Costs}) \times (1 - (\text{GDR Commission} + \text{Regulatory Change Cost}))}{\text{Relevant Exchange Rate}} \right] \right)$$

Less, in each case, the *pro rata* share of any taxes or stamp duty incurred (or which would be incurred) by the EPN Security Subsidiary and/or the Issuer or an Affiliate on the sale of the Aggregate Number of Reference Units in respect of such Basket Component or the Early Redemption Shares and Early Redemption GDRs (as applicable) and/or unwind of Hedging Arrangements entered into in relation thereto, in each case rounded down to the smallest unit of the Specified Currency, subject to subject to Condition 16 (*Adjustments*) and Condition 19 (*Non-Convertibility*) and in each case subject to a minimum of zero.

15. **Disrupted Days and Determination of Early Redemption Reference Price**

(A) *Disrupted Days*

If the Issuer determines in respect of a Secured EPN that an Early Redemption Fixing Date is a Disrupted Day then:

- (a) in the case of Secured EPNs not linked to a Basket, the Early Redemption Fixing Date shall be the first succeeding Scheduled Trading Day which the Issuer determines is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the original date that, but for the determination by the Issuer of the occurrence of a Disrupted Day, would have been such Early Redemption Fixing Date is a Disrupted Day. In that case, that eighth Scheduled Trading Day will be deemed to be the relevant Early Redemption Fixing Date notwithstanding the fact that such day is a Disrupted Day; and
- (b) in the case of Secured EPNs linked to a Basket, the Early Redemption Fixing Date for each Reference Unit which is not affected by the occurrence of a Disrupted Day shall be such original Early Redemption Fixing Date which would (but for the occurrence of a Disrupted Day) have been the Early Redemption Fixing Date and for each Reference Unit which is affected by the occurrence of a Disrupted Day (each an "**Affected Reference Unit**") will be the first succeeding Scheduled Trading Day which the Issuer determines is not a Disrupted Day relating to the Affected Reference Unit, unless each of the eight Scheduled Trading Days for an Affected Reference Unit immediately following the original date that, but for the determination by the Issuer of the occurrence of a Disrupted Day, would have been such Early Redemption Fixing Date, is a Disrupted Day. In that case, that eighth Scheduled Trading Day will be deemed to be the relevant Early Redemption Fixing Date in respect of that Affected Reference Unit notwithstanding the fact that such day is a Disrupted Day.

(B) *Determination of Early Redemption Reference Price – Secured EPNs not linked to a Basket*

If, in respect of Secured EPNs not linked to a Basket, the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Early Redemption Shares and/or Early Redemption GDRs (as applicable)) all of the Aggregate Number of Reference Units, the Early Redemption Shares or the Early Redemption GDRs on the Early Redemption Fixing Date, whether due to the occurrence of a Disrupted Day or for any other reason, then the Issuer shall determine the Early Redemption Reference Price by reference to:

- (a) if the Issuer or any Affiliate or the EPN Security Subsidiary has been able to sell (or would have been able to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Early Redemption Shares and/or Early Redemption GDRs (as applicable)) some of the Aggregate Number of Reference Units, the Early Redemption Shares or the Early Redemption GDRs on the Early Redemption Fixing Date, the price(s) at which the sale of such Reference Units, Early Redemption Shares or Early Redemption GDRs (as applicable) was, or would have been, effected; and
- (b) in respect of the Reference Units, the Early Redemption Shares or the Early Redemption GDRs which have not been so sold by the Issuer or Affiliate or the EPN Security Subsidiary (or would not have been so sold if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Early Redemption Shares and/or Early Redemption GDRs (as applicable)), the Issuer's good faith estimate of

the price of one such Share or one such GDR (as applicable) on the Early Redemption Fixing Date, which may be zero.

(C) *Determination of Early Redemption Reference Price – Secured EPNs linked to a Basket*

In respect of Secured EPNs linked to a Basket, if the Issuer or any Affiliate or the EPN Security Subsidiary has been unable to sell (or would have been unable to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Early Redemption Shares and/or Early Redemption GDRs (as applicable) in respect of any Basket Component) all of the Aggregate Number of Reference Units, the Early Redemption Shares or the Early Redemption GDRs in respect of any Basket Component on the relevant Early Redemption Fixing Date, whether due to the occurrence of a Disrupted Day or for any other reason, then the Issuer shall determine the relevant Early Redemption Reference Price by reference to:

- (a) if the Issuer or any Affiliate or the EPN Security Subsidiary has been able to sell (or would have been able to sell if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Early Redemption Shares and/or Early Redemption GDRs (as applicable) comprised in such Basket Component) some of the Aggregate Number of Reference Units, the Early Redemption Shares or the Early Redemption GDRs comprised in such Basket Component on the Early Redemption Fixing Date, the price(s) at which the sale of such Reference Units, Early Redemption Shares or Early Redemption GDRs (as applicable) was, would have been, effected; and
- (b) in respect of the Reference Units, Early Redemption Shares or the Early Redemption GDRs comprised in such Basket Component which have not been so sold (or would not have been so sold if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the Aggregate Number of Reference Units, Early Redemption Shares and/or Early Redemption GDRs (as applicable) comprised in such Basket Component), the Issuer's good faith estimate of the price of one such Share or one such GDR (as applicable) on the Early Redemption Fixing Date, which may be zero.

16. Adjustments

(A) *Potential Adjustments*

In respect of any Reference Unit, following the occurrence of a Potential Adjustment Event (as defined below) or following any adjustment to the settlement terms of listed contracts on such Reference Unit traded on a relevant Related Exchange, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the value of such Reference Unit and, if so, will:

- (a) make the corresponding adjustment, if any, to the calculation of the Final Redemption Amount, the Early Redemption Amount, any Distribution Payment Amount and/or any other relevant terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect; and/or
- (b) instruct the Issuer to distribute further Secured EPNs to Securityholders on a *pro rata* basis in proportion to the Outstanding Number of Secured EPNs then held by each such Securityholder provided that such further Secured EPNs may be either (A) Secured EPNs of the same Series or of a different Series held by the Issuer or an Affiliate, (B) further Secured EPNs of the same Series issued in accordance with Condition 29 (*Further Issues*) or (C) Secured EPNs of a different Series issued by the Issuer, as determined by the Issuer in its absolute discretion; and/or

- (c) determine in its absolute discretion the cash value per Secured EPN in the Specified Currency of such Potential Adjustment Event (taking into consideration any adjustment or distribution to be made in accordance with paragraphs (a) and/or (b) above and including, without limitation, a cash amount payable to reflect the rounding of amounts in connection with the distribution of Secured EPNs in paragraph (b) above) (the "**Potential Adjustment Event Distribution Amount**") and will pay to each Securityholder in respect of each Secured EPN an amount equal to such Potential Adjustment Event Distribution Amount in accordance with Condition 18 (*Distributions*).

The Calculation Agent may elect any one or any combination of more than one adjustment(s), distribution(s) and/or payment(s) in accordance with paragraphs (a), (b) and/or (c) above as it determines to be appropriate in its absolute discretion in respect of such Potential Adjustment Event, provided that such adjustment(s), distribution(s) and/or payment(s) (as applicable) shall represent the entirety of the consequences of such Potential Adjustment Event and no such further payments or distributions shall be made in respect of such Potential Adjustment Event whether on the Maturity Date or otherwise.

In these Conditions:

"Potential Adjustment Event" means with respect to a Reference Unit and the related Reference Issuer, any of the following:

- (a) a subdivision, consolidation or reclassification of such Reference Unit (unless resulting in a Merger Event), or a free distribution or dividend of Reference Units to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of such Reference Unit of (1) such Reference Units or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of such Reference Issuer equally or proportionately with such payments to holders of such Reference Unit, or (3) share capital or other securities of another issuer acquired or owned (directly or indirectly) by such Reference Issuer as a result of a spin-off or other similar transaction, or (4) any other type of securities, rights or certificates or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) a call by it in respect of Reference Units that are not fully paid;
- (d) a repurchase by it or any of its subsidiaries of its Reference Units whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (e) an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Reference Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, certificates, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (f) any other event that may have a diluting or concentrating effect on the value of such Reference Unit.

(B) *Adjustments by reference to adjustments made by Related Exchange*

The Calculation Agent may (but need not) in its absolute discretion determine the appropriate adjustments in relation to the Secured EPNs following the occurrence of a Potential Adjustment Event by reference to the adjustment(s) in respect of such Potential Adjustment Event made by any relevant Related Exchange to listed contracts on such Reference Unit traded on such Related Exchange.

(C) *Liquidation*

If at any time, the Calculation Agent determines that by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or analogous proceeding affecting a Reference Issuer (a "**Liquidation**"):

- (a) all the Shares of such Reference Issuer are required to be transferred to any trustee, liquidator or other similar official; or
- (b) holders of the Shares of such Reference Issuer become legally prohibited from transferring them,

the Issuer shall redeem the Secured EPNs in whole in accordance with Condition 13 (*Mandatory Early Redemption*) or (in the circumstances set-out in Condition 13(B) (*Mandatory Early Redemption in Part*) only) in part.

Notice of any such redemption of the Secured EPNs shall be given to Securityholders (with a copy to the Principal Paying Agent and the Trustee) in accordance with Condition 27 (*Notices*) (and the date on which any such notice of redemption is given will be deemed to be an Early Redemption Notification Date).

(D) *Merger Event*

If the Calculation Agent determines that a Merger Event has occurred, on or after a Merger Date, the Calculation Agent shall either:

- (a) (I) make such adjustment to the settlement, payment or any other terms of the Secured EPNs as the Calculation Agent determines appropriate to account for the economic effect on the Secured EPNs of such Merger Event (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or the GDRs or to the Secured EPNs), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event by an options exchange to options on the relevant Shares and/or GDRs traded on such options exchange and (II) determine the effective date of that adjustment, or
- (b) if the Calculation Agent determines that no adjustment that it could make under (a) will produce a commercially reasonable result, notify the Securityholders in accordance with Condition 27 (*Notices*) that the relevant consequence shall be the redemption of the Secured EPNs in which case the Issuer shall redeem the Secured EPNs in whole in accordance with Condition 13 (*Mandatory Early Redemption*) or (in the circumstances set-out in Condition 13(B) (*Mandatory Early Redemption in Part*) only) in part.

Notice of such redemption of the Secured EPNs (if applicable) shall be given to the Securityholders in accordance with Condition 27 (*Notices*) (and the date on which any such notice of redemption is given will be deemed to be an Early Redemption Notification Date).

"Merger Date" means, in respect of a Merger Event the closing date of such Merger Event or, where the Calculation Agent determines that a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any Shares, any:

- (a) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding, to another entity or person;
- (b) consolidation, amalgamation, merger or binding share exchange of the related Reference Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Reference Issuer is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding);
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the related Reference Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the related Reference Issuer or its subsidiaries with or into another entity in which the related Reference Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in such outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event,

in each case if the Merger Date is on or before the related Final Fixing Date.

(E) *Nationalisation or Delisting*

If the Calculation Agent determines at any time:

- (a) all the Shares of a Reference Issuer or all the assets or substantially all the assets of a Reference Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**"); or
- (b) any Exchange announces that pursuant to the rules of such Exchange, the related Shares or GDRs cease (or will cease) to be listed, traded or publicly quoted on that Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Exchange (or, where such Exchange is within the European Union, in any member state of the European Union) ("**Delisting**"),

the Issuer shall (unless otherwise requested in writing by all Securityholders prior to such redemption taking place) redeem the Secured EPNs in whole in accordance with Condition 13 (*Mandatory Early Redemption*) or (in the circumstances set-out in Condition 13(B) (*Mandatory Early Redemption in Part*) only) in part.

Notice of any redemption of the Secured EPNs or determination pursuant to this paragraph shall be given to Securityholders in accordance with Condition 27 (*Notices*) (and the date on which any such notice of redemption is given will be deemed to be an Early Redemption Notification Date).

(F) *Tender Offer*

If the Calculation Agent determines that a Tender Offer has occurred, on or after a Tender Offer Date, the Calculation Agent shall either:

- (a) (A) make such adjustment to the settlement, payment or any other terms of the Secured EPNs as the Calculation Agent determines appropriate to account for the economic effect on the Secured EPNs of such Tender Offer (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relevant to any Shares and/or GDRs, or to the Secured EPNs), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Tender Offer by an options exchange to options on the relevant Shares and/or GDRs traded on such options exchange and (B) determine the effective date of that adjustment; or
- (b) if the Calculation Agent determines that no adjustment that it could make under (a) will produce a commercially reasonable result, notify the Securityholders in accordance with Condition 27 (*Notices*) that the relevant consequence shall be the redemption of the Secured EPNs, in which case the Issuer shall redeem the Secured EPNs in whole in accordance with Condition 13 (*Mandatory Early Redemption*) or (in the circumstances set-out in Condition 13(B) (*Mandatory Early Redemption in Part*) only) in part.

Notice of such redemption of the Secured EPNs (if applicable) shall be given to the Securityholders in accordance with Condition 27 (*Notices*) (and the date on which any such notice of redemption is given will be deemed to be an Early Redemption Notification Date).

In these Conditions:

"Tender Offer" means, in respect of any Shares, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, more than 10 per cent. and less than 100 per cent. of the outstanding voting Shares of the related Reference Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems in its determination relevant.

"Tender Offer Date" means, in respect of any Shares and a Tender Offer, the date on which at least 10 per cent. of the voting Shares of the related Reference Issuer are actually purchased or otherwise obtained (as determined by the Calculation Agent).

(G) *Adjustments in respect of Jurisdictional Events or Holding Termination Events*

The following provisions shall apply unless, in the case of Jurisdictional Events, "Jurisdictional Events" is specified as "not applicable" in the Final Terms.

If, in the determination of the Issuer, a Jurisdictional Event or a Holding Termination Event occurs, the Issuer shall make such adjustment to the Final Redemption Amount or the Early Redemption Amount as it shall determine in its absolute discretion to take account of the effect of such Jurisdictional Event or Holding Termination Event on the Issuer's, its Affiliate's or the EPN Security Subsidiary's Hedging Arrangements and any difference between the Hedge Proceeds and the amount which, but for these provisions would otherwise be the Final Redemption Amount or the Early Redemption Amount and/or the Issuer may make any other amendments to these Conditions without the consent of the Securityholders to take account of the event.

Each of the Issuer and the EPN Security Subsidiary will use commercially reasonable endeavours to preserve the value of the Hedge Proceeds, but shall not be obliged to take any measures which it determines to be commercially impracticable.

If the Issuer determines that a Jurisdictional Event or a Holding Termination Event has occurred, it may, in its absolute discretion redeem the Secured EPNs in whole in accordance with Condition 13 (*Mandatory Early Redemption*) or (in the circumstances set-out in Condition 13(B) (*Mandatory Early Redemption in Part*) only) in part.

Notice of any redemption of the Secured EPNs or determination pursuant to this Condition 16(G) shall be given to Securityholders in accordance with Condition 27 (*Notices*) (and the date on which any such notice of redemption is given will be deemed to be an Early Redemption Notification Date).

In these Conditions:

"Holding Termination Event" means, in relation to any Reference Units, any condition arises which, in the opinion of the Issuer, has the effect of prohibiting or restricting the ability of the Issuer or its Affiliates or the EPN Security Subsidiary to hedge its position in respect of such Reference Units under the Secured EPNs including, to remain the owner of, or to acquire or freely transfer (otherwise than as provided in the terms of such Reference Units) any related Reference Currency, any third currency into which the Reference Currency would be exchanged prior to being exchanged into the Specified Currency (an **"Intermediate Currency"**), the Specified Currency or such Reference Units or any Secured EPNs or positions forming its Hedging Arrangements, when compared to the position on the 'Trade Date' (as specified in the applicable Final Terms).

"Jurisdictional Event" means:

- (a) any event which occurs, whether of general application or otherwise and which occurs as a result of present or future risks in or connected with the Reference Jurisdiction(s) relating to the Secured EPNs including, but not limited to, risks associated with fraud and/or corruption, political risk, legal uncertainty, imposition of foreign exchange controls or capital controls, changes in laws or regulations and changes in the interpretation and/or enforcement of laws and regulations (including without limitation those relating to taxation) and other legal and/or sovereign risks; or
- (b) the Issuer determines that the Issuer or the EPN Security Subsidiary is not able to buy and/or sell any Reference Units related to the Secured EPNs via a trading system commonly used within the relevant Reference Jurisdiction(s) for these kind of Reference Units or such trading system fails to calculate and publish the price of any Reference Units on a day on which the Issuer determines that such calculation and publication was otherwise expected to be made,

which has or may have (as determined in the absolute discretion of the Issuer) the effect of reducing or eliminating the value of the Hedge Proceeds at any time.

(H) *Change of Exchange*

If an Exchange is changed pursuant to these Conditions, the Calculation Agent shall make such consequential modifications to the calculation of the Final Redemption Amount as it may determine. Any such modification will be promptly notified to the Securityholders in accordance with Condition 27 (*Notices*).

17. Additional Disruption Events

The following Additional Disruption Events will apply if specified as applicable in the Final Terms:

(A) *Change of Law*

"Change of Law" means that, on or after the Issue Date of the relevant Secured EPNs (I) due to the adoption of or any change in any applicable law (including, without limitation, any tax law), rule, regulation or order, any regulatory or tax authority ruling, regulation or order or any regulation, rule or procedure of any exchange (an **"Applicable Regulation"**) or compliance with any request, directive or policy of any governmental, administrative, legislative or judicial authority or power, or (II) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that:

- (a) it has or will become illegal or contrary to any Applicable Regulation or any such request, directive or policy for the Issuer, any of its Affiliates, the EPN Security Subsidiary or any entities which are relevant to any Hedging Arrangements to hold, acquire or dispose of Shares or GDRs or any futures or options contracts relating to such Secured EPNs or (if the Issuer in its discretion so determines) any depositary receipts in respect of such Secured EPNs or any Hedging Arrangements related to the Secured EPNs; or
- (b) it, any of its Affiliates or the EPN Security Subsidiary will incur a materially increased cost in performing or hedging its obligations with respect to the Secured EPNs (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) or any requirements in relation to reserves, special deposits, insurance assessments or other requirements.

(B) *Hedging Disruption*

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents or the EPN Security Subsidiary is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer or the EPN Security Subsidiary issuing and/or performing its obligations with respect to the Secured EPNs, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

(C) *Increased Cost of Hedging*

"Increased Cost of Hedging" means that the Issuer determines that the Issuer and/or any Affiliate or the EPN Security Subsidiary would incur a materially increased (as compared with circumstances existing on the Issue Date of the relevant Secured EPNs) amount of tax, duty expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of the Issuer or the EPN Security Subsidiary entering into and performing its obligations with respect to the Secured EPNs, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), *provided that* such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or its Affiliates or the EPN Security Subsidiary shall not be deemed an Increased Cost of Hedging.

(D) *Increased Cost of Stock Borrow*

"Increased Cost of Stock Borrow" means that the Issuer and/or any of its Affiliates or the EPN Security Subsidiary would incur a rate to borrow Shares or GDRs that is greater than the Initial Stock Loan Rate.

In these Conditions:

"Initial Stock Loan Rate" means, in respect of a Share or GDR, the Initial Stock Loan Rate specified in the applicable Final Terms.

(E) *Insolvency Filing*

"Insolvency Filing" means that the Calculation Agent determines that a Reference Issuer has instituted, or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or its consents to, 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 by it or such regulator, supervisor or similar official or its consents to such a petition, *provided that* proceedings instituted or petitions presented by creditors and not consented to by such Reference Issuer shall not be an Insolvency Filing.

(F) *Loss of Stock Borrow*

"Loss of Stock Borrow" means that the Issuer and/or any Affiliate or the EPN Security Subsidiary is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share or GDR in an amount equal to the Underlying Amount at a rate equal to or less than the Maximum Stock Loan Rate.

In these Conditions:

"Maximum Stock Loan Rate" means in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

"Underlying Amount" means, on any day in respect of a Series of Secured EPNs, the number of Shares or GDRs (as applicable) that the EPN Security Subsidiary is required to hold the beneficial interest of pursuant to the Trust Deed.

(G) *Consequences of an Additional Disruption Event*

If the Issuer determines that a Change of Law, Hedging Disruption, Increased Cost of Hedging or an Increased Cost of Stock Borrow or a Loss of Stock Borrow shall have occurred or the Calculation Agent determines that an Insolvency Filing shall have occurred, the Issuer may in its absolute discretion redeem the Secured EPNs in whole or (in the circumstances of Condition 13 (*Mandatory Early Redemption*) or (in the circumstances set-out in Condition 13(B) (*Mandatory Early Redemption in Part*) only) in part.

Notice of any redemption of the Secured EPNs or determination pursuant to this Condition 17 shall be given to Securityholders by the Issuer in accordance with Condition 27 (*Notices*) (and the date on which any such notice of redemption is given will be deemed to be an Early Redemption Notification Date).

18. Distributions

The following provisions apply if "Distribution Payment Amount" is specified as applicable in the Final Terms:

(A) *Distribution Payment Amount – Secured EPNs not linked to a Basket*

In the case of any Secured EPN which is not linked to a Basket, the Issuer shall pay to each Securityholder:

- (a) in respect of each Secured EPN an amount equal to the cash dividend or cash distribution received by the Issuer or any Affiliate or the EPN Security Subsidiary (or which would be so received if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the relevant Reference Units) in respect of the Number of Reference Units per Secured EPN *less* any applicable taxes thereon whether imposed or levied by or on behalf of a Reference Jurisdiction, the United Kingdom (or any sub-division thereof) or any taxing authority in any other jurisdiction and converted into the Specified Currency at the Relevant Exchange Rate prevailing on the date of receipt; and
- (b) in respect of each Secured EPN (as applicable), any Potential Adjustment Event Distribution Amount which the Calculation Agent determines to be payable in accordance with Condition 16(A) (*Potential Adjustments*),

such amount, the "**Distribution Payment Amount**".

(B) *Distribution Payment Amount – Secured EPNs linked to a Basket*

In the case of any Secured EPN which is linked to a Basket, for each Basket Component the Issuer shall pay to each Securityholder:

- (a) in respect of each Secured EPN an amount equal to the cash dividend or cash distribution received by the Issuer or any Affiliate or the EPN Security Subsidiary in respect of the Number of Reference Units per Secured EPN in respect of such Basket Component (or which would be so received if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, held the relevant Reference Units) *less* any applicable taxes thereon whether imposed or levied by or on behalf of a relevant Reference Jurisdiction, the United Kingdom (or any sub-division thereof) or any taxing authority in any other jurisdiction and converted into the Specified Currency at the Relevant Exchange Rate prevailing on the date of receipt; and
- (b) in respect of each Secured EPN (as applicable), any Potential Adjustment Event Distribution Amount which the Calculation Agent determines to be payable in accordance with Condition 16(A) (*Potential Adjustments*),

such amount, the "**Distribution Payment Amount**".

In these Conditions:

"Reference Jurisdiction(s)" means (i) in respect of Secured EPNs not linked to a Basket, the jurisdiction(s) specified as such in the Final Terms, provided that if none is specified, the Reference Jurisdictions are the jurisdiction in which the Reference Issuer is incorporated and the jurisdiction of which any Intermediate Currency is the lawful currency, and (ii) in respect

of Secured EPNs linked to a Basket and in respect of each Basket Component, the jurisdiction(s) specified as such in the Final Terms for such Basket Component provided that if none is specified, the Reference Jurisdictions for such Basket Component are the jurisdiction in which the relevant Reference Issuer is incorporated and the jurisdiction of which any relevant Intermediate Currency is the lawful currency.

19. Non-Convertibility

If the Issuer determines on the Maturity Date or the Early Redemption Date that a Non-Convertibility Condition exists (the "**Non-Convertibility Condition Determination Date**") then the Issuer shall satisfy its payment obligations by paying to the Securityholders:

- (a) in the case of Secured EPNs linked to a Basket only, on the Maturity Date an amount equal to the Final Redemption Amount or Early Redemption Amount, as the case may be, which would have been determined assuming for this purpose that the relevant Basket is comprised solely of Reference Units which have not been affected by such Non-Convertibility Condition; and
- (b) on or as soon as practicable after the Maturity Date or the Early Redemption Date, as the case may be, the *pro rata* share of an amount in the Reference Currency(ies) equal to any payment in the Reference Currency(ies) received by the Issuer or any Affiliate or the EPN Security Subsidiary following the sale by it of the relevant Aggregate Number of Reference Units, or Final Shares and Final GDRs (as applicable) affected by such Non-Convertibility Condition (or which would have been received if the Issuer or any Affiliate or the EPN Security Subsidiary, as the case may be, had held and sold the Aggregate Number of Reference Units, Final Shares or Final GDRs affected by such Non-Convertibility Condition), *less* any taxes or stamp duty incurred, or which would have been incurred, by the Issuer or any Affiliate or the EPN Security Subsidiary on such sale and *minus* any Commission, Share Commission or GDR Commission, as appropriate and rounded down to the smallest unit of the Reference Currency, *provided that* if, prior to the payment of such relevant amount, an event beyond the control of the Issuer exists as a result of which the Issuer cannot make payment of such amount in a commercially reasonable manner, then payment shall be postponed until such event ceases to exist. If such condition still exists on the Currency Business Day which is 5 years after the Non-Convertibility Condition Determination Date, then the Issuer's outstanding obligations to pay such amount will be discharged in full.

For the purpose of this Condition 19, "**Currency Business Day**" means a day which is a Banking Day on which commercial banks and foreign exchange markets are generally open to settle payments in the city or cities determined by the Issuer to be the principal financial centre(s) for the Reference Currency.

"**Non-Convertibility Condition**" means, in relation to any Reference Units, in the determination of the Issuer:

- (a) a condition created by or resulting from any action of or failure to act by any governmental authority, or a local market condition that has the effect of prohibiting, restricting or materially delaying the exchange of a related Reference Currency for the Settlement Currency (whether directly or, pursuant to any Hedging Arrangements, indirectly by exchange into an Intermediate Currency and exchange therefrom into the Settlement Currency), or the free and unconditional transferability of the resulting Settlement Currency or Intermediate Currency or the free and unconditional transfer of a related Reference

Currency or Intermediate Currency between non-resident accounts, when compared with the position on the Issue Date; or

- (b) any event in relation to a related Reference Jurisdiction which has the effect of prohibiting, restricting or materially delaying the exchange of a related Reference Currency or Intermediate Currency for the Settlement Currency or Intermediate Currency at a rate at least as favourable as the rate for domestic institutions located in such Reference Jurisdiction.

"Reference Currency(ies)" means the currency(ies) of the proceeds which a holder of the Aggregate Number of Reference Units, or the Final Shares and Final GDRs (as applicable) in respect of the Secured EPNs (in the case of Secured EPNs not linked to a Basket) or in respect of each Basket Component (in the case of Secured EPNs linked to a Basket), may receive upon sale of these assets.

"Settlement Currency" means, with respect to a series of Secured EPNs, the Specified Currency in the Final Terms.

20. Duty to notify Trustee and Principal Paying Agent

If the Issuer or the Calculation Agent (as applicable) determines that an Adjustment Event, as described in Condition 16 (*Adjustments*) and Condition 17 (*Additional Disruption Events*), or a Jurisdictional Event or Holding Termination Event, as described in Condition 16(G) (*Adjustments in respect of Jurisdictional Events or Holding Termination Events*), has occurred which results in either (a) an adjustment to the Final Redemption Amount, Early Redemption Amount or Distribution Payment Amount of the Secured EPNs, or (b) results in the designation of an Early Redemption Date, the Issuer shall give the Trustee and the Principal Paying Agent no less than five (5) Business Days notice prior to any date for payment of the adjusted Final Redemption Amount, Distribution Payment Amount or Early Redemption Amount (as applicable) or the designation of an Early Redemption Date.

If the Issuer determines that a Non-Convertibility Condition, as described in Condition 19 (*Non-Convertibility*) has occurred, the Issuer shall give the Trustee and the Principal Paying Agent no less than five (5) Business Days notice prior to any date for payment of the adjusted Final Redemption Amount or Early Redemption Amount or any amendment to the Redemption Date or the Early Redemption Date.

The Issuer shall procure that any such adjustments are made available to Securityholders at the specified offices of the Agents and, if so required by the rules of the stock exchange(s) on which the Secured EPNs are listed or the relevant competent authority, that notice of such adjustments are notified to Securityholders as required by the relevant stock exchange or competent authority.

21. Taxation

Without prejudice to Condition 7(A)(a), all payments of principal or Distribution Payment Amount in respect of the Secured EPNs by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of a Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the relevant Paying Agent or the Trustee) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and the Issuer shall not pay any additional amounts to the holders of the Secured EPNs.

22. Prescription

The Secured EPNs will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined below) therefor.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Securityholders in accordance with Condition 27 (*Notices*).

23. Events of Default

(A) Occurrence of Events of Default

The Trustee at its discretion may, and if so requested in writing by Securityholders of at least one-fifth in principal amount or number of units of the outstanding Secured EPNs of a Series or if directed by an Extraordinary Resolution (as defined in the Principal Trust Deed) of one or more Series of Secured EPNs, shall (in each case, provided that the Trustee is secured, indemnified and/or prefunded, to its satisfaction) give notice (an "**Acceleration Notice**") to the Issuer that all Series of Secured EPNs are, and they shall accordingly immediately become, due and payable, at their Acceleration Amount (each an "**Event of Default**"):

- (a) if default is made in the payment of any Distribution Payment Amount due in respect of the Secured EPNs and the default continues for a period of 14 days after the due date; or
- (b) if default is made in the payment of any principal or premium (if any) due in respect of the Secured EPNs or in the delivery when due of the Entitlement in respect of the Secured EPNs (in each case whether at maturity or upon redemption or otherwise), and the default continues for a period of 7 days after the due date; or
- (c) if the Issuer or the EPN Security Subsidiary fails to perform or observe any of its other obligations under these Terms and Conditions, the Principal Trust Deed or the Agency Agreement and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for the period of 30 days (or such longer period as the Trustee may permit) after the date on which the Trustee gives written notice of such failure, requiring the Issuer or the EPN Security Subsidiary to remedy the same, to the Issuer or the EPN Security Subsidiary (as the case may be); or
- (d) if: (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer fails to make any payment in respect of any such Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period; (iii) any security given by the Issuer (excluding any Conduit Security Interest, as defined in Condition 3 (*Negative Pledge*)) for any Indebtedness for Borrowed Money becomes enforceable; (iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money; *provided, however, that* no event described in this Condition 23(A)(d) shall constitute an Event of Default where (A) the Issuer is taking action in good faith in appropriate legal proceedings to dispute the validity of the obligation alleged to arise by virtue of such event or the enforceability of the security, as the case may be; or (B) any such event arises solely because

of inadvertence or mechanical failure or other failure in transmission; or (C) the relevant Indebtedness for Borrowed Money when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred and not been cured since the Issue Date shall not exceed US\$10,000,000 (or its equivalent in any other currency), and in respect of each of (A), (B) and (C) above, the Issuer has delivered a certificate to the Trustee signed by two Directors of the Issuer that (A), (B) or (C) above is applicable and provided reasonable details in respect thereof; or

- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the EPN Security Subsidiary, save for the purposes of reorganisation on terms approved in writing by the Trustee or by Extraordinary Resolution; or
- (f) if the Issuer or the EPN Security Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by Extraordinary Resolution, or the Issuer or the EPN Security Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) (i) if proceedings are initiated against the Issuer or the EPN Security Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or the EPN Security Subsidiary or, as the case may be, in relation to the whole or a substantial part (in the opinion of the Trustee) of its undertaking or assets or an encumbrancer takes possession of the whole or a substantial part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of its undertaking or assets, and (ii) in any such case (other than the appointment of an administrator) is not discharged, dismissed, suspended or stayed within 28 days; or
- (h) if the Issuer or the EPN Security Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (i) if the validity of the Secured EPNs or the EPN Security is contested by the Issuer or the Issuer denies any of its obligations under the Secured EPNs or the EPN Security.

(B) *Redemption of all Series*

If an Acceleration Notice is delivered in respect of any Series of Secured EPNs, an Event of Default will be deemed to have occurred in respect of all Series of Secured EPNs and such Acceleration Notice will be deemed to be a valid Acceleration Notice sent in respect of all Series of Secured EPNs.

(C) *Realisation of the EPN Security*

The EPN Security shall become enforceable upon the Trustee giving an Acceleration Notice to the Issuer. Upon the EPN Security becoming enforceable and subject to: (i) being indemnified and/or secured and/or prefunded to its satisfaction and (ii) all applicable laws, the Trustee shall without further notice appoint a Receiver of all of the Charged EPN Shares. The Principal Trust Deed provides that it shall be a term of the appointment of any such Receiver that the Receiver shall enforce the EPN Security by taking immediate possession of the Charged EPN Shares and thereafter exercise its rights as sole holder of the Charged EPN Shares to direct the EPN Security Subsidiary to appoint a selling agent to procure the sale of the Shares and GDRs held by the EPN Security Subsidiary in respect of all Series of Secured EPNs during the Acceleration Sale Period in each case on the terms specified in the Principal Trust Deed and subject to all applicable laws and to any such actions being legally possible at that time.

Subsequent to the expiry of the Acceleration Sale Period, the Trustee shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent), which notice shall be irrevocable, of the date on which the proceeds of the enforcement of the EPN Security by the Trustee shall be applied as specified in the Principal Trust Deed.

(D) *Definitions*

In these Conditions:

"Acceleration Amount" means, in respect of a Series of Secured EPNs, an amount in aggregate equal to the sale proceeds received by or on behalf of the Trustee on the sale of the Share(s) or GDR(s) specified in the applicable Final Terms in respect of such Series held by the EPN Security Subsidiary and sold during the Acceleration Sale Period (*less* any costs, expenses and liabilities that the Trustee, any selling agent or any person acting on their behalf incurs directly or indirectly in selling such Shares or GDRs, if any).

"Acceleration Sale Period" means the period from and including the date on which the Acceleration Notice is delivered until such date as the Receiver appointed by the Trustee in accordance with these Conditions determines to be necessary to effect the sale of the Shares and/or GDRs of all Series of Secured EPNs.

"Indebtedness for Borrowed Money" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) any borrowed money, (ii) any notes, bonds, debentures, debenture stock, loan stock or other securities or (iii) any liability under or in respect of any acceptance or acceptance credit other than liabilities in respect of deposits made by third parties in the ordinary course of the retail banking business of the VTB Group (being JSC VTB Bank together with its subsidiaries).

"Receiver" has the meaning given to such term in the Principle Trust Deed.

24. Enforcement and Non-petition

(A) *Enforcement*

- (a) Subject to Condition 23(C) (*Realisation of the EPN Security*), the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) as it may think fit against or in relation to the Issuer or the EPN Security Provider to enforce its obligations under these presents or otherwise.

- (b) Subject to Condition 23(C) (*Realisation of the EPN Security*), the Trustee shall not be bound to take any steps, action or proceedings mentioned in Condition 23 (*Events of Default*) or any other steps or action in relation to the Trust Deed unless respectively directed or requested to do so (a) by an Extraordinary Resolution of or (b) in writing by the holders of at least one-fifth in aggregate principal amount or number of units of, each and all Series of the Secured EPNs then outstanding and in each case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.
- (c) Only the Trustee may pursue the remedies available under the Conditions and the Principal Trust Deed and enforce the rights of the Securityholders in relation to the EPN Security.
- (d) No Securityholder is entitled to proceed directly against the Issuer or the EPN Security Subsidiary or any assets of the Issuer or the EPN Security Subsidiary unless the Trustee, having become bound to proceed in accordance with the terms of the Principal Trust Deed or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the EPN Security or pursue the remedies available under the Principal Trust Deed or the Conditions (including under Condition 23(A) (*Occurrence of Events of Default*)) or otherwise take any action unless it is indemnified secured and/or prefunded to its satisfaction.

(B) *Non-petition*

No Securityholder, may institute against, or join any person in instituting against the EPN Security Subsidiary any bankruptcy, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding or other proceeding under any similar law until one year plus one day after the latest date on which any Secured EPN issued by the Issuer has redeemed.

25. Indemnification and Role of the Trustee

(A) *Indemnification*

The Principal Trust Deed contains provisions for indemnifying and/or securing and/or prefunding the Trustee and for its relief from responsibility, including provisions relieving it from taking any actions (including the giving of an Acceleration Notice pursuant to Condition 23(A) (*Occurrence of Events of Default*)) and the taking of proceedings to enforce repayment) unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee or any of its Affiliates is entitled to enter into business transactions with the Issuer, the EPN Security Subsidiary, any issuer of the Shares or any of the Securityholders or any of their respective subsidiaries or associated companies without accounting to the Securityholders for any profit resulting therefrom.

(B) *Trustee and Principal Paying Agent not responsible for verifying determinations*

Where the Issuer or the Calculation Agent is granted, pursuant to these Conditions, the power to make any determination in respect of the Secured EPNs, including, without, limitation in respect of the occurrence of an Adjustment Event, neither the Trustee nor the Principal Paying Agent is responsible for verifying the accuracy of any such determination and accepts no liability to Securityholders should any such determination prove inaccurate and such determinations shall be binding on all parties.

(C) *Amendments*

Prior to making any adjustment or amendment to these Conditions pursuant to any powers granted to it by Condition 7(A) (*Redenomination*), Condition 13(B) (*Mandatory Early Redemption in Part*), Condition 16(A) (*Potential Adjustments*), Condition 16(D) (*Merger Event*), Condition 16(F) (*Tender Offer*) or Condition 16(G) (*Adjustments in respect of Jurisdictional Events or holding Termination Events*) to make such adjustments or amendments in its discretion and without the consent of the Trustee or the Securityholders, the Issuer and the Calculation Agent (as applicable) shall provide the Trustee with 10 Business Days prior written notice of the proposed adjustment or amendment and the Trustee shall be entitled to reject any such adjustment or amendment if such amendment would, in the opinion of the Trustee, have the effect of (i) changing, increasing or adding to the obligations or duties of the Trustee or (ii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee hereunder.

The Trustee (at the expense of the Issuer) and the Issuer shall promptly thereafter assent to, and execute, such amendments to these Conditions (or execute such other document) as shall be recommended by the Calculation Agent or the Issuer (as the case may be) to give effect to such adjustments or amendment.

26. Paying Agents and Calculation Agent

(A) *Paying Agents*

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

The Issuer is entitled (with the prior written approval of the Trustee) to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, *provided, however, that*:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Secured EPNs are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent, which may be the Principal Paying Agent, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated or is resident for tax purposes; and
- (d) there will at all times be a Paying Agent with a specified office in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing, or complying with, or introduced in order to conform to, any such Directive, *provided, however, that* under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8(E)(a). Notice of any variation, termination, appointment or change will be given to the Securityholders promptly in accordance with Condition 27 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Securityholders. The Agency Agreement contains provisions permitting any entity into which any Paying 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 paying agent.

(B) *Calculation Agent*

In relation to each issue of Secured EPNs, the Calculation Agent acts solely as agent of the Issuer or, following the delivery of an Acceleration Notice, the Trustee, and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. All calculations and determinations made in respect of the Secured EPNs by the Calculation Agent shall be in its sole and absolute discretion, in good faith, and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the EPN Security Subsidiary, the Trustee, the Paying Agents and the Securityholders. The Calculation Agent shall promptly notify the Issuer, the EPN Security Subsidiary, the Trustee and the Principal Paying Agent upon any such calculations and determinations, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the EPN Security Subsidiary, the Trustee, the Paying Agents or the Securityholders 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.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

27. Notices

All notices regarding the Secured EPNs will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Secured EPNs are admitted to trading and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or on the website of the Luxembourg Stock Exchange (www.bourse.lu). It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxembourger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Secured EPNs 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.

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

Notices to be given by any Securityholder shall be in writing and given by lodging the same, together (in the case of any Secured EPN in definitive form) with the relative Secured EPN or Secured EPNs, with the Principal Paying Agent. Whilst any of the Secured EPNs are represented by

a Secured Global Security, such notice may be given by any holder of a Secured EPN to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

28. Meetings of Securityholders, Modification, Waiver, Authorisation and Substitution

(A) *Meetings of Securityholders, Modification and Waiver*

The Principal Trust Deed contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Secured EPNs or any of the provisions of these Conditions. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Issuer if required in writing by the Securityholders holding not less than five per cent. in principal amount or number of units of the Secured EPNs for the time being remaining outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in principal amount or number of units of the Secured EPNs for the time being outstanding, or at any adjourned meeting one or more persons being or representing Securityholders whatever the principal amount or number of units of the Secured EPNs so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Secured EPNs (including modifying the date of maturity of the Secured EPNs, reducing or cancelling the amount of principal in respect of the Secured EPNs or altering the currency of payment of the Secured EPNs), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount or number of units of the Secured EPNs for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount or number of units of the Secured EPNs for the time being outstanding.

Any modification or amendment proposed to be made pursuant to an Extraordinary Resolution which would, in the opinion of the Trustee affect more than one Series of Secured EPNs shall not be effective unless passed by Extraordinary Resolutions of each affected Series of Secured EPNs. Without limitation, any amendment affecting the EPN Security shall not be effective unless passed by Extraordinary Resolutions from each Series of Secured EPNs.

An Extraordinary Resolution passed at any meeting of the Securityholders of any Series shall be binding on all the Securityholders of such Series, whether or not they are present at the meeting. An Extraordinary Resolution is a resolution passed at a meeting duly convened and held in accordance with the Principal Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or a resolution in writing signed by or on behalf of all the Securityholders, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Securityholders.

In addition, a resolution in writing signed by or on behalf of all Securityholders who for the time being are entitled to receive notice of a meeting of Securityholders under the Principal Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

Subject to the terms of Condition 25(C) (*Amendments*), the Trustee and the Issuer may agree, without the consent of the Securityholders, to:

- (a) any modification (except as mentioned above) of the Secured EPNs, the Principal Trust Deed, the Agency Agreement or any other document entered into in respect of the Secured EPNs or to any waiver or authorisation of any breach or proposed breach by the Issuer of any of the terms of the Secured EPNs, the Principal Trust Deed, the Agency Agreement or any other document entered into in respect of the Secured EPNs or determine that any Event of Default (as defined in Condition 23 (*Events of Default*)) shall not be treated as such which is not materially prejudicial to the interests of the Securityholders; or
- (b) any modification of the Secured EPNs, the Principal Trust Deed, the Agency Agreement or any other document entered into in respect of the Secured EPNs which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 27 (*Notices*) as soon as practicable thereafter.

(B) *Substitution of Issuer or Branch*

The Principal Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Securityholders, to the substitution of the Issuer for another company (the "**Substitute**") as principal debtor in respect of its obligations arising from or in connection with the Secured EPNs **provided that** certain conditions specified in the Principal Trust Deed are fulfilled, including, *inter alia*, that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Secured EPNs represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Secured EPNs and shall have become a party to the Principal Trust Deed and the Agency Agreement, with any consequential amendments; (iii) each stock exchange or listing authority on which the Secured EPNs are listed (if any) shall have confirmed that following the proposed substitution of the Substitute the Secured EPNs would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Securityholders in accordance with Condition 27 (*Notices*) (with a copy to the Trustee), including by providing notice of the substitution to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them to be published subsequently in accordance with Condition 27 (*Notices*).

The Issuer may, upon giving notice to the Securityholders in accordance with Condition 27 (*Notices*), and provided that it has obtained the prior written consent of the Trustee, change the branch through which the Issuer is acting for the purposes of the Secured EPNs, the date of such change to be specified in such notice *provided, however, that* no change may take place prior to the date of the giving of such notice. The Issuer shall provide notice of any such change of branch to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them (to be published subsequently in accordance with Condition 27 (*Notices*)).

(C) *Entitlement of the Trustee*

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for any individual Securityholder resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any

indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

29. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Securityholders to create and issue further securities having terms and conditions the same as the Secured EPNs and so that the same shall be consolidated and form a single Series with the outstanding Secured EPNs.

If the Issuer issues further Secured EPNs of the same Series during the initial 40-day restricted period applicable to the outstanding Secured EPNs of such Series, then such 40-day period will be extended until 40 days after the later of the commencement of the offering of such further issue of Secured EPNs and the Issue Date of such further issue of Secured EPNs. In addition, if the Issuer issues further Secured EPNs of the same Series after the expiration of the 40-day restricted period, a new 40-day restricted period will be applied to such further issue of Secured EPNs without applying to the outstanding Secured EPNs. After the expiration of the new 40-day restricted period, all such Secured EPNs will be consolidated with and form a single Series with the outstanding Secured EPNs.

30. Contracts (Rights of Third Parties) Act 1999

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

31. Governing Law and Submission to Jurisdiction

(A) *Governing law*

The Agency Agreement, the Principal Trust Deed, the Secured EPNs and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Principal Trust Deed and the Secured EPNs shall be governed by, and construed in accordance with, English law.

(B) *Submission to jurisdiction*

In relation to any legal action or proceedings arising out of or in connection with the Secured EPNs (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the Secured EPNs) ("**Proceedings**"), the courts of England have exclusive jurisdiction and the Issuer and the Securityholders submit to the exclusive jurisdiction of the English courts. The Issuer and the Securityholders waive any objection to Proceedings in the English courts on the grounds of venue or that the Proceedings have been brought in an inconvenient forum.

32. Severability

Should any of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

FORM OF FINAL TERMS OF THE W&C SECURITIES

Set out below is the form of Final Terms which will be completed for each Tranche of W&C Securities issued under the Programme.

[Date]

IMPORTANT NOTICE

THE W&C SECURITIES DESCRIBED HEREIN ("W&C SECURITIES") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS AND THE W&C SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRADED, PLEDGED, EXERCISED, REDEEMED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'U.S. PERSON' AS DEFINED IN RULE 902(K) OF REGULATION S UNDER THE SECURITIES ACT, WHICH TERM IS DEEMED TO INCLUDE ANY PERSON THAT DOES NOT MEET THE DEFINITION OF 'NON-UNITED STATES PERSON' IN RULE 4.7 PROMULGATED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED ("CEA"). FURTHERMORE, TRADING IN THE W&C SECURITIES HAS NOT BEEN APPROVED BY THE CFTC UNDER THE CEA AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE W&C SECURITIES.

VTB CAPITAL plc

Issue of [Aggregate Number of Tranche] [Title of W&C Securities] under the Note, Warrant and Certificate Programme

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of W&C Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the W&C Securities. Accordingly any person making or intending to make an offer of the W&C Securities may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of W&C Securities in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.⁶

⁶ Consider including this legend where a non-exempt offer of W&C Securities is anticipated.

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of W&C Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the W&C Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of the W&C Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of W&C Securities in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.]⁷

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 27 June 2012 [and the supplement[s] to the Base Prospectus dated [●] and [●]] which [together] constitute[s] a base prospectus for the purposes of [the Prospectus Directive][Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in any relevant Member State of the European Economic Area, the "**Prospectus Directive**")], which includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU]. This document constitutes the Final Terms of the W&C Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of W&C Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus and the supplement[s] to the Base Prospectus [are] [is] available for viewing at, and copies may be obtained from the specified offices of each of the Agents and on the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, in the case of W&C Securities listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the Base Prospectus dated 27 June 2012 [and the supplement[s] to the Base Prospectus dated [●] and [●]]. This document contains the Final Terms of the W&C Securities described herein for the purposes of Article 5.4 of [the Prospectus Directive][Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in any relevant Member State of the European Economic Area, the "**Prospectus Directive**")], which includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU] and must be read in conjunction with the Base Prospectus dated [*current date*] [and the supplement[s] to the Base Prospectus dated [●] and [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] and are attached hereto. Full information on the Issuer and the offer of W&C Securities is only available on the basis of the combination of these Final Terms and the Base

⁷ Consider including this legend where only an exempt offer of W&C Securities is anticipated.

Prospectus[es dated [●] and [●] [and the supplement[s] to the Base Prospectus dated [●] and [●]]. The Base Prospectuses [and the supplements[s] to the Base Prospectus dated [●] and [●]] [is][are] available for viewing at, and copies may be obtained from, the specified office of each of the Agents and on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, in the case of W&C Securities listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).]

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

[When adding any other Final Terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: VTB Capital plc
2. (i) Series Number: []
(ii) Tranche Number: []
If fungible with an existing Series, include details of that Series, including the date on which the W&C Securities become fungible
3. Type of W&C Security: [Warrants/Certificates]
[Index Linked W&C Securities / Equity Linked W&C Securities / Currency Linked W&C Securities / Commodity Linked W&C Securities / Fund Linked W&C Securities / Credit Linked W&C Securities / (*specify other type of W&C Security*)]
4. Trading Method The W&C Securities will be traded in a unit basis.
5. Specified Currency or Currencies: []
6. Aggregate Number of W&C Securities being issued:
(i) [Series:] []
(ii) [Tranche: []]
7. Issue Price: []
8. Notional Amount per W&C Security []
(*for calculation purposes only*):
9. Issue Date: []
Trade Date: []

10. Exercise Date:

[For Certificates and European Style Warrants insert:

- (i) Exercise Date: *[insert single Exercise Date]*, Provided That, if such date is not an Exercise Business Day, the Exercise Date shall be the immediately *[preceding/succeeding]* Exercise Business Day *[(the "Scheduled Exercise Date")]*, *[subject as provided in the Credit Linked Conditions] (include for Credit Linked W&C Securities)]*

[For Bermudan Style Warrants insert:

- (ii) Exercise Dates: *[insert Exercise Dates]*, Provided That, if any such date is not an Exercise Business Day, the applicable Exercise Date shall be the immediately *[preceding/succeeding]* Exercise Business Day *[(the "Scheduled Exercise Date")]*, *[subject as provided in the Credit Linked Conditions] (include for Credit Linked W&C Securities)]*

[For American Style Warrants insert:

- (iii) Exercise Period: From and including *[]* to and including *[]*, Provided That, if either day is not an Exercise Business Day, the immediately *[succeeding]* Exercise Business Day, *[subject as provided in the Credit Linked Conditions] (include for Credit Linked W&C Securities)]*

11. Additional Business Centre: *[]*

12. Settlement: Settlement will be by way of *[cash payment ("Cash Settled")]* *[and/or]* *[physical delivery ("Physical Delivery")]*

13. Issuer's option to vary settlement: *[]*

14. Cash Settled W&C Securities: *[Applicable]/[Not Applicable]*

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

- (i) Cash Settlement Amount: *[As per Condition 4(B)]/[Other (Insert details of how Cash Settlement Amount is to be calculated)]*

- (ii) Settlement Date: *[As per Condition 4(F)]/[Other (specify)]*

- (iii) Settlement Price: *[]*

- (iv) Settlement Currency: *[]*

- (v) Exchange Rate: The Exchange Rate for conversion of any amount into the relevant settlement currency for the purposes of determining

the Cash Settlement Amount is [].

15. Calculation Agent: [other]
16. Early Cancellation Amount: [As per Condition 6(C)]/[Other (specify)]

PROVISIONS RELATING TO WARRANTS

17. Type of Warrants: [American/Bermudan/European/other] Style
- Call/Put: [Call/Put Warrants]
18. Exercise Price: The Exercise Price per Warrant is [●]. (N.B. This should, in the case of an Index Linked Warrants, be expressed as a monetary value).
19. Automatic Exercise: Automatic exercise [applies/does not apply] to the Warrants.
20. Minimum Exercise Number: The minimum number of Warrants that may be exercised on any day by any Holder is [] [and Warrants may only be exercised in integral multiples of [] Warrants in excess thereof].
21. Maximum Exercise Number: The maximum number of Warrants that must be exercised on any day by any Holder or group of Holders (whether or not acting in concert) is []. (N.B. not applicable for European Style Warrants)

PROVISIONS RELATING TO REFERENCE ASSETS

22. Index Linked W&C Securities: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [The provisions of Annex 1 of the Terms and Conditions – Additional Terms and Conditions for Index Linked W&C Securities shall apply.]
- (i) Index/Basket of Indices/ Index Sponsor(s): []
- [The [] Index is a Multi-Exchange Index]
- [The Index Currency for the [] Index is []]
- (ii) Calculation Agent responsible for making calculations in respect of the W&C Securities: []
- (iii) Cash Settlement Amount: [] per W&C Security

- (iv) Averaging: [The Averaging Dates are [].] [Not Applicable]
- [In the event that an Averaging Date is a Disrupted Day, [Omission/ Postponement/ Modified Postponement] will apply.]
- (v) Index Performance: [Applicable - *(insert formula)*/Not Applicable]
- (A) Best Performing Index: [Applicable – the Best Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]] the Index having the highest Index Performance Provided That if [both][two or more] Indices have the same highest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Best Performing Index for such date/Not Applicable]
- (B) Worst Performing Index: [Applicable – the Worst Performing Index means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (*specify as applicable/other*)], as the case may be,]] the Index having the lowest Index Performance Provided That if [both][two or more] Indices have the same lowest Index Performance, then the Calculation Agent shall determine which Index shall constitute the Worst Performing Index for such date]/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]
- [*insert details*]
- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is []. (*N.B. Only applicable in relation to Index Linked W&C Securities relating to a Basket*)
- (viii) Exchange(s): []
- (ix) Related Exchange: []/[All Exchanges]
- (x) Valuation Date(s): []
- (xi) Valuation Time: []
- (xii) Observation Date(s): []
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to (and including/but excluding) []][Not Applicable]
- (*N.B. this definition will need to be revised if there is more than one Observation Period*)
- (xiv) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation

Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*]

(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)

(xv) Trade Date: []

(xvi) Additional Disruption The following Additional Disruption Events apply to the Events: W&C Securities:

[Change of Law]

[Hedging Disruption]

[Increased Cost of Hedging]

(xvii) Knock-in, Knock-out [Applicable – the provisions of Index Linked Condition 6 Provisions: apply to the W&C Securities/Not Applicable]

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

(A) Knock-in Determination Day: []

(B) Knock-in Event and consequences of a Knock-in Event: []

(C) Knock-in Level: []

(D) Knock-in Period Beginning Date: []

(E) Knock-in Period Ending Date: []

(F) Knock-in Valuation Time: []

(G) Knock-out Determination Day: []

(H) Knock-out Event and consequences of a Knock-out Event: []

(I) Knock-out Level: []

(J) Knock-out Period Beginning Date: []

(K) Knock-out Period []

- Ending Date:
- (L) Knock-out Valuation Time: []
- (M) Knock-in/Knock-out Determination Day consequences of a Disrupted Day: []
- (N) Knock-in/Knock-out intraday valuation consequences of disruption: [Omission][Materiality]
- (O) Additional Knock-in/Knock-out Determination Day Disrupted Day provisions: [] *(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)*
- (xviii) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the W&C Securities:
[Trigger Event (Closing Observation)]
[Trigger Event (Intraday Observation)]
[specify other and consequences]
- (B) Trigger Event Observation Date: [] *(N.B. Only applicable where provisions of the Index Linked Conditions are not appropriate)*
- (C) Trigger Event Valuation Time: []
- (D) Trigger Percentage: [per cent.]
- (E) Trigger Event Strike Level: []
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation [Omission][Materiality]

consequences of
disruption:

(H) Additional Trigger []
Event Observation
Date Disrupted Day (N.B. Only applicable where provisions of the Index Linked
provisions: Conditions are not appropriate)

(xix) Mandatory Early [Applicable - the provisions of Index Linked Condition 6
Termination: apply to the W&C Securities/Not Applicable]

(If Not Applicable, delete the following sub-paragraphs)

(A) Mandatory Early []
Termination
Amount: (N.B. Only applicable where provisions of Index Linked
Conditions are not appropriate)

(B) Mandatory Early
Termination
Calculation
Amount: [Each Calculation Amount][specify other]

(C) Mandatory Early
Termination Date: []

(D) Mandatory Early
Termination Event: []

(E) Mandatory Early
Termination Level: []

(F) Mandatory Early
Termination Rate: []

(G) Mandatory Early []
Termination
Valuation Date: (N.B. Specify if consequences of a Disrupted Day are other
than as provided in the Index Linked Conditions)

(H) Mandatory Early
Termination
Valuation Time: []

(xx) Other terms or special
conditions: []

23. Equity Linked W&C Securities: [Applicable/Not Applicable]

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

[The provisions of Annex 2 of the Terms and Conditions –
Additional Terms and Conditions for Equity Linked W&C

Securities shall apply.]

- (i) Share(s) / Basket of Shares: []
- (ii) Calculation Agent responsible for making calculations in respect of the W&C Securities: []
- (iii) Cash Settlement Amount: [] per W&C Security
- (iv) Averaging: [The Averaging Dates are []].] [Not Applicable]
 [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]
- (v) Share Performance: [Applicable - *(insert formula)*/Not Applicable]
 - (A) Best Performing Share: [Applicable – the Best Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,]] the Share having the highest Share Performance Provided That if [both][two or more] Shares have the same highest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Best Performing Share for such date/Not Applicable]
 - (B) Worst Performing Share: [Applicable – the Worst Performing Share means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, *(specify as applicable/other)*], as the case may be,]] the Share having the lowest Share Performance Provided That if [both][two or more] Shares have the same lowest Share Performance, then the Calculation Agent shall determine which Share shall constitute the Worst Performing Share for such date]/Not Applicable]
- (vi) Exchange Rate: [Applicable/Not Applicable]
 [*insert details*]
- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Share Performance is [].
 (N.B. Only applicable in relation to Equity Linked W&C Securities relating to a Basket)
- (viii) Exchange(s): []
- (ix) Related Exchange: []/[All Exchanges]
- (x) Valuation Date(s): []
- (xi) Valuation Time: []

- (xii) Observation Date(s): []
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to (and including/but excluding) []/[Not Applicable]
- (N.B. this definition will need to be revised if there is more than one Observation Period)*
- (xiv) Disrupted Day: [If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant price will be calculated *[insert calculation method]*.]
- (N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)*
- (xv) Tender Offer: [Applicable/Not Applicable]
- (xvi) Share Substitution: [Applicable/Not Applicable]
- [If Applicable: Share Substitution Criteria is []]
- (xvii) Local Tax Adjustment: [Applicable/Not Applicable]
- Local Jurisdiction []
- (xviii) Trade Date: []
- (xix) Additional Disruption Events: The following Additional Disruption Events apply to the W&C Securities:
- [Change of Law]
- [Hedging Disruption]
- [Increased Cost of Hedging]
- [Increased Cost of Stock Borrow]
- [Initial Stock Loan Rate: []]
- [Insolvency Filing]
- [Loss of Stock Borrow]
- [Maximum Stock Loan Rate: []]
- (xx) Knock-in, Knock-out Provisions: [Applicable – the provisions of Equity Linked Condition 12 apply to the W&C Securities/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*

- (A) Knock-in
Determination Day: []
- (B) Knock-in Event and
consequences of a
Knock-in Event: []
- (C) Knock-in Level: []
- (D) Knock-in Period
Beginning Date: []
- (E) Knock-in Period
Ending Date: []
- (F) Knock-in Valuation
Time: []
- (G) Knock-out
Determination Day: []
- (H) Knock-out Event
and consequences of
a Knock-out Event: []
- (I) Knock-out Level: []
- (J) Knock-out Period
Beginning Date: []
- (K) Knock-out Period
Ending Date: []
- (L) Knock-out
Valuation Time: []
- (M) Knock-in/Knock-out
Determination Day
consequences of a
Disrupted Day: [Omission][Postponement]
- (N) Knock-in/Knock-out
intraday valuation
consequences of
disruption: [Omission][Materiality]
- (O) Additional Knock- []
in/Knock-out
Determination Day (N.B. Only applicable where provisions of the Equity Linked
Disrupted Day Conditions are not appropriate)
provisions:
- (xxi) Trigger Event Provisions: [Applicable/Not Applicable]

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

- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the W&C Securities:
[Trigger Event (Closing Observation)]
[Trigger Event (Intraday Observation)]
[specify other and consequences]
- (B) Trigger Event Observation Date: []
(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)
- (C) Trigger Event Valuation Time: []
- (D) Trigger Percentage: [per cent.]
- (E) Trigger Event Strike Level: []
- (F) Trigger Event Observation Date consequences of a Disrupted Day: [Omission][Postponement]
- (G) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]
- (H) Additional Trigger Event Observation Date Disrupted Day provisions: []
(N.B. Only applicable where provisions of the Equity Linked Conditions are not appropriate)
- (xxii) Mandatory Early Termination: [Applicable - the provisions of Equity Linked Condition 14 apply to the W&C Securities/Not Applicable]
(If Not Applicable, delete the following sub-paragraphs)
- (A) Mandatory Early Termination Amount: []
(N.B. Only applicable where provisions of Equity Linked Conditions are not appropriate)
- (B) Mandatory Early Termination Calculation Amount: [Each Calculation Amount][specify other]

- (C) Mandatory Early Termination Date: []
- (D) Mandatory Early Termination Event: []
- (E) Mandatory Early Termination Level: []
- (F) Mandatory Early Termination Rate: []
- (G) Mandatory Early Termination Valuation Date: []
(N.B. Specify if consequences of a Disrupted Day are other than as provided in the Equity Linked Conditions)
- (H) Mandatory Early Termination Valuation Time: []
- (xxiii) Other terms or special conditions: []
- (xxiv) GDR/ADR Linked W&C Securities: [Applicable/Not Applicable]
24. Currency Linked W&C Securities: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [The provisions of Annex 3 of the Terms and Conditions – *Additional Terms and Conditions for Currency Linked W&C Securities* shall apply.]
- (i) Base Currency/Subject Currency: []
(where the W&C Securities relate to a Basket of Currencies, state each Base Currency and Subject Currency)
- (ii) Currency Price: []
(N.B. Complete only if different from definition contained in Annex 3 of the Terms and Conditions - Additional Terms and Conditions for Currency Linked W&C Securities)
 [As defined in sub-paragraph (a)(i)/(a)(ii) of the definition of "Currency Price" in Currency Linked Condition 2]
(N.B. Applicable where the Securities relate to a basket of Currencies)

- (iii) FX Market Disruption Event(s): Currency Disruption Event: [Applicable/Not Applicable]
[other]

(N.B. Only complete if Currency Disruption Event and/or other disruption events should be included as FX Market Disruption Events)
- (iv) FX Price Source(s): []
- (v) Specified Financial Centre(s): []
- (vi) Calculation Agent responsible for making calculations in respect of the W&C Securities: []
- (vii) Cash Settlement Amount: [] per W&C Security
- (viii) Averaging: Averaging [applies/does not apply] to the W&C Securities. [The Averaging Dates are []]
- (ix) Currency Performance [Applicable - (insert formula)/Not Applicable]
- (A) Best Performing Reference Exchange Rate: [Applicable – the Best Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (specify as applicable/other)], as the case may be,]] the Reference Exchange Rate having the highest Currency Performance Provided That if [both][two or more] Reference Exchange Rate have the same highest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Best Performing Reference Exchange Rate for such date/Not Applicable]
- (B) Worst Performing Reference Exchange Rate: [Applicable – the Worst Performing Reference Exchange Rate means, with respect to [a Valuation Date, an Observation Date or an Averaging Date, (specify as applicable/other)], as the case may be,]] the Reference Exchange Rate having the lowest Currency Performance Provided That if [both][two or more] Reference Exchange Rate have the same lowest Currency Performance, then the Calculation Agent shall determine which Reference Exchange Rate shall constitute the Worst Performing Reference Exchange Rate for such date]/Not Applicable].
- (x) Valuation Date(s): []
- (xi) Valuation Time: []
- (xii) Observation Date(s): []
- (xiii) Observation Period: [Applicable – the period from [(and including/but excluding)] [] to (and including/but excluding) []][Not

Applicable]

(N.B. this definition will need to be revised if there is more than one Observation Period)

- (xiv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Currency Price is [].

(N.B. Only applicable in relation to Currency Linked W&C Securities relating to a Basket)

- (xv) Trigger Event Provisions: [Applicable/Not Applicable]

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

- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the W&C Securities:
[Trigger Event (Closing Observation)]

[Trigger Event (Intraday Observation)]

[specify other and consequences]

- (B) Trigger Event Observation Date: []

(N.B. Only applicable where provisions in the Additional Terms and Conditions for Currency Linked Securities are not appropriate)

- (C) Trigger Event Observation Price: []

- (D) Trigger Event Valuation Time: []

- (E) Trigger Percentage: [per cent.]

- (F) Trigger Event Strike Price: []

- (G) Trigger Event Observation Date consequences of an FX Disrupted Day: [Omission][Postponement]

- (H) Trigger Event intraday valuation consequences of disruption: [Omission][Materiality]

- (I) Additional Trigger Event Observation Date Disrupted Day provisions: [] (N.B. Only applicable where provisions of Currency Linked Conditions are not appropriate)
- (xvi) Deliverable Settlement: Currency [Applicable][Not Applicable]
- (xvii) Other terms or special conditions: []
25. Commodity Linked W&C Securities: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- [The provisions of Annex 4 of the Terms and Conditions – Additional Terms and Conditions for Commodity Linked W&C Securities shall apply.]
- (i) Commodity/Basket of Commodities/Commodity Index/Basket of Commodity Indices: [] [which is deemed to be Bullion][in the case the Commodity is deemed to be Bullion specify any additional Bullion Business Day Centres: []]
- (ii) Calculation Agent responsible for making calculations in respect of the W&C Securities: []
- (iii) Cash Settlement Amount: [] per W&C Security
- (iv) Commodity Reference Price: []
- (v) Price Source: []
- (vi) Exchange: []
- (vii) Delivery Date: []
- (viii) Pricing Date: []
- (ix) Common Pricing: [Applicable] [Not Applicable] (N.B. Only applicable in relation to Commodity Linked W&C Securities relating to a Basket)
- (x) Additional Market Disruption Events: [specify any additional Market Disruption Events]
- Additional provisions for Commodity Trading Disruption: [Not Applicable]
- [If Commodity Trading Disruption applies, specify any

additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates. Also specify any Fallback Reference Price]

Disruption Fallback(s): [As set out in Commodity Linked Conditions]/[]

[Commodity Index Cut-Off Date: []]

(xi) Commodity Business Day: [Commodity Linked Condition 2 applies/insert other]

(xii) Trade Date: []

(xiii) Weighting: The weighting to be applied to each item comprising the Basket is []

(N.B. Only applicable in relation to Commodity Linked W&C Securities relating to a Basket)

(xiv) Specified Price: [high price]
[low price]
[average of the high price and the low price]
[closing price]
[opening price]
[bid price]
[asked price]
[average of the bid price and the asked price]
[settlement price]
[official settlement price]
[official price]
[morning fixing]
[afternoon fixing]
[spot price]
[other]

(xv) Knock-in, Knock-out Provisions: [Applicable – the provisions of Commodity Linked Condition 6 apply to the N&C Securities/Not Applicable]

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

(A) Knock-in Determination Day: []

(B) Knock-in Event and consequences of a Knock-in Event: [] *(Complete by reference to Commodity Reference Price)*

(C) Knock-in Level: []

- (D) Knock-in Period Beginning Date: []
- (E) Knock-in Period Ending Date: []
- (F) Knock-out Determination Day: []
- (G) Knock-out Event and consequences of a Knock-out Event: [] (*Complete by reference to Commodity Reference Price*)
- (H) Knock-out Level: []
- (I) Knock-out Period Beginning Date: []
- (J) Knock-out Period Ending Date: []
- (K) Knock-in/Knock-out Determination Day consequences of Market Disruption Event: [Omission][Market Disruption Applicable][Materiality]
- (L) Additional Knock-in/Knock-out Determination Day Market Disruption Event Adjustments: [] (*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (xvi) Trigger Event Provisions: [Applicable/Not Applicable]
- (If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (A) Trigger Event and consequences of a Trigger Event: The following Trigger Events apply to the N&C Securities:
[Trigger Event (Closing Observation)]
[specify other and consequences]
- (B) Trigger Event Observation Date: []
(*N.B. Only applicable where provisions in the Additional Terms and Conditions for Commodity Linked Securities are not appropriate*)

- (C) Trigger Event Observation Period: []
- (D) Trigger Percentage: [per cent.]
- (E) Trigger Event Strike Level: []
- (F) Trigger Event Observation Date consequences of a Market Disruption Event: [Omission][Market Disruption Applicable] [Materiality]
- (G) Additional Trigger Event Observation Date Market Disruption Event provisions: []
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (xvii) Mandatory Early Termination: [Applicable - the provisions of Commodity Linked Condition 8 apply to the W&C Securities/Not Applicable]
(*If Not Applicable, delete the following sub-paragraphs*)
- (A) Mandatory Early Termination Amount: []
(*N.B. Only applicable where provisions of Commodity Linked Conditions are not appropriate*)
- (B) Mandatory Early Termination Calculation Amount: [The Calculation Amount][*specify other*]
- (C) Mandatory Early Termination Date: []
- (D) Mandatory Early Termination Event: []
- (E) Mandatory Early Termination Level: []
- (F) Mandatory Early Termination Rate: []

- (G) Mandatory Early Termination Valuation Date: []
(N.B. Specify if consequences of a Market Event Disruption are other than as provided in the Commodity Linked Conditions)
- (xviii) Other terms or special conditions: []
26. Fund Linked W&C Securities: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 [The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Securities* shall apply.]
- (i) Fund/Basket of Funds: []
 [[The [] Fund is an ETF]
 [Exchange for each Fund Share: []]
 [Related Exchange for each Fund Share: [] /All Exchanges]]
 [Underlying Index: []]
(N.B. Include for ETFs)
- (ii) Fund Interest(s): []
- (iii) Calculation Agent responsible for making calculation in respect of the W&C Securities: []
- (iv) Cash Settlement Amount: [] per W&C Security
- (v) Trade Date: []
- (vi) Valuation Date(s): []
- (vii) Valuation Time: []
- (viii) Other terms or special conditions: []
27. Credit Linked W&C Securities: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Credit Linked Conditions: [Applicable/Not Applicable]

2009 Protocol Version:

[If Applicable: The provisions of Annex 7 of the Terms and Conditions – Additional Terms and Conditions for Credit Linked Securities (2009 protocol version) shall apply.]

[If Not Applicable: The provisions of Annex 6 of the Terms and Conditions –Additional Terms and Conditions for Credit Linked Securities shall apply.]

(ii) Cash Redemption [] per W&C Security Amount:

(iii) Settlement Method: [Auction Settlement/Cash Settlement/Physical Delivery]

(iv) First-to-Default Credit [Applicable/Not Applicable]
Securities:

(v) Nth-to-Default Credit [Applicable/Not Applicable]
Securities:

[If Applicable, specify Relevant Number: []]

(vi) Trade Date: []

(vii) Calculation Agent responsible for making calculations and determinations in respect of the W&C Securities: []

(viii) Reference Entity(ies): []

(ix) Reference Obligation(s): []

[The obligation[s] identified as follows: []

Primary Obligor: []

Maturity: []

Coupon: []

CUSIP/ISIN: []

(x) All Guarantees: [Applicable/Not Applicable]

– Provisions relating to Qualifying Guarantee and Underlying Obligation: Credit Linked Condition [15 (*if Annex 6*)/18 (*if Annex 7*)] [Applicable/Not Applicable]

(xi) Credit Events: [Bankruptcy]

[Failure to Pay]

[Grace Period Extension [Applicable/Not Applicable]

[If Applicable:

Grace Period: []

[Obligation Default]

[Obligation Acceleration]

[Repudiation/Moratorium]

[Restructuring]

- Provisions relating to Restructuring Credit Event:
Credit Linked Condition [12 (*if Annex 6*)/15 (*if Annex 7*)] [Applicable/Not Applicable]
- Provisions relating to Multiple Holder Obligation:
Credit Linked Condition [13 (*if Annex 6*)/16 (*if Annex 7*)] [Applicable/Not Applicable]
- [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]
- [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]

[*other*]

Default Requirement: []

Payment Requirement: []

(xii) Conditions to Settlement: Notice of Publicly Available Information [Applicable/Not Applicable]

[*If Applicable:*

Public Source(s): []

Specified Number: []

(xiii) Obligation(s):

Obligation Category [Payment]

[*select one only*]: [Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

Obligation Characteristics

[*select all of which apply*]:

[Not Subordinated]

[Credit Linked Specified Currency:

[*specify currency*] [Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency:]

[Domestic Currency means: [*specify currency*]]

[Not Domestic Law]

[Listed]

[Not Domestic Issuance]

Additional Obligation(s) []

(xiv) Excluded Obligation(s): []

(xv) [Whether on satisfaction of Conditions to Settlement redemption of the W&C Securities will be by (a) Cash Settlement, (b) Physical Delivery or (c) Auction Settlement:

Conditions to Settlement - [Cash Settlement/Physical Delivery/Auction Settlement]]

(xvi) Accrual of Interest upon Credit Event:

[Applicable/Not Applicable]

(xvii) Merger Event:

Credit Linked Condition [11 (*if Annex 6*)/ 14 (*if Annex 7*)]
[Applicable/Not Applicable]

(*If Applicable*)

[Merger Event Redemption Amount: []]

[Merger Event Redemption Date:[]]

(xviii) Unwind Costs:

[Standard Unwind Costs/*other*/Not Applicable]

(xix) Provisions relating to Monoline Insurer as Reference Entity:

Credit Linked Condition [14 (*if Annex 6*)/ 17 (*if Annex 7*)]
[Applicable/Not Applicable]

(xx) Provisions relating to LPN Reference Entities: Credit Linked Condition [16 (if Annex 6)/19 (if Annex 7)]
[Applicable/Not Applicable]

Terms relating to Cash Settlement (In remainder of this item 28 include only such sections as are relevant)

(xxi) Credit Event Redemption Amount: [] per W&C Security

(xxii) Credit Event Redemption Period: [] Business Days

(xxiii) Valuation Date: [Single Valuation Date:
[] Business Days]
[Multiple Valuation Dates:
[] Business Days; and each [] Business Days thereafter
Number of Valuation Dates: []]

(xxiv) Valuation Time: []

(xxv) Quotation Method: [Bid/Offer/Mid-market]

(xxvi) Quotation Amount: [[]/Representative Amount]

(xxvii) [Minimum Quotation Amount: []]

(xxviii) Quotation Dealers: []

(xxix) Quotations: [Include Accrued Interest/Exclude Accrued Interest]

(xxx) Valuation Method: [Market/Highest]
[Average Market/Highest/Average Highest]
[Blended Market/Blended Highest]
[Average Blended Market/Average Blended Highest]

(xxxi) Other terms or special conditions: []

Additional terms relating to Auction Settlement

(xxxii) Fallback Settlement Method: [Cash Settlement/Physical Delivery]

(xxxiii) Business Day Convention: [Following/Modified Following/Preceding]

(xxxiv) Succession Event Backstop Date subject to adjustment in accordance with Business Day Convention: [Yes/No]

(xxxv) Limitation Dates subject to adjustment in accordance with Business Day Convention: [Yes/No]

Terms relating to Physical Delivery

(xxxvi) Physical Settlement Period: [] Business Days

(xxxvii) Accrued Interest on Entitlement: [Include Accrued Interest/Exclude Accrued Interest]

(xxxviii) Settlement Currency: []

(xxxix) Deliverable Obligations:

Deliverable Obligation Category [Payment]

[select one only]: [Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

Deliverable Obligation Characteristics [Not Subordinated]

[select all of which apply]: [Credit Linked Specified Currency: *[specify currency]*]

[Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: *[specify currency]*]

[Not Domestic Law]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Qualifying Participation Seller: *[insert details]*]

[Transferable]

[Maximum Maturity: []]

[Accelerated or Matured]

[Not Bearer]

Additional Deliverable
Obligation(s):

[]

(xl) Excluded Deliverable
Obligation(s):

[]

(xli) Indicative Quotations: [Applicable/Not Applicable]

(xlii) Cut-Off Date: []

(xliii) Guaranteed Cash
Settlement Amount: []

(xliv) Delivery provisions for
Entitlement if different
from Physical Delivery
W&C Securities
Conditions:

[]

(xlv) Emerging Market
Adjustment/Termination
Provisions: [Applicable/Not Applicable]

(if Not Applicable delete the following sub-paragraphs)

(A) Emerging Market
Adjustment/
Termination
Events:

[Inconvertibility Event]

[Ownership Restriction Event]

[Settlement/Custodial Event]

[Taxation Event]

(specify other)

(B) Emerging Market
Termination
Amount: [] (express per Calculation Amount)

(C) Reference
Jurisdiction: []

(D) Relevant
Currency: []

(xlv) Other terms or special
conditions: []

PROVISIONS FOR PHYSICAL DELIVERY

28. Physical Delivery W&C [Applicable/Not Applicable]
Securities:

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

(i) Relevant Asset(s): []

(ii) Entitlement: []

(iii) Method of Delivery of
Entitlement: []

(iv) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]

(v) Collection Notice Cut-off
Date: []

(vi) Other terms or special
Conditions: []

(vii) Settlement Date: []

(viii) Settlement Business Day: []

(ix) Settlement Currency: The Settlement Currency for the payment of [the Disruption Cash Settlement Price / the Failure to Deliver Settlement Price / the Assessed Value Payment Amount] is [].

GENERAL PROVISIONS APPLICABLE TO THE W&C SECURITIES

29. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the terms of Redenomination in the Final Terms)]

30. Other final terms: [Not Applicable/*give details*]
- [Securities shall not be physically delivered in Belgium except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgium Law of 14 December 2005.]

(When adding any other final terms consideration should be given as to whether such amendments would be acceptable as Final Terms or whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note or "unitary" Prospectus.) [(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)]

DISTRIBUTION

31. Method of distribution: [Syndicated/Non-syndicated]
32. (i) If syndicated, [names and addresses]* of Managers [and underwriting commitments]* : [Not Applicable/*give names, [and addresses and underwriting commitments]**]
- (Including names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)**
- (ii) Date of Subscription Agreement* : []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
33. If non-syndicated, name [and address]* of relevant Dealer: [Not Applicable/*give Name [and address]**]
34. U.S. Selling Restrictions: The W&C Securities have not been and will not be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") or under any state securities laws and the W&C Securities may not be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person (as defined below). Furthermore, trading in the W&C Securities has not been approved by the United States Commodity Futures Trading Commission ("**CFTC**") under the United States Commodity Exchange Act, as amended ("**CEA**") and no U.S. Person may at any time trade or maintain a position in the W&C Securities.

As used herein, "**U.S. Person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons; or (vii) any other "U.S. Person" as such term may be defined in Rule 902 (k) of Regulation S under the Securities Act or in regulations adopted under the CEA.

35. Non exempt Offer*:

[Not Applicable] [An offer of the W&C Securities may be made by the Manager[s] [and [specify names [and addresses] of other financial intermediaries making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the Financial Intermediaries) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] ("Public Offer Jurisdictions") during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [] Business Days thereafter"] ("Offer Period"). See further Paragraph 12 of Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

* Not relevant for an issue of W&C Securities with an issue price equal to or greater than EUR 100,000 (or its equivalent in another currency).

36. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to the Official List and trading on the regulated market of the Luxembourg Stock Exchange] of the W&C Securities described herein pursuant to the Note, Warrant and Certificate Programme of VTB Capital plc.

RESPONSIBILITY

[[Subject as provided below,] the Issuer accepts responsibility for the information contained in these Final Terms.] [The information relating to ● [and ●] contained herein has been accurately extracted from [*insert information source(s)*]. The Issuer accepts responsibility for the accuracy of such extraction but accept no further or other responsibility in respect of such information.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application [has been]/[will be] made by the Issuer (or on its behalf) for the W&C Securities to be admitted to trading on, [the regulated market of], and listed on the Official List of, the Luxembourg Stock Exchange [with effect from []].] [Application is expected to be made by the Issuer (or on its behalf) for the W&C Securities to be admitted to trading on, [the regulated market of,] and listed on the Official List of, the Luxembourg Stock Exchange with effect from [].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading)**

- (ii) Estimate of total expenses related to admission to trading:** []

2. RATINGS

Ratings: [The W&C Securities to be issued have not been rated.]

[The W&C Securities to be issued [[have been]/[are expected to be]] rated [insert details] by [insert credit rating agency name(s)].]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to W&C Securities of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant credit rating agency entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). [Insert the legal name of the relevant non-EU credit rating agency entity] is therefore not included

in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by *[insert the legal name of the relevant EU-registered credit rating agency entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU-registered credit rating agency entity]* is established in the European Union and registered under the CRA Regulation [As such *[insert the legal name of the relevant EU credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by *[insert the legal name of the relevant EU CRA entity that applied for registration]* may be used in the EU by the relevant market participants.]

[[Insert the legal name of the relevant non-EU credit rating agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [*EITHER:*] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [*OR:*] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant non-EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[Insert the legal name of the relevant credit rating agency entity] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority[and *[insert the legal name of the relevant credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation]]

[[Insert the legal name of the relevant non-EU credit rating

agency entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency entity]*, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the W&C Securities has an interest material to the offer – *amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive or the use of a Securities Note or "unitary" prospectus.)]

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

(i) [Reasons for offer []]

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

(ii) Estimated net proceeds: []

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

(iii) Estimated total expenses: [] *(Expenses are required to be broken down into each principal intended to "use" and presented in order of priority of such "uses")*

(N.B.: If the W&C Securities are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. PERFORMANCE OF [INDEX/BASKET OF INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING THE [INDEX/BASKET OF INDICES] (*INDEX LINKED W&C SECURITIES ONLY*)

*[Need to include details of where past and future performance and volatility of [the/each] index can be obtained, the relevant weighting of each index within a basket of indices and where pricing information is available]. [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

*[Need to include the name of [the/each] index, the name of [the/each] index sponsor and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about [the/each] index can be obtained.]**

6. PERFORMANCE OF [THE SHARE/BASKET OF SHARES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE SHARE/BASKET OF SHARES]] (*EQUITY LINKED W&C SECURITIES ONLY*)

*[Need to include details of the name of [the/each] share company, any security identification number of the shares, where pricing information about the shares is available, the relevant weighting of each share within a basket of shares (if relevant) and where past and future performance and volatility of the [share/basket of shares] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

7. PERFORMANCE OF [RATE[S] OF EXCHANGE/CURRENCIES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE [RATE[S] OF EXCHANGE/FORMULA/CURRENCIES]] (*CURRENCY LINKED W&C SECURITIES ONLY*)

*[Need to include details of [the/each] currency, where past and future performance and volatility of the [relevant rates/currencies] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

8. PERFORMANCE OF [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE COMMODITY/BASKET OF COMMODITIES/COMMODITY INDEX/BASKET OF COMMODITY INDICES]] (*COMMODITY LINKED W&C SECURITIES ONLY*)

*[Need to include details of [the/each] [commodity/commodity index], where pricing information about [the/each] [commodity/commodity index] is available, the relevant weighting of each [commodity/commodity index] within a basket of [commodities/commodity indices] and where past and future performance and volatility of [the commodity/basket of commodities/commodity index/basket of commodity indices] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

9. PERFORMANCE OF [THE FUND/BASKET OF FUNDS], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE FUND/BASKET OF FUNDS]] (FUND LINKED W&C SECURITIES ONLY)

*[Need to include details of [the/each] fund, the relevant weighting of each fund within a basket of funds and where past and future performance and volatility of [the/each] [fund/basket of funds] can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

10. PERFORMANCE OF [THE/EACH] REFERENCE ENTITY, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS [AND OTHER INFORMATION CONCERNING [THE/EACH] REFERENCE ENTITY] (CREDIT LINKED W&C SECURITIES ONLY)

*[Need to include details of [the/each] reference entity and where information on [the/each] reference entity can be obtained.] [Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]**

11. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) CFI Code: []
- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of initial Security Agents and Calculation Agent:
- (vii) Names and addresses of additional [] Security Agent(s) (if any):

12. TERMS AND CONDITIONS OF THE OFFER (PUBLIC OFFER ONLY) ***

Offer Price: [Issue Price][Not Applicable][specify]

[Conditions to which the offer is subject:] [Not Applicable/give details]

[Description of the application process:] [Not Applicable/*give details*]

[Details of the minimum and/or maximum amount of application:] [Not Applicable/*give details*]

[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not Applicable/*give details*]

[Details of the method and time limits for paying up and delivering the W&C Securities:] [Not Applicable/*give details*]

[Manner in and date on which results of the offer are to be made public:] [Not Applicable/*give details*]

[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not Applicable/*give details*]

[Categories of potential investors to which the W&C Securities are offered and whether tranche(s) have been reserved for certain countries:] [Not Applicable/*give details*]

[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not Applicable/*give details*]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not Applicable/*give details*]

* *Delete if the securities are not Derivative Securities*

** *Delete if the securities are Derivative Securities*

*** *Delete if exempt offer*

TERMS AND CONDITIONS OF THE W&C SECURITIES

The following are the Terms and Conditions of the W&C Securities which will be incorporated by reference into each Global W&C Security (as defined below). The applicable Final Terms in relation to any Tranche of W&C Securities may specify other terms and conditions (including the Additional Terms and Conditions described below) 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 W&C Securities. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global W&C Security. Reference should be made to "Form of the Unsecured N&C Securities and the W&C Securities" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant W&C Securities.

The Additional Terms and Conditions contained in Annex 1 in the case of Index Linked W&C Securities, Annex 2 in the case of Equity Linked W&C Securities, Annex 3 in the case of Currency Linked W&C Securities, Annex 4 in the case of Commodity Linked W&C Securities, Annex 5 in the case of Fund Linked W&C Securities, Annex 6 in the case of Credit Linked W&C Securities for which 2009 Protocol Version is not specified as applicable in the applicable Final Terms and Annex 7 in the case of Credit Linked W&C Securities for which 2009 Protocol Version is specified as applicable in the applicable Final Terms (each as defined below) will apply to the W&C Securities if specified in the applicable Final Terms.

IMPORTANT NOTICE

THE W&C SECURITIES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS AND THE W&C SECURITIES MAY NOT BE OFFERED, SOLD, RESOLD, TRADED, PLEDGED, EXERCISED, REDEEMED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY 'U.S. PERSON' AS DEFINED IN RULE 902(K) OF REGULATION S UNDER THE SECURITIES ACT, WHICH TERM IS DEEMED TO INCLUDE ANY PERSON THAT DOES NOT MEET THE DEFINITION OF 'NON-UNITED STATES PERSON' IN RULE 4.7 PROMULGATED BY THE UNITED STATES COMMODITY FUTURES TRADING COMMISSION ("CFTC") UNDER THE UNITED STATES COMMODITY EXCHANGE ACT, AS AMENDED ("CEA"). FURTHERMORE, TRADING IN THE W&C SECURITIES HAS NOT BEEN APPROVED BY THE CFTC UNDER THE CEA AND NO U.S. PERSON MAY AT ANY TIME TRADE OR MAINTAIN A POSITION IN THE W&C SECURITIES.

The Series of W&C Securities described in the applicable Final Terms (such W&C Securities being hereinafter referred to as the "**W&C Securities**") are issued by VTB Capital plc (the "**Issuer**"). W&C Securities will be either warrants ("**Warrants**") or exercisable certificates ("**Certificates**"), as specified in the applicable Final Terms, and references in these Terms and Conditions to "W&C Security", "W&C Securities", "Warrant", "Warrants", "Certificate", and "Certificates" will be construed accordingly. This W&C Security is one of a Series (as defined below) of securities (the "**W&C Securities**") issued by the Issuer. References herein to the "W&C Securities" shall be references to the W&C Securities of this Series and shall mean:

- (a) the relevant Global W&C Security by which the W&C Securities are represented (the "**Global W&C Security**"); and
- (b) each security unit represented by the Global W&C Security.

The W&C Securities have the benefit of an amended and restated agency agreement dated on or about 27 June 2012 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between the Issuer and The Bank of New York Mellon, London Branch as principal security agent (the "**Principal Security Agent**"), The Bank of New York Mellon (Luxembourg)

SA as security agent (together with the Principal Security Agent, the "**Security Agents**" which expression shall include any additional or successor paying agents) and the other agents named therein. A calculation agent (the "**Calculation Agent**") may be appointed in respect of each Series of W&C Securities.

The Final Terms for this W&C Security (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this W&C Security which supplement these Terms and Conditions (the "**Terms and Conditions**", or the "**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 W&C Security. References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this W&C Security.

Any reference to "**Warrantholders**" in relation to any Warrants shall mean the holders of the Warrants and any reference to "**Certificateholders**" in relation to Certificates shall mean the holders of the Certificates. The Warrantholders together with the Certificateholders shall be referred to as the "**Securityholders**" or "**Holders**") and shall, in relation to any W&C Securities represented by a Global W&C Security, be construed as provided below.

As used herein, "**Tranche**" means W&C Securities which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of W&C Securities together with any further Tranche or Tranches of W&C Securities 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 and/or Issue Prices.

The Securityholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 9 September 2011 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Security Agents. Copies of the applicable Final Terms are available for viewing at the specified office of the Issuer or the Security Agents and copies may be obtained from those specified offices save that, if this W&C Security is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Securityholder holding one or more W&C Securities and such Securityholder must produce evidence satisfactory to the Issuer and the relevant Security Agent as to its holding of such W&C Securities and identity. The Base Prospectus prepared by the Issuer in respect of the W&C Securities (the "**Base Prospectus**") and, in the case of W&C Securities admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Securityholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in 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.

1. Type, Title and Transfer

The W&C Securities may be specified in the applicable Final Terms as relating to a single currency or basket of currencies ("**Currency Linked W&C Securities**"), a single index or basket of indices ("**Index Linked W&C Securities**"), a single share or basket of shares ("**Equity Linked W&C Securities**"), a single commodity or basket of commodities ("**Commodity Linked W&C Securities**"), a single fund share or unit or basket of fund shares or units ("**Fund Linked W&C Securities**"), the credit of a specified reference entity or reference entities ("**Credit Linked W&C Securities**") and other asset classes or types (each such asset to be referred to as the "**Reference Asset**").

The applicable Final Terms will indicate whether settlement shall be by way of cash payment ("**Cash Settled W&C Securities**") or physical delivery ("**Physical Delivery W&C Securities**"), whether averaging ("**Averaging**") will apply to the W&C Securities and whether the W&C Securities may be terminated following an Early Termination Event.

If Averaging is specified as applying in the applicable Final Terms, the applicable Final Terms will state the relevant Averaging Dates and, in respect of Index Linked W&C Securities and Equity Linked W&C Securities, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement applies.

In respect of Warrants, the applicable Final Terms will indicate whether such Warrants are American style Warrants ("**American Style Warrants**"), European style Warrants ("**European Style Warrants**"), Bermudan style Warrants ("**Bermudan Style Warrants**") or such other type of Warrants as may be specified in the applicable Final Terms, and whether automatic exercise ("**Automatic Exercise**") applies to the Warrants. The applicable Final Terms will also indicate whether the Warrants are call Warrants ("**Call Warrants**") or put Warrants ("**Put Warrants**"). If Units are specified in the applicable Final Terms, Warrants must be exercised in Units and any Exercise Notice which purports to exercise such Warrants in breach of this provision shall be void and of no effect.

Certificates issued under the Programme will be automatically exercised on the Exercise Date, subject as provided in Condition 4(A)(d) below.

References in the Conditions, unless the context otherwise requires, to (a) Cash Settled W&C Securities shall be deemed to include references to Physical Delivery W&C Securities, which include an option (as set out in the applicable Final Terms) at the Issuer's election to request cash settlement of such W&C Security and where settlement is to be by way of cash payment, and (b) Physical Delivery W&C Securities shall be deemed to include references to Cash Settled W&C Securities which include an option (as set out in the applicable Final Terms) at the Issuer's election to request physical delivery of the relevant underlying asset in settlement of such W&C Security and where settlement is to be by way of physical delivery.

W&C Securities may, if so specified and provided for in the applicable Final Terms, allow holders to elect for settlement by way of cash payment or by way of physical delivery or by such other method of settlement as is specified in the applicable Final Terms. Those W&C Securities where the holder has elected for cash payment will be Cash Settled W&C Securities and those W&C Securities where the holder has elected for physical delivery will be Physical Delivery W&C Securities. The rights of a holder as described in this paragraph may be subject to the Issuer's right to vary settlement if so indicated in the applicable Final Terms.

Each person who is for the time being shown in the records of Euroclear Bank S.A./N.V. ("**Euroclear**") or of Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") as the

holder of a particular number of units of such W&C Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of units of such W&C Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Security Agents as the holder of such number of units of such W&C Securities for all purposes (and the expressions "Securityholder" and "holder of W&C Securities" and related expressions shall be construed accordingly).

All transactions (including transfers of W&C Securities) in the open market or otherwise must be effected through an account at Clearstream, Luxembourg or Euroclear subject to and in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or of Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of either Clearstream, Luxembourg or Euroclear, as the case may be. Transfers of Warrants may not be effected after the exercise of such Warrants pursuant to Condition 5.

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

2. Status of the W&C Securities

The W&C Securities constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. Redenomination

(A) Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Securityholders on giving prior notice to the Principal Security Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Securityholders in accordance with Condition 9, elect that, with effect from the Redenomination Date specified in the notice, certain terms of the W&C Securities shall be redenominated in euro.

The election will have effect as follows:

- (a) where the Settlement Currency of the W&C Securities is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Calculation Agent may decide and as may be specified in the notice, and after the Redenomination Date, all payments of the Cash Settlement Amount in respect of the W&C Securities will be made solely in euro as though references in the W&C Securities to the Settlement Currency were to euro;
- (b) where the Exchange Rate and/or any other terms of the Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted for or, as the case may be into, euro at the Established Rate; and/or

- (c) such other changes shall be made to the Conditions as the Issuer may decide, in its sole and absolute discretion to conform them to conventions then applicable to instruments expressed in euro.

In addition, the Issuer may require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or (in the case of Warrants) the Exercise Price and/or any other terms of the Conditions and/or the Final Terms as the Calculation Agent, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price and/or such other terms of the Conditions.

(B) *Definitions*

In the Terms and Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

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

"National Currency Unit" means the unit of the currency of a country, as those units are defined on the date on which the country of the Original Currency first participates in European Economic and Monetary Union;

"Redenomination Date" means a date specified by the Issuer in the notice given to the Securityholders pursuant to Condition 3(A) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

"Treaty" means the Treaty on the functioning of the European Union, as amended.

4. **Exercise and Settlement**

(A) *Exercise Rights*

In respect of Warrants, the applicable Final Terms will indicate whether such Warrants are American Style Warrants, European Style Warrants, Bermudan Style Warrants or such other type of Warrants as may be specified in the applicable Final Terms

Certificates issued under the Programme will be automatically exercised on the Exercise Date as provided in Condition 4(A)(d) below.

(a) *American Style Warrants*

American Style Warrants are exercisable on any Exercise Business Day during the Exercise Period.

If "Automatic Exercise" is not specified as applicable in the applicable Final Terms, any American Style Warrant with respect to which no Exercise Notice (as defined at Condition 5(A) below) has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the final Exercise Business

Day of the Exercise Period (in respect of an American Style Warrant, the "**Expiration Date**") shall become void and expire worthless at such time.

If "Automatic Exercise" is specified as applicable in the applicable Final Terms, any American Style Warrant with respect to which no Exercise Notice (as defined in Condition 5(A) below) has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date and which is "In-The-Money", shall be exercised by the Principal Security Agent on behalf of the relevant Warrantholder on the Expiration Date (in relation to an American Style Warrant, "**Automatic Exercise**").

The expression "exercise", "due exercise" and related expressions shall be construed to apply to any American Style Warrants which Automatic Exercise applies in accordance with this provision.

With respect to an American Style Warrants, if any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Issuer or the Principal Security Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Exercise Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next Exercise Business Day, which Exercise Business Day shall be deemed to be the Actual Exercise Date, Provided That any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 4 at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall, where Automatic Exercise applies, be automatically exercised on the Expiration Date, subject as provided above.

(b) *Bermudan Style Warrants*

Bermudan Style Warrants are exercisable on each Exercise Date or if any Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day.

If "Automatic Exercise" is not specified as applicable in the applicable Final Terms, any Bermudan Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the final Exercise Date (in respect of a Bermudan Style Warrant, the "**Expiration Date**") shall become void and expire worthless at such time.

If "Automatic Exercise" is specified as applicable in the applicable Final Terms, any Bermudan Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5, at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date and which, in the determination of the Calculation Agent, is "In-The-Money", shall be exercised by the Principal Security Agent on behalf of the relevant Warrantholder on the Expiration Date (in relation to a Bermudan Style Warrant, "**Automatic Exercise**").

The expression "exercise", "due exercise" and related expressions shall be construed to apply to any Bermudan Style Warrants to which Automatic Exercise applies in accordance with this provision.

With respect to a Bermudan Style Warrant, if any Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Issuer or Principal Security Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Exercise Date, such Exercise Notice will be deemed

to have been delivered on the next Exercise Date (or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day), which Exercise Date (or if such Exercise Date is not an Exercise Business Day, the immediately following Exercise Business Day) shall be deemed to be the Actual Exercise Date, Provided That any such Warrant in respect of which no Exercise Notice has been delivered in the manner set out in Condition 5(A) at or prior to 10.00 a.m. Luxembourg or Brussels time (as appropriate) on the Expiration Date shall, where Automatic Exercise applies, be automatically exercised on the Expiration Date, subject as provided above.

(c) *European Style Warrants*

European Style Warrants are only exercisable on the Exercise Date.

If "Automatic Exercise" is not specified as applicable in the applicable Final Terms, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5(A), at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Exercise Date (in respect of a European Style Warrant, the "**Expiration Date**") shall become void and expire worthless at such time.

If "Automatic Exercise" is specified as applicable in the applicable Final Terms, any European Style Warrant with respect to which no Exercise Notice has been delivered in the manner set out in Condition 5(A), at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date and which is "In-The-Money", shall be exercised by the Principal Security Agent on behalf of the relevant Warrant holder on the Expiration Date (in relation to a European Style Warrant, "**Automatic Exercise**").

The expression "exercise", "due exercise" and related expressions shall be construed to apply to any European Style Warrants which Automatic Exercise applies in accordance with this provision.

(d) *Certificates*

Certificates that are In-The-Money (determined as of the Exercise Date) will be exercised by the Principal Security Agent on behalf of the Securityholders on the Exercise Date (in respect of a Certificate, the "**Expiration Date**" and any such exercise, in relation to a Certificate, an "**Automatic Exercise**"). The expression "exercise", "due exercise" and related expressions shall be construed to apply to any Certificates in accordance with this provision.

For the purposes of this Condition 4(A), "**In-The-Money**" means:

- (i) in the case of a Cash Settled W&C Security, the Cash Settlement Amount in respect of such W&C Security is or would be greater than zero; and
- (ii) in the case of a Physical Delivery W&C Security, the Assessed Value Payment Amount for such W&C Security is or would be greater than zero,

in each case in the determination of the Calculation Agent.

(B) *Cash Settlement*

- (a) Subject as set out in Condition 4(B)(b) below in respect of Credit Linked W&C Securities, if the W&C Securities are Cash Settled W&C Securities, each such W&C Security entitles its

holder in respect of an Actual Exercise Date, upon due exercise, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent (which shall not be less than zero) equal to (unless otherwise specified in the applicable Final Terms):

- (i) where Averaging is not specified in the applicable Final Terms:
 - (1) if such W&C Securities are Warrants which are Call Warrants,
(Settlement Price less Exercise Price) multiplied by, in the case of Currency Linked Warrants only, the Notional Amount;
 - (2) if such W&C Securities are Warrants which are Put Warrants,
(Exercise Price less Settlement Price) multiplied by, in the case of Currency Linked Warrants only, the Notional Amount; and
 - (3) if such W&C Securities are neither Call Warrants nor Put Warrants or are Certificates, settlement will be as specified in the applicable Final Terms;
- (ii) where Averaging is specified in the applicable Final Terms:
 - (1) if such W&C Securities are Warrants which are Call Warrants,
(i) the arithmetic mean of the Settlement Prices for all the Averaging Dates less (ii) Exercise Price) multiplied by, in the case of Currency Linked Warrants only, the Notional Amount;
 - (2) if such W&C Securities are Warrants which are Put Warrants,
(i) Exercise Price less (ii) the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, in the case of Currency Linked Warrants only, the Notional Amount; and
 - (3) if such W&C Securities are neither Call Warrants nor Put Warrants or are Certificates, settlement will be as specified in the applicable Final Terms.

Any amount determined pursuant to the above, if not an amount in the Specified Currency, will be converted into the Specified Currency at the Exchange Rate specified in the applicable Final Terms for the purposes of determining the Cash Settlement Amount. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Specified Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards, with W&C Securities exercised at the same time by the same Securityholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such W&C Securities.

- (b) In respect of Credit Linked W&C Securities only, subject as provided (in the case where Annex 6 - Additional Terms and Conditions for Credit Linked Securities apply to the W&C Securities) in Credit Linked Condition 3 and Credit Linked Condition 4, or (in the case where Annex 7 - Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) apply to the W&C Securities) in Credit Linked Condition 3, Credit Linked Condition 4 and Credit Linked Condition 5, each Cash Settled Credit Linked W&C Security entitles its holder, upon due exercise, to receive from the Issuer on the Settlement Date the Cash Settlement Amount calculated by the Calculation Agent in accordance with the applicable Final Terms.

(C) *Physical Settlement*

(a) *Physical Settlement in relation to Physical Delivery Warrants*

- (i) Subject as set out in (ii) below in respect of Credit Linked W&C Securities, if the W&C Securities are Physical Delivery Warrants, each such Warrant entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership and subject as provided in Condition 4(C)(c) below, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Expenses and the Exercise Price and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Warrants exercised at the same time by the same Securityholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Warrants, Provided That the aggregate Entitlements in respect of the same Securityholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof, unless otherwise provided for in the applicable Final Terms.

Following exercise of an Equity Linked W&C Security which is a Physical Delivery Warrant, any dividend or distribution in respect of the relevant Shares or ADRs/GDRs, as applicable, to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares or ADRs/GDRs executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares or ADRs/GDRs. Any such dividends to be paid to a Securityholder will be paid to the account specified by the Securityholder in the relevant Exercise Notice as referred to in Condition 5(A)(b)(vi) below.

Any distributions (including, without limitation, dividends on shares, interest amounts on debt securities or payments on units of funds) in respect of the assets constituting the Entitlement to be delivered will be payable to the party, as determined by the Issuer, that would have received such distribution according to market practice for a sale of the relevant assets constituting the Entitlement to be settled through the relevant clearing system on the due date for transfer. Any such distribution shall be paid to the account specified for such purpose in the applicable Exercise Notice.

- (ii) In respect of Credit Linked Warrants only, subject as provided (in the case where Annex 6 — Additional Terms and Conditions for Credit Linked Securities apply to the W&C Securities) in Credit Linked Condition 3 and Credit Linked Condition 5,

or (in the case where Annex 7 — Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) apply to the W&C Securities) in Credit Linked Condition 3, Credit Linked Condition 4 and Credit Linked Condition 6, each Physical Delivery Credit Linked Warrant entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Expenses and the Exercise Price and any other sums payable.

In respect of Credit Linked Warrants only, in relation to each Deliverable Obligation constituting the Entitlement the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided above on the Credit Settlement Date, Provided That if all or some of the Deliverable Obligations included in the Entitlement 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 before the 30th Business Day following the Credit Settlement Date (the **Final Delivery Date**), Provided Further That if all or a portion of such Undeliverable Options or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Credit Linked Condition 10 (where Annex 6 — *Additional Terms and Conditions for Credit Linked Securities* applies) or Credit Linked Condition 12 (where Annex 7 — *Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version)* applies) shall apply.

(b) *Physical Settlement in relation to Physical Delivery Certificates*

- (i) Subject as set out in (ii) below in respect of Credit Linked W&C Securities, if the W&C Securities are Physical Delivery Certificates, each such Certificate entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership and subject as provided in Condition 4(C)(d) below, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Expenses and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

Certificates exercised at the same time held by the same Securityholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates, Provided That the aggregate Entitlements in respect of the same Securityholder will be rounded down to the nearest whole unit of the Relevant Asset or each of the Relevant Assets, as the case may be, in such manner as the Calculation Agent shall determine. Therefore, fractions of the Relevant Asset or of each of the Relevant Assets, as the case may be, will not be delivered and no cash adjustment will be made in respect thereof, unless otherwise provided for in the applicable Final Terms.

Following exercise of an Equity Linked W&C Security which is a Physical Delivery Certificate, all dividends on the relevant Shares or ADRs/GDRs, as applicable, to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares or ADRs/GDRs executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares or ADRs/GDRs. Any such dividends to be paid to a Securityholder will be paid to the account specified by the Securityholder in the relevant Collection Notice as referred to in Condition 5(B)(e) below.

Any distributions (including, without limitation, dividends on shares, interest amounts on debt securities or payments on units of funds) in respect of the assets constituting the Entitlement to be delivered will be payable to the party, as determined by the Issuer, that would have received such distribution according to market practice for a sale of the relevant assets constituting the Entitlement to be settled through the relevant clearing system on the due date for transfer. Any such distribution shall be paid to the account specified for such purpose in the applicable Collection Notice.

- (ii) In respect of Credit Linked Certificates only, subject as provided (in the case where Annex 6 — Additional Terms and Conditions for Credit Linked Securities apply to the W&C Securities) in Credit Linked Condition 3 and Credit Linked Condition 5, or (in the case where Annex 7 — Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) apply to the W&C Securities) in Credit Linked Condition 3, Credit Linked Condition 4 and Credit Linked Condition 6, each Physical Delivery Credit Linked Certificate entitles its holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Delivery Expenses and any other sums payable.

In respect of Credit Linked Certificates only, in relation to each Deliverable Obligation constituting the Entitlement the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided above on the Credit Settlement Date, Provided That if all or some of the Deliverable Obligations included in the Entitlement 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 before the 30th Business Day following the Credit Settlement Date (the **Final Delivery Date**), Provided Further That if all or a portion of such Undeliverable Options or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Credit Linked Condition 10 (where Annex 6 Additional Terms and Conditions for Credit Linked Securities applies) or Credit Linked Condition 12 (where Annex 7 Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) applies) shall apply.

(c) *Failure to deliver an Exercise Notice for Physical Delivery Warrants*

In the event that a Securityholder does not, in respect of a Physical Delivery Warrant, deliver an Exercise Notice on or prior to 10.00 a.m., Luxembourg or Brussels time on the Expiration Date and "Automatic Exercise" is specified as applicable in the applicable Final Terms, the Issuer shall as soon as reasonably practicable determine the Assessed Value Payment Amount and in respect of such Warrant shall pay the Assessed Value Payment Amount to the relevant Securityholder in lieu of delivery of the Entitlement as soon as reasonably practicable following the determination of the Assessed Value Payment Amount. Upon payment of the Assessed Value Payment Amount, the Issuer's obligations in respect of such W&C Security shall be discharged.

In the event that a Securityholder does not, in respect of a Physical Delivery Warrant, deliver an Exercise Notice on or prior to 10.00 a.m., Luxembourg or Brussels time on the Expiration Date and "Automatic Exercise" is not specified as applicable in the applicable Final Terms, the Warrant shall become void and expire worthless at such time.

As used herein for the purposes of Physical Delivery Warrants:

"Assessed Value Payment Amount" means, in respect of a Warrant, an amount determined by the Calculation Agent to be the fair market value of the Relevant Assets comprised in the Entitlement in respect of such Warrant at the relevant time of determination of the Assessed Value Payment Amount less the applicable Exercise Expenses and Exercise Price less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer.

(d) *Failure to deliver a Collection Notice for Physical Delivery Certificates*

In the event that a Securityholder does not, in respect of a Physical Delivery Certificate, deliver a Collection Notice on or prior to 10.00 a.m., Luxembourg or Brussels time on the Collection Notice Cut-off Date (as specified in the applicable Final Terms), the Issuer shall as soon as reasonably practicable determine the Assessed Value Payment Amount and in respect of such Certificate shall pay the Assessed Value Payment Amount to the relevant Securityholder in lieu of delivery of the Entitlement as soon as reasonably practicable following the determination of the Assessed Value Payment Amount. Upon payment of the Assessed Value Payment Amount, the Issuer's obligations in respect of such W&C Security shall be discharged.

As used herein for the purposes of Physical Delivery Certificates:

"Assessed Value Payment Amount" means, in respect of a Certificate, an amount determined by the Calculation Agent to be the fair market value of the Relevant Assets comprised in the Entitlement in respect of such Certificate at the relevant time of determination of the Assessed Value Payment Amount less the applicable Exercise Expenses and the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer.

(e) *Settlement Disruption*

If, following the exercise of Physical Delivery W&C Securities, in the opinion of the Calculation Agent, delivery of the Entitlement using the method of delivery specified in the applicable Final Terms is not practicable by reason of a Settlement Disruption Event (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such W&C Securities shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, Provided That the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant W&C Security by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in such other commercially reasonable manner. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Assets comprising the Entitlement, the Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Settlement Date. In the case of Warrants, in the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Securityholder in respect of that partial settlement. For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant W&C Security by

payment to the relevant Securityholder of the Disruption Cash Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Securityholders in accordance with Condition 9. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9. The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 9 that a Settlement Disruption Event has occurred. No Securityholder shall be entitled to any payment in respect of the relevant W&C Security in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

"Settlement Business Day" is as specified in the applicable Final Terms.

"Disruption Cash Settlement Price" means, in respect of any relevant W&C Security, the fair market value of such W&C Security at the relevant time of determination of the Disruption Cash Settlement Price (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Assets comprising the Entitlement and such non-affected Relevant Assets have been duly delivered as provided above, the value of such Relevant Assets), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer, plus (in the case of Warrants), if already paid, the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion).

"Settlement Disruption Event" means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer, as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Final Terms.

(f) *Failure to Deliver due to Illiquidity*

If "Failure to Deliver due to Illiquidity" is specified as applicable in the applicable Final Terms and, following the exercise of Physical Delivery W&C Securities, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets (the "**Affected Relevant Assets**") comprising the Entitlement, where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "**Failure to Deliver due to Illiquidity**"), then

- (i) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with Condition 4(C)(a) above and (in the case of Warrants) the Calculation Agent shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Securityholder in respect of that partial settlement; and
- (ii) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant W&C Security by payment to the relevant Securityholder of the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date that notice of such election is given to the Securityholders in accordance with Condition 9. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with Condition 9. The Calculation

Agent shall give notice as soon as practicable to the Securityholders in accordance with Condition 9 that the provisions of this Condition 4(C)(f) apply.

For the purposes hereof:

"Failure to Deliver Settlement Price" means, in respect of any relevant W&C Security, the fair market value of such W&C Security at the relevant time of determination of the Failure to Deliver Settlement Price (taking into account the Relevant Assets comprising the Entitlement which have been duly delivered as provided above), less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if already paid (in the case of Warrants), the Exercise Price (or, where as provided above some Relevant Assets have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion).

(D) *Issuer's Option to Vary Settlement*

If the applicable Final Terms indicates that the Issuer has an option to vary settlement in respect of the W&C Securities, upon a valid exercise of W&C Securities in accordance with the Conditions, the Issuer may at its sole and unfettered discretion in respect of each such W&C Securities, elect not to pay the relevant Securityholders the Cash Settlement Amount or to deliver or procure delivery of the Entitlement to the relevant Securityholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Cash Settlement Amount on the Settlement Date to the relevant Securityholders, as the case may be. Notification of such election will be given to Securityholders no later than 10.00 a.m. (London time) on the second Business Day following the Actual Exercise Date.

(E) *General*

None of the Issuer, the Calculation Agent and the Security Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount or of any Entitlement.

The purchase of W&C Securities does not confer on any holder of such W&C Securities any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to "Luxembourg or Brussels time" or "New York time" shall, where W&C Securities are cleared through an additional or alternative clearing system, be deemed to refer as appropriate to the time in the city where the relevant clearing system is located.

(F) *Definitions*

For the purposes of the Conditions, the following general definitions will apply:

"Actual Exercise Date" means (i) the Exercise Date (in the case of Certificates and European Style Warrants), (ii) subject to Condition 5(H)(a)(ii) below, the date during the Exercise Period on which the Warrant is actually exercised or is deemed exercised or, if "Automatic Exercise" is specified as applicable in the applicable Final Terms, automatically exercised (in the case of American Style Warrants (as more fully set out in Condition 4(A)(a) above) or (iii) subject to Condition 5(H)(a)(ii) below, the Exercise Date on which the Warrant is actually exercised or is deemed exercised or, if "Automatic Exercise" is specified as applicable in the applicable Final Terms, is automatically exercised (in the case of Bermudan Style Warrants (as more fully set out in Condition 4(A)(b) above).

"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) 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 London and each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified 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 Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **"TARGET2 System"**) is open.

"Cash Settlement Amount" means, in relation to Cash Settled W&C Securities, the amount to which the Securityholder is entitled in the Specified Currency in relation to each such W&C Security, as determined by the Calculation Agent pursuant to Condition 4(B) above.

"Costs" means costs, losses, expenses, taxes and/or duties including any depositary charges transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together with any interest additions to tax or penalties applicable thereto) and any interest in respect of such additions or penalties.

"Entitlement" means, in relation to a Physical Delivery W&C Security, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Securityholder is entitled to receive on the Settlement Date in respect of each such W&C Security following payment of the Exercise Expenses and, in the case of Warrants, Exercise Price (and any other sums payable) rounded down as provided in Condition 4(C)(a), as determined by the Calculation Agent including any documents evidencing such Entitlement.

"Exercise Business Day" means:

- (a) in the case of Cash Settled W&C Securities, a day that is a Business Day; and
- (b) in the case of Physical Delivery W&C Securities, a day that is a Business Day and, in the case of Index Linked W&C Securities or Equity Linked W&C Securities only, a Scheduled Trading Day.

"Exercise Date" is as specified in the applicable Final Terms.

"Exercise Expenses" means, in relation to W&C Securities all taxes, duties and/or expenses including any depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together with any interest additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties) which the Calculation Agent determines may be or would be or would have been incurred

(i) in connection with the exercise of the W&C Securities and/or any payment and/or delivery or transfer of the Entitlement in respect thereof and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the W&C Securities.

"Exercise Price" is as specified in the applicable Final Terms.

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

"Scheduled Trading Day" is as defined in the applicable Additional Terms and Conditions.

"Settlement Date" means:

- (a) in relation to Cash Settled W&C Securities, (i) where Averaging is not specified in the applicable Final Terms, the fifth Business Day following the last occurring Valuation Date, or (ii) where Averaging is specified in the applicable Final Terms, the fifth Business Day following the last occurring Averaging Date, in such case, subject to adjustment in accordance with the applicable Additional Terms and Conditions; or
- (b) in relation to Physical Delivery W&C Securities and otherwise, where so specified, the date specified as such in the applicable Final Terms.

"Settlement Price" is as specified in the applicable Final Terms.

5. Exercise Procedure

(A) Exercise Notice in respect of Warrants

Other than in the case of Automatic Exercise, Warrants may only be exercised by providing in a form acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, an **"Exercise Notice"** as described below, with a copy to the Issuer and the Principal Security Agent in accordance with the provisions of Condition 4(A) the relevant information set out in this Condition.

- (a) In the case of Cash Settled Warrants, the Exercise Notice shall:
 - (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
 - (ii) specify the number of the Securityholder's securities account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Warrants being exercised to be debited with the W&C Securities being exercised;
 - (iii) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Securityholder's securities account with the Warrants being exercised;
 - (iv) specify the number of the Securityholder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be credited with the Cash Settlement Amount (if any) for each Warrant being exercised;
 - (v) include an undertaking to pay all Exercise Expenses and an authority to Euroclear or Clearstream, Luxembourg to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder and/or to debit a specified account of

the Securityholder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Exercise Expenses;

- (vi) certify, that (x) the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice), (y) the W&C Security is not being exercised within the United States or on behalf of a U.S. person and (z) no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with the exercise thereof and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States of America as set out in the applicable Final Terms; and
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

(b) In the case of Physical Delivery Warrants, the Exercise Notice shall:

- (i) specify the series number of the Warrants and the number of Warrants being exercised and, if Units are specified in the applicable Final Terms, the number of Units being exercised;
- (ii) specify the number of the Securityholder's securities account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Warrants being exercised;
- (iii) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Securityholder's securities account with the Warrants being exercised;
- (iv) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the Actual Exercise Date a specified account of the Securityholder with Euroclear or Clearstream, Luxembourg, as the case may be, with the aggregate Exercise Prices in respect of the Warrants or Units, as the case may be, being exercised (together with any other amounts payable);
- (v) include an undertaking to pay all Exercise Expenses and an authority to Euroclear or Clearstream, Luxembourg to debit a specified account of the Securityholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
- (vi) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Securityholder's account to be credited with any cash payable by the Issuer in respect of any cash amount constituting the Entitlement, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or the Failure to Deliver Settlement Price, as applicable, or in respect of any Partial Cash Settlement Amounts;

- (vii) certify, *inter alia*, that the beneficial owner of each Warrant being exercised is not a U.S. person (as defined in the Exercise Notice) and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities, commodities and other laws of the United States of America as set out in the applicable Final Terms; and
- (viii) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

- (c) If Condition 4(D) applies, the form of Exercise Notice required to be delivered will be different from that set out above. Copies of such Exercise Notice may be obtained from the Security Agents during normal office hours.

(B) *Collection Notice in respect of Certificates*

In order to obtain delivery of the Entitlement(s) in respect of any Physical Delivery Certificate, the relevant Securityholder must provide to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Principal Security Agent and the Issuer not later than the close of business in each place of reception on the Collection Notice Cut-off Date, in a form acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, a "**Collection Notice**", as described below, containing the relevant information set out in this Condition.

The Collection Notice shall:

- (a) specify the series number of the Certificates and the number of Certificates being exercised;
- (b) specify the number of the Securityholder's securities account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with the Certificates being exercised;
- (c) irrevocably instruct Euroclear or Clearstream, Luxembourg, as the case may be, to debit on or before the Settlement Date the Securityholder's securities account with the Certificates being exercised;
- (d) include an undertaking to pay all Exercise Expenses and an authority to Euroclear or Clearstream, Luxembourg to debit a specified account of the Securityholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses;
- (e) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the Securityholder's account to be credited with any cash payable by the Issuer in respect of any cash amount constituting the Entitlement, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or the Failure to Deliver Settlement Price, as applicable, or in respect of any Partial Cash Settlement Amounts;
- (f) certify, *inter alia*, that the beneficial owner of each Certificate being exercised is not a U.S. person (as defined in the Exercise Notice) and, where appropriate, undertake to provide such various forms of certification in respect of selling restrictions under the securities,

commodities and other laws of the United States of America as set out in the applicable Final Terms; and

- (g) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Agency Agreement.

(C) *Verification of the Securityholder*

Upon receipt of an Exercise Notice or a Collection Notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person delivering such notice is the holder thereof according to the books of Euroclear or Clearstream, Luxembourg, as the case may be. Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Security Agent the series number and number of W&C Securities and the account details, if applicable, for the payment of the Cash Settlement Amount or, as the case may be, the details for the delivery of the Entitlement of each W&C Security being exercised. Upon receipt of such confirmation, the Principal Security Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Settlement Date debit the account of the relevant Securityholder with the W&C Securities being exercised. If the W&C Securities are Warrants which are American Style Warrants or Bermudan Style Warrants, upon exercise of less than all the Warrants constituted by the Global Warrant, the Common Depositary will, on the instructions of, and on behalf of, the Principal Security Agent, note such exercise on the Schedule to the Global Warrant and the number of Warrants so constituted shall be reduced by the cancellation *pro tanto* of the Warrants so exercised.

(D) *Settlement*

(a) *Cash Settled W&C Securities*

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised W&C Security:

- (i) to the Securityholder's account specified in the relevant Exercise Notice, or
- (ii) where no Exercise Notice is received, to the Securityholder's account with Euroclear or Clearstream, Luxembourg, as applicable, in accordance with the rules of Euroclear or Clearstream, Luxembourg,

in each case, for value on the Settlement Date less any Exercise Expenses not already paid. In the case of 5(D)(a)(ii) above, the Issuer shall be discharged by payment to, or to the order of, Euroclear or Clearstream, Luxembourg, as applicable, in respect of the amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg, as applicable, as the holder of an amount of the W&C Securities must look solely to Euroclear or Clearstream, Luxembourg, as applicable, for his share of each such payment so made to, or to the order of, Euroclear or Clearstream, Luxembourg, as applicable.

(b) *Physical Delivery W&C Securities*

Subject to payment of the aggregate Exercise Prices (in the case of Warrants), and payment of any Exercise Expenses with regard to the relevant W&C Securities, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement for each duly exercised W&C Security pursuant to the details specified in the Exercise Notice or Collection Notice,

as applicable. Subject as provided in Condition 4(C), the Entitlement shall be delivered and evidenced in such manner as set out in the applicable Final Terms.

(E) *Determinations*

Any determination as to whether an Exercise Notice or a Collection Notice is duly completed and in proper form shall be made by Euroclear or Clearstream, Luxembourg, as the case may be, in consultation with the Principal Security Agent. Any such determination shall be conclusive and binding on the Issuer, the Security Agents and the relevant Securityholders. Subject as set out below, any Exercise Notice or Collection Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Security Agent immediately after being delivered or sent to Euroclear or Clearstream, Luxembourg, as the case may be in each case as provided in Condition 5(A) or 5(B) above, as applicable, shall be null and void.

If such Exercise Notice or Collection Notice is subsequently corrected to the satisfaction of Euroclear or Clearstream, Luxembourg, as the case may be, in consultation with the Principal Security Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Euroclear or Clearstream, Luxembourg, as the case may be and the Principal Security Agent.

Euroclear or Clearstream, Luxembourg, as the case may be, shall use its best efforts promptly to notify the Securityholder submitting an Exercise Notice or a Collection Notice if, in consultation with the Principal Security Agent, it has determined that such Exercise Notice or Collection Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer the Security Agents, Euroclear or Clearstream, Luxembourg shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

(F) *Delivery of an Exercise Notice or a Collection Notice*

Delivery of an Exercise Notice or a Collection Notice shall constitute an irrevocable election by the relevant Securityholder to exercise the W&C Securities specified or to elect to receive the Entitlement, as applicable. After the delivery of such Exercise Notice, such exercising Securityholder may not transfer such W&C Securities.

(G) *Exercise Risk*

Exercise of the W&C Securities is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer and the Security Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer and the Security Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg as applicable, in relation to the performance of its duties in respect of the W&C Securities.

(H) *Minimum and Maximum Number of W&C Securities Exercisable*

(a) *American Style Warrants*

This paragraph (a) applies only to American Style Warrants which are not Automatically Exercised.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date must not be less than the Minimum Exercise Number specified in the

applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the "**Quota**"), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Business Days until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(b) *Bermudan Style Warrants*

This paragraph (b) applies only to Bermudan Style Warrants which are not Automatically Exercised.

- (i) The number of Warrants exercisable by any Warrantholder on any Actual Exercise Date must not be less than the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.
- (ii) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warrantholders (whether or not acting in concert) exceeds the Maximum Exercise Number (a number equal to the Maximum Exercise Number being the "**Quota**"), the Issuer may deem the Actual Exercise Date for the first Quota of such Warrants, selected at the discretion of the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Warrants (and any remaining number thereof) to be each of the succeeding Exercise Dates until all such Warrants have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Warrants which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Warrants are exercised on the same day by Warrantholder(s), the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

(c) *European Style Warrants*

This paragraph (c) applies only to European Style Warrants which are not Automatically Exercised.

The number of W&C Securities exercisable by or on behalf of any Securityholder on the Exercise Date, as determined by the Issuer, must be equal to the Minimum Exercise Number specified in the applicable Final Terms and, if specified in the applicable Final Terms, if a

number greater than the Minimum Exercise Number, must be an integral multiple of the number specified in the applicable Final Terms. Any Exercise Notice which purports to exercise Warrants in breach of this provision shall be void and of no effect.

6. Event of Default on Insolvency, Illegality, Cancellation and Purchase

(A) *Event of Default on Insolvency*

Upon the occurrence of one or more of the events listed below (each an "**Event of Default**"), holders of at least one-fifth (by number) of the W&C Securities then outstanding may at their option declare the W&C Securities to be immediately payable at their Early Cancellation Amount (determined in accordance with Condition 6(C) below by written notice to the Issuer and the Principal Security Agent at its main office in London. The Early Cancellation Amount shall become immediately due and payable and the W&C Securities will be cancelled after payment thereof.

Each of the following events shall constitute an Event of Default:

- (a) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by an Extraordinary Resolution of the Securityholders;
- (b) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of its undertaking or assets or an encumbrancer takes possession of the whole or a substantial part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of its undertaking or assets, and (ii) in any such case (other than the appointment of an administrator) is not discharged, dismissed, suspended or stayed within 28 days; or
- (c) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

(B) *Illegality*

In the event that the Issuer determines in good faith that the performance of its obligations under the W&C Securities or that any arrangements made to hedge its obligations under the W&C Securities 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 Securityholders in accordance with Condition 9 (which notice shall be irrevocable), may, on expiry of such notice cancel all, but not some only, of the W&C Securities, each W&C Security being redeemed at the Early Cancellation Amount.

(C) *Early Cancellation Amount*

The **Early Cancellation Amount** in respect of a W&C Security shall be an amount equal to the fair market value of such W&C Securities (taking into account all factors which the Calculation Agent determines relevant) less Associated Costs, and Provided That in the case of an early cancellation following the occurrence of an Event of Default, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the W&C Securities.

As used herein:

"**Associated Costs**" means, in respect of a W&C Security, an amount (which may not be less than zero) equal to such W&C Securities' pro rata share of the total amount of any and all Costs associated with or incurred by the Issuer and/or any Affiliate in connection with such early cancellation, including, without limitation, any Costs associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding, substituting, re-establishing, and/or incurring any funding relating to the W&C Securities and/or any hedge positions (including without limitation, any derivative transactions) relating to or entered into in connection with the W&C Securities, all as determined by the Calculation Agent in its sole discretion.

(D) *Purchases*

The Issuer or any of its Affiliates may at any time purchase W&C Securities at any price in the open market or otherwise. Such W&C Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Security Agent for cancellation.

7. Expenses and Taxation

A holder of W&C Securities must pay all Exercise Expenses relating to such W&C Securities as provided in Condition 5(A) or Condition 5(B) above.

The Issuer shall not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment (including any stamp or transfer tax) which may arise as a result of the ownership, transfer, exercise or enforcement of any W&C Security by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

8. Security Agents and Calculation Agent

(A) *Security Agents*

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

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

- (a) there will at all times be a Principal Security Agent; and
- (b) so long as the W&C Securities are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Security Agent, which may be the Principal Security Agent, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

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 Securityholders in accordance with Condition 9.

In acting under the Agency Agreement, the Security Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Securityholders. The Agency Agreement contains provisions permitting any entity into which any Security 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 paying agent.

(B) *Calculation Agent*

In relation to each issue of W&C Securities, the Calculation Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. All calculations and determinations made in respect of the W&C Securities by the Calculation Agent shall be in its sole and absolute discretion, in good faith, and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Security Agents. The Calculation Agent shall promptly notify the Issuer and the Principal Security Agent upon any such calculations and determinations, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Security Agents, the Securityholders 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.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

9. Notices

Notices may be given to Securityholders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the W&C Securities and, in addition, for so long as any W&C Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the W&C Securities on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Securityholder shall be in writing and given to the Principal Security Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Security Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

10. Meetings of Securityholders, Modification, Waiver and Substitution

(A) *Meetings of Securityholders, Modification and Waiver*

The Agency Agreement contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the W&C Securities or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by the Securityholders holding not less than five per cent. in number of units of the W&C Securities for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in number of units of the

W&C Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Securityholders whatever the number of units of the W&C Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the W&C Securities, the quorum shall be one or more persons holding or representing not less than two-thirds in number of units of the W&C Securities for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in number of units of the W&C Securities for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Securityholders shall be binding on all the Securityholders, whether or not they are present at the meeting.

The Principal Security Agent and the Issuer may agree, without the consent of the Securityholders to:

- (a) any modification of the W&C Securities or the Agency Agreement or to any waiver or authorisation of any breach or proposed breach by the Issuer of any of the terms of the W&C Securities or the Agency Agreement or determine that any Event of Default (as defined in Condition 8) shall not be treated as such which is not prejudicial to the interests of the Securityholders; or
- (b) any modification of the W&C Securities or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Securityholders and any such modification shall be notified to the Securityholders in accordance with Condition 9 as soon as practicable thereafter.

(B) *Substitution of Issuer or Branch*

The Issuer (or any previously substituted company from time to time) shall, without the consent of the Securityholders, be entitled at any time to substitute for the Issuer any other company (the "**Substitute**") as obligor in respect of all obligations arising from or in connection with the W&C Securities Provided That (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the W&C Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the W&C Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) each stock exchange or listing authority on which the W&C Securities are listed shall have confirmed that following the proposed substitution of the Substitute the W&C Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Securityholders in accordance with Condition 9, including by providing notice of the substitution to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them to be published subsequently in accordance with Condition 9.

The Issuer shall have the right upon giving notice to the Securityholders in accordance with Condition 9 to change the branch through which it is acting for the purposes of the W&C Securities, the date of such change to be specified in such notice Provided That no change may take place prior to the date of the giving of such notice. The Issuer shall provide notice of any such change of branch to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them (to be published subsequently in accordance with Condition 9).

11. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Securityholders to create and issue W&C Securities having terms and conditions the same as the W&C Securities or the same in all respects save for the issue price and date of issue thereof and so that the same shall be consolidated and form a single Series with the outstanding W&C Securities.

12. Contracts (Rights of Third Parties) Act 1999

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

13. Governing Law and Submission to Jurisdiction

(A) *Governing law*

The Agency Agreement, the W&C Securities and any non-contractual obligations arising out of or in connection with the Agency Agreement and the W&C Securities, shall be governed by, and construed in accordance with, English law.

(B) *Submission to jurisdiction*

In relation to any legal action or proceedings arising out of or in connection with the W&C Securities (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the W&C Securities ("**Proceedings**")), the courts of England have exclusive jurisdiction and the Issuer and the Securityholders (by their acquisition of the Securities are deemed to) submit to the exclusive jurisdiction of the English courts. The Issuer and the Securityholders (by their acquisition of the Securities are deemed to) waive any objection to Proceedings in the English courts on the grounds of venue or that the Proceedings have been brought in an inconvenient forum.

14. Severability

Should any of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

ANNEX 1

ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED SECURITIES

1. Interpretation

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Index Linked N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and the Additional Terms and Conditions for Index Linked Securities set out below (the "**Index Linked Conditions**") and (b) the terms and conditions applicable to Index Linked W&C Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Securities Conditions**") and the Index Linked Conditions, in each case, together with any additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions in the case of N&C Securities, and the W&C Securities Conditions in the case of W&C Securities and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions or the W&C Securities Conditions and/or the Index Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail. References in the Index Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "W&C Security" and "W&C Securities" as the context admits.

2. Definitions

For the purposes of these Index Linked Conditions:

"Averaging Date" means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price. Provided That, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then:
 - (i) where the Index Linked Securities relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (A) that eighth Scheduled

Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph a(ii) of the definition of "Valuation Date" below; and

- (ii) where the Index Linked Securities relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph b(ii) of the definition of "Valuation Date" below,

for the purposes of these Index Linked Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

"**Component Security**" means, in respect of a Multi-Exchange Index, each component security in such Index.

"**Disrupted Day**" means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index, (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred.

"**Early Closure**" means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case

may be, at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day, or (b) the submission deadline for orders to be entered into on the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day.

"Exchange" means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

"Exchange Business Day" means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the relevant Related Exchange.

"Index" and **"Indices"** mean, subject to adjustment in accordance with the Index Linked Conditions, the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Index Closing Level" means, in respect of an Index and subject to these Index Linked Conditions and to "Valuation Date", "Observation Date", "Knock-in Determination Day", "Knock-out Determination Day", "Trigger Event Observation Date" and "Mandatory Early Termination Valuation Date" below and "Averaging Date" above, as the case may be, an amount equal to the official closing level (which shall be deemed to be an amount in the Index Currency) of such Index as determined by the Calculation Agent on (i) if Averaging is not specified in the applicable Final Terms, the Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Observation Date or a Mandatory Early Termination Valuation Date, as the case may be, or (ii) if Averaging is specified in the applicable Final Terms, an Averaging Date converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate.

"Index Level" means, in respect of an Index and a time on a Scheduled Trading Day and subject to these Index Linked Conditions, the level of such Index at such time on such day as determined by the Calculation Agent.

"Index Performance" means, in relation to an Averaging Date, a Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Determination Date or a Mandatory Early Termination Valuation Date or any other event date described in the applicable Final Terms, as the case may be, an amount (howsoever) expressed determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

"Index Sponsor" means, in relation to an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

"Observation Cut-Off Date" means, in respect of each Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Observation Date" means each Observation Date specified in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Index Linked Securities relate to a single Index, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 4 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in the

Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date); or

- (b) where the Index Linked Securities relate to a Basket of Indices, that Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date and that Observation Date for each Index affected (each an "**Affected Index**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Observation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date).

"Observation Period" means the period or periods specified as such in the applicable Final Terms.

"Related Exchange" means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Observation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

"Scheduled Trading Day" means (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions or (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of that Index, and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"Trading Disruption" means:

- (a) in relation to an Index which is not specified in the applicable Final Terms as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange;
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.

"Valuation Cut-Off Date" means the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the definition of Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Valuation Date" means (x) in the case of N&C Securities, each Valuation Date specified in the applicable Final Terms or (y) in the case of W&C Securities, the Actual Exercise Date of the relevant W&C Security, or in either case if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Index Linked Securities relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4 below) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date); or
- (b) where the Index Linked Securities relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected (each an **"Affected Index"**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the

Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date).

"Valuation Time" means:

- (a) where the relevant Index is not specified in the applicable Final Terms to be a Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time;
- (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, the Valuation Time specified in the applicable Final Terms or if no Valuation Time is specified (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; or
- (c) where the Index Level is to be determined during any period on any Scheduled Trading Day, each relevant time at which the Index Level is so determined.

3. **Market Disruption**

"Market Disruption Event" means:

- (a) in respect of an Index other than a Multi-Exchange Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, or (iii) an Early Closure; or
- (b) in respect of an Index which is a Multi-Exchange Index either:
 - (i) (A) the occurrence or existence, in respect of any Component Security, of:
 - I. a Trading Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the

relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded;

- I. an Exchange Disruption, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, in respect of the Exchange on which such Component Security is principally traded; or
 - II. an Early Closure; and
- (B) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, comprises 20 per cent. or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of (A) a Trading Disruption, (B) an Exchange Disruption which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, in respect of any Related Exchange or (C) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at any time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of the Index shall be based on a comparison of (i) the portion of the level of the Index attributable to that security or Component Security, as the case may be, and (ii) the overall level of the Index, in each case either (a) except where the Index is not a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where that Index is a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

4. Adjustments and Corrections to an Index

(a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

(b) Modification and Cessation of Calculation of an Index

If in the determination of the Calculation Agent (i) on or prior to any date on which any Index valuation or obligation is scheduled to occur the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or

method to maintain that Index in the event of changes in constituent stock and capitalisation or contracts and other routine events) (an "**Index Modification**"), (ii) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"), or (iii) on any date on which any Index valuation or obligation is scheduled to occur the Index Sponsor or, if applicable, the Successor Index Sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Calculation, each an "**Index Adjustment Event**"), then the Issuer may take the action described in (A) or (B) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Securities and, if so, calculate the relevant level or price using, in lieu of a published level for that Index, the level for that Index as at the relevant time as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or
- (B)
 - (i) in the case of N&C Securities on giving notice to the Holders in accordance with N&C Securities Condition 14, redeem all (but not some only) of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount; and
 - (ii) in the case of W&C Securities on giving notice to Holders in accordance with W&C Securities Condition 9, cancel all (but not some only) of the W&C Securities, each W&C Security or Unit, as the case may be, being cancelled at the Early Cancellation Amount.

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with N&C Securities Condition 14 or Holders in accordance with W&C Securities Condition 9, as applicable giving details of the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action. The Issuer shall make available for inspection by Holders copies of any such determinations.

(c) Corrections to an Index

If the level of a relevant Index published on any Valuation Date, Observation Date, Averaging Date, or any other date for Index valuation or observation, as the case may be, by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Index Linked Securities (a "**Relevant Calculation**") is subsequently corrected and the correction (the "**Corrected Index Level**") published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Index Level shall be deemed to be the relevant level for such Index on such Averaging Date, Observation Date, Valuation Date, or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant level or price.

5. Additional Disruption Events

- (a) "**Additional Disruption Event**" means any of Change of Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms.

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant security comprised in an Index or (B) the Issuer will incur a materially increased cost in performing its obligations in relation to the Index Linked Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), Provided That any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

- (b) If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
 - (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii) give notice to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, and (A) in the case of N&C Securities, redeem all, but not some only, of the N&C Securities, each nominal amount of N&C Securities equal to the Calculation Amount being redeemed at the Early Redemption Amount; or (B) in the case of W&C Securities, cancel all, but not some only, of the W&C Securities, each W&C Security or Unit, as the case may be, being cancelled at the Early Cancellation Amount.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

6. Knock-in Event, Knock-out Event

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Securities relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Securities relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

"Knock-in Determination Day" means the date(s) specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-in Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments below.

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

"Knock-in Event" is as specified in the applicable Final Terms.

"Knock-in/Knock-out Disrupted Day Adjustments" means:

- (a) if the Knock-in Valuation Time or the Knock-out Valuation Time is a single time on each relevant day and any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day then, if "Knock-in/Knock-out Determination Day consequences of a Disrupted Day" is specified in the applicable Final Terms as:
 - (i) **"Omission"**, then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; Provided That if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a Disrupted Day and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or
 - (ii) **"Postponement"**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or

- (b) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is other than a single time on each relevant day and if on any Knock-in Determination Day or Knock-out Determination Day as of any Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-in/Knock-out intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
- (i) **"Omission"**, then such Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, shall be ignored for purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or
 - (ii) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred at such time Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

"Knock-in Level" means, in respect of an Index, the level or value of the Index specified as such or otherwise determined as provided in the applicable Final Terms.

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

"Knock-in Period Ending Date" means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-in Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Knock-in Valuation Time" means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-in Determination Day".

"Knock-out Determination Day" means the date(s) specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments above.

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

"Knock-out Event" is as specified in the applicable Final Terms.

"Knock-out Level" means, in respect of an Index, the level or value of the Index specified as such or otherwise determined as provided in the applicable Final Terms.

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

"Knock-out Period Ending Date" means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-out Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Knock-out Valuation Time" means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Day".

7. Trigger Event

If "Trigger Event" is specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Securities relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

"Trigger Event" means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

"Trigger Event (Closing Observation)" means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the

Index Closing Level of any Index as calculated and announced by the Index Sponsor at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

"Trigger Event Date" means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

"Trigger Event Disrupted Day Adjustments" means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a Disrupted Day then, if "Trigger Event Observation Date consequences of a Disrupted Day" is specified in the applicable Final Terms as:
 - (i) **"Omission"**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; Provided That if the final Trigger Event Observation Date in any Trigger Event Observation Period is a Disrupted Day and no Trigger Event has occurred in that Trigger Event Observation Period, such final Trigger Event Observation Date in such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
 - (ii) **"Postponement"**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index(ices) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
 - (i) **"Omission"**, then such Trigger Event Valuation Time shall be ignored for purposes of determining whether a Trigger Event has occurred, Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a

Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or

- (ii) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Index Level as of such time, the Trigger Event may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Index Level as of such time, then the Trigger Event shall be deemed not to have occurred at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level or price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant level or price of the relevant Index or Indices in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

"Trigger Event (Intraday Observation)" means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Index Level of any Index is less than or equal to the relevant Trigger Level for such Index, as determined by the Calculation Agent.

"Trigger Event Observation Date" means each Scheduled Trading Day during the Trigger Event Observation Period, subject as provided in Trigger Event Disrupted Day Adjustments above.

"Trigger Event Observation Period" means the period specified as such in the applicable Final Terms.

"Trigger Event Valuation Time" means the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Trigger Event Observation Date".

"Trigger Level" means, in relation to an Index, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Index in the applicable Final Terms.

"Trigger Percentage" means, in relation to an Index and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

8. **Mandatory Early Termination**

Unless the Securities have been previously redeemed, exercised, terminated or cancelled, if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Securities will be automatically redeemed or cancelled, as applicable, in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption or cancellation amount payable by the Issuer on such date upon redemption or cancellation of each Security shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

As used herein:

"Mandatory Early Termination Amount" means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

"Mandatory Early Termination Calculation Amount" is as specified in the applicable Final Terms.

"Mandatory Early Termination Date" means each date specified as such in the applicable Final Terms.

"Mandatory Early Termination Event" means (each of) the events specified as such in the applicable Final Terms.

"Mandatory Early Termination Level" means the level or value per Index specified as such or otherwise determined as provided in the applicable Final Terms.

"Mandatory Early Termination Rate" means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

"Mandatory Early Termination Valuation Cut-Off Date" means the eighth Scheduled Trading Day immediately following the Scheduled Mandatory Early Termination Valuation Date or if earlier the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Mandatory Early Termination Valuation Date" means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Index Linked Securities relate to a single Index, that Mandatory Early Termination Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Mandatory Early

Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4 above) the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Mandatory Early Termination Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date); or

- (b) where the Index Linked Securities relate to a Basket of Indices, that Mandatory Early Termination Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Mandatory Early Termination Valuation Date and that Mandatory Early Termination Valuation Date for each Index affected (each an "**Affected Index**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 4) the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on the Mandatory Early Termination Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date).

"Mandatory Early Termination Valuation Time" means in respect of any Index the time on any Mandatory Early Termination Valuation Date as specified in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Mandatory Early Termination Valuation Date".

"Scheduled Mandatory Early Termination Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Mandatory Early Termination Valuation Date.

9. Index Disclaimer

The Index Linked Securities are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is

making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Index Linked Securities. The Issuer shall have no liability to the Holders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. Except as disclosed prior to the Issue Date specified in the applicable Final Terms, neither the Issuer nor its Affiliates has any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

ANNEX 2

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED SECURITIES

1. Interpretation

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Equity Linked N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and, subject as set out in Equity Linked Condition 8, the Additional Terms and Conditions for Equity Linked Securities set out below (the "**Equity Linked Conditions**") and (b) the terms and conditions applicable to Equity Linked W&C Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Securities Conditions**") and the Equity Linked Conditions, in each case, together with any additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions in the case of N&C Securities, and the W&C Securities Conditions in the case of W&C Securities and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions and the Equity Linked Conditions or the W&C Securities and (ii) the applicable Final Terms, the applicable Final Terms shall prevail. References in the Equity Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "W&C Security" and "W&C Securities" as the context admits.

2. Definitions

For the purposes of these Equity Linked Conditions:

"Averaging Date" means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day:

- (a) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price; Provided That, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level or price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then:
 - (i) where the Equity Linked Securities relate to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then

(A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph a(ii) of the definition of "Valuation Date" below; and

- (ii) where the Equity Linked Securities relate to a Basket of Shares, the Averaging Date for each Share not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for a Share affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Share. If the first succeeding Valid Date in relation to such Share has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Share, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph b(ii) of the definition of "Valuation Date" below,

for the purposes of these Equity Linked Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur.

"**Disrupted Day**" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"**Early Closure**" means the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day, and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Knock-in Valuation Time, the Knock-out Valuation Time, the Trigger Event Valuation Time or the Mandatory Early Termination Valuation Time, as the case may be, on such Exchange Business Day.

"**Exchange**" means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to such Share on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Disruption**" means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Shares on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Share on any relevant Related Exchange.

"Observation Cut-Off Date" means, in respect of a Scheduled Observation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Observation Date" means each date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Securities relate to a single Share, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Equity Linked Securities relate to a Basket of Shares, that Observation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date and that Observation Date for each Share affected (each an **"Affected Share"**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

"Observation Period" means the period or periods specified as such in the applicable Final Terms.

"Related Exchange" means, in relation to a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (Provided That the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **"Related Exchange"** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Share.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Observation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

"Scheduled Trading Day" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

"Scheduled Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

"Shares" and **"Share"** mean, subject to adjustment in accordance with these Equity Linked Conditions, the shares or a share specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Share Closing Price" means, in respect of a Share and subject to these Equity Linked Conditions and to "Valuation Date", "Knock-in Determination Day", "Knock-out Determination Day", "Trigger Event Observation Date" and "Mandatory Early Termination Valuation Date" below and "Averaging Date" or "Observation Date" above, as the case may be, an amount equal to the official closing price of such Share quoted on the relevant Exchange as determined by the Calculation Agent on (A) if Averaging is not specified in the applicable Final Terms, the Valuation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Observation Date or a Mandatory Early Termination Valuation Date, or an Observation Date, as the case may be, or (B) if Averaging is specified in the applicable Final Terms, an Averaging Date converted, if Exchange Rate is specified as applicable in the applicable Final Terms, into the Specified Currency at the Exchange Rate.

"Share Company" means, in respect of a Share, the company that has issued such Share.

"Share Performance" means, in relation to an Averaging Date, a Valuation Date, an Observation Date, a Knock-in Determination Day, a Knock-out Determination Day, a Trigger Event Determination Date or a Mandatory Early Termination Valuation Date, as the case may be, an amount expressed as a percentage determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

"Share Price" means, in respect of a Share and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions, the price of such Share at such time on such day as determined by the Calculation Agent.

"Trading Disruption" means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Share on the Exchange or (ii) in futures or options contracts relating to the Share on any relevant Related Exchange.

"Valuation Cut-Off Date" means, in respect of a Scheduled Valuation Date, the eighth Scheduled Trading Day immediately following the relevant Scheduled Valuation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the definition of Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Valuation Date" means (x) in the case of Securities, each Valuation Date specified in the applicable Final Terms or (y) in the case of W&C Securities, the Actual Exercise Date of the relevant W&C Security, or in either case if that is not a Scheduled Trading Day the first Scheduled

Trading Day thereafter unless, in the opinion of the Calculation Agent such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Equity Linked Securities relate to a single Share, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date; or
- (b) where the Equity Linked Securities relate to a Basket of Shares, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Share affected (each an "**Affected Share**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

"Valuation Time" means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time or, where the Share Price is to be determined during any period, each relevant time at which the Share Price is so determined.

3. **Market Disruption**

"Market Disruption Event" means, in relation to a Share, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, any time during the one hour period that ends at the Valuation Time, Knock-in Valuation Time, Knock-out Valuation Time, Trigger Event Valuation Time or Mandatory Early Termination Valuation Time, as the case may be, for such Share or (iii) an Early Closure.

4. **Correction to Share Prices**

If the price of a Share published on any Valuation Date, Observation Date, Averaging Date or any other date for Share valuation or observation, as the case may be, by the relevant Exchange and which is utilised for any calculation or determination made for the purposes of the N&C Securities (a "**Relevant Calculation**") is subsequently corrected and the correction (the "**Corrected Share Price**") published by the relevant Exchange no later than two Business Days prior to the date of payment of any amount to be calculated by reference to the Relevant Calculation then such Corrected Share Price shall be deemed to be the relevant price for such Share on such Averaging

Date, Observation Date, Valuation Date or other relevant date, as the case may be, and the Calculation Agent shall use such Corrected Share Price in determining the relevant price.

5. Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalisation and Insolvency

- (a) **"Potential Adjustment Event"** means any of the following:
- (i) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
 - (iii) an extraordinary dividend as determined by the Calculation Agent;
 - (iv) a call by a Share Company in respect of relevant Shares that are not fully paid;
 - (v) a repurchase by the Share Company or any of its subsidiaries, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
 - (vi) in respect of a Share Company an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, Provided That any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
 - (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

Following the declaration by the Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will make the corresponding adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (Provided That no adjustments will be made to account solely for changes in volatility, expected dividends stock loan rate or liquidity relative to the relevant Share) and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

If "Local Tax Adjustment" is specified in the applicable Final Terms as being applicable, then, in its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the Shares of any Potential Adjustment Event, and any related adjustments to the terms of the Securities, the Calculation Agent shall take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event.

"Local Taxes" shall mean taxes, duties, and similar charges imposed by the taxing authority of the Local Jurisdiction (specified in the applicable Final Terms).

"Offshore Investor" shall mean a holder of Shares who is an institutional investor not resident in the Local Jurisdiction for the purposes of the tax laws and regulations of the Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (a) shall be determined by the Calculation Agent and (b) may be the jurisdiction of residence of the Issuer or any of its Affiliates or agents.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9 as applicable stating the adjustment to the terms of the Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

- (b) **"De-listing"** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in

each case if the Merger Date is on or before (I) in the case of Cash Settled Securities, the last occurring Valuation Date, Observation Date, or where Averaging is specified in the applicable Final Terms, the final Averaging Date or any other relevant date for Share valuation or observation, as the case may be, in respect of the relevant Security or (II) in the case of Physical Delivery N&C Securities, the Maturity Date and in the case of Physical Delivery W&C Securities the relevant Settlement Date.

"Nationalisation" means that all the Shares or all or substantially all the assets of the Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"Tender Offer" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Company as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If (x) a Merger Event, De-listing, Nationalisation or Insolvency occurs in relation to a Share and/or (y) if Tender Offer is specified as applicable in the applicable Final Terms, a Tender Offer occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or (v) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any terms of the Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency made by any options exchange to options on the Shares traded on that options exchange and the relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares; or
- (ii) where the Equity Linked Securities relate to a Basket of Shares on giving notice to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, redeem or cancel, as the case may be, each Security in part. If a Security is so redeemed or cancelled in part the portion (the **"Partial Amount"**) of each such Security representing the affected Share(s) shall be redeemed or cancelled, as the case may be, and the Issuer will (x) pay to each Holder in respect of each Security or Unit, as the case may be, held by him an amount equal to the fair market value of the Partial Amount, taking into account the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion; and (y) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the terms of the Terms and Conditions and/or the applicable Final Terms to account for such redemption or cancellation in part. For the avoidance of doubt the remaining part of each such Security

after redemption or cancellation and adjustment shall remain outstanding with full force and effect. Payments will be made in such manner as shall be notified to the Holders in accordance with N&C Securities Condition 14 or W&C Security Condition 9, as applicable; or

- (iii) (A) in the case of N&C Securities, give notice to the Holders in accordance with N&C Securities Condition 14 and redeem all, but not some only, of the N&C Securities, each nominal amount of N&C Securities equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
- (B) in the case of W&C Securities, give notice to Holders in accordance with W&C Securities Condition 9 and cancel all, but not some only, of the W&C Securities, each W&C Security or Unit, as the case may be, being cancelled at the Early Cancellation Amount; or
- (iv) following such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or
- (v) if the applicable Final Terms provide that "Share Substitution" is applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of the Nationalisation, Insolvency or De-listing (as the case may be), the Calculation Agent may adjust the basket of Shares to include a share (the "**Substitute Shares**") selected by it in accordance with the criteria for share selection ("**Share Substitution Criteria**") set out in the applicable Final Terms in place of the Share(s) (the "**Affected Share(s)**") which are affected by such Merger Event, Tender Offer, Nationalisation, Insolvency or De-listing and the Substitute Shares will be deemed to be "Shares" and the relevant issuer of such shares, a "Share Company" for the purposes of the N&C Securities, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate.

Upon the occurrence of a Merger Event, De-listing, Nationalisation, Insolvency or, if applicable, Tender Offer, the Issuer shall give notice as soon as practicable to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

6. Non-euro Quoted Shares

In respect of Equity Linked Securities relating to Shares originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the

single currency in accordance with the Treaty, if such Shares are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Shares are traded, then the Calculation Agent will adjust any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Securities. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Securities.

7. Additional Disruption Events

- (a) **"Additional Disruption Event"** means any of Change of Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or Insolvency Filing, in each case if specified in the applicable Final Terms.

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Share or (B) it will incur a materially increased cost in performing its obligations in relation to the Equity Linked Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hedging Shares" means the number of Shares that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Equity Linked Securities.

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), Provided That any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

"Increased Cost of Stock Borrow" means that the Issuer and/or any of its Affiliates would incur a rate to borrow Shares that is greater than the Initial Stock Loan Rate.

"Initial Stock Loan Rate" means, in respect of a Share, the Initial Stock Loan Rate specified in relation to such Share in the applicable Final Terms.

"Insolvency Filing" means that a Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a 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 by it or such regulator, supervisor or similar official or it consents to such a petition, Provided That proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed an Insolvency Filing.

"Loss of Stock Borrow" means that the Issuer and/or any affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Share in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Maximum Stock Loan Rate" means in respect of a Share, the Maximum Stock Loan Rate specified in the applicable Final Terms.

- (b) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (ii)
 - (A) in the case of N&C Securities, give notice to Holders in accordance with N&C Securities Condition 14 and redeem all, but not some only, of the N&C Securities, each nominal amount of N&C Securities equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
 - (B) in the case of W&C Securities, give notice to the Holders in accordance with W&C Securities Condition 9 and cancel all, but not some only, of the W&C Securities, each W&C Security or Unit, as the case may be, being cancelled at the Early Cancellation Amount.

Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

8. GDR/ADR Linked Securities

If "GDR/ADR Linked Securities" is specified as Applicable in the applicable Final Terms, the terms and conditions applicable to the Securities shall comprise the N&C Security Conditions in the case of N&C Securities, and the W&C Securities Conditions in the case of W&C Securities, and the Equity Linked Conditions, as such Equity Linked Conditions are completed by Equity Linked Conditions 9, 10 and 11 (in each case subject to completion and/or amendment in the applicable Final Terms).

If "GDR/ADR Linked Securities" is specified as Not Applicable in the applicable Final Terms, the provisions of Equity Linked Conditions 9, 10 and 11 shall not be applicable to the Securities.

9. Share Event in respect of GDR/ADR Linked Securities

Upon the occurrence of a Share Event, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii), (iv) or (v) set out in Equity Linked Condition 5(b). The Issuer shall give notice as soon as practicable to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, stating the occurrence of the Share Event, giving details thereof and the action proposed to be taken in relation thereto.

"**Share Event**" means each of the following events:

- (i) written instructions have been given by the issuer of the Underlying Shares to the depositary of the Underlying Shares to withdraw or surrender the Underlying Shares; and
- (ii) the termination of the deposit agreement in respect of the Underlying Shares.

If an event constitutes both a Share Event and an Additional Disruption Event, the Calculation Agent shall have absolute discretion to determine which of these events such event constitutes.

"**Underlying Shares**" mean the shares underlying the GDR or the ADR, as the case may be.

10. Additional Potential Adjustment Event

The following additional event shall be deemed added to the list of Potential Adjustment Events set out in Equity Linked Condition 5(a):

"a distribution in respect of the Underlying Shares of property other than cash, shares or rights relating to any Underlying Shares to the holder of the Underlying Shares."

11. General Provisions in respect of GDR/ADR Linked Securities

The provisions of Equity Linked Conditions 1 to 7 (inclusive) shall apply to GDR/ADR Linked Securities as if references therein to the "Shares" were to the GDRs or ADRs as applicable and/or the Underlying Shares, as applicable, references to the "Share Company" were to the issuer of the Underlying Shares and references to the "Exchange" were to the exchange or quotation system on which the GDRs or ADRs, as the case may be, are listed and the exchange or quotation system on which the Underlying Shares are listed, and with such additional or alternative modifications as the Calculation Agent may consider necessary or otherwise desirable.

12. Knock-in Event, Knock-out Event

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Securities relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Securities relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

"**Knock-in Determination Day**" means the date(s) specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or, if not so specified, each Scheduled Trading Day during the Knock-in Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments below.

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

"Knock-in Event" is as specified in the applicable Final Terms.

"Knock-in/Knock-out Disrupted Day Adjustments" means:

- (a) if the Knock-in Valuation Time or the Knock-out Valuation Time is a single time on each relevant day and any Knock-in Determination Day or Knock-out Determination Day is a Disrupted Day then, if "Knock-in/Knock-out Determination Day consequences of a Disrupted Day" is specified in the applicable Final Terms as:
 - (i) **"Omission"**, then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; Provided That if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a Disrupted Day and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or
 - (ii) **"Postponement"**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or
- (b) if the Knock-in Valuation Time or the Knock-out Valuation Time specified in the applicable Final Terms is other than a single time on each relevant day and if on any Knock-in Determination Day or Knock-out Determination Day as of any Knock-in Valuation Time or Knock-out Valuation Time a Knock-in Event or Knock-out Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Knock-in/Knock-out intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
 - (i) **"Omission"**, then such Knock-in Valuation Time or the Knock-out Valuation Time, as the case may be, shall be ignored for purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out

Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur; or

- (ii) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Share Price as of such time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Share Price as of such time, then the Knock-in Event or the Knock-out Event shall be deemed not to have occurred at such time Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Disrupted Day are satisfied as of the last occurring Knock-in Valuation Time or Knock-out Valuation Time on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, as if such Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

"Knock-in Level" means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the applicable Final Terms.

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

"Knock-in Period Ending Date" means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-in Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Knock-in Valuation Time" means the time or period of time on any Knock-in Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation

Time, for which purposes references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-in Determination Day".

"Knock-out Determination Day" means the date(s) specified as such in the applicable Final Terms, or, if any such date is not a Scheduled Trading Day, the first succeeding Scheduled Trading Day thereafter or each Scheduled Trading Day during the Knock-out Determination Period, subject, in each case, as provided in Knock-in/Knock-out Disrupted Day Adjustments above.

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

"Knock-out Event" is as specified in the applicable Final Terms.

"Knock-out Level" means, in respect of a Share, the price of the Share specified as such or otherwise determined as provided in the applicable Final Terms.

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

"Knock-out Period Ending Date" means the date specified as such in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day or, if earlier, the second Business Day immediately preceding the date of payment or delivery of any amount calculated pursuant to the applicable Knock-out Event provisions or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Knock-out Valuation Time" means the time or period of time on any Knock-out Determination Day specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Knock-out Determination Day".

13. **Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Securities relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

"Trigger Event" means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

"Trigger Event (Closing Observation)" means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Share Closing Price of any Share at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Level for such Share, as determined by the Calculation Agent.

"Trigger Event Date" means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

"Trigger Event Disrupted Day Adjustments" means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a Disrupted Day then, if "Trigger Event

Observation Date consequences of a Disrupted Day" is specified in the applicable Final Terms as:

- (i) **"Omission"**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; Provided That if the final Trigger Event Observation Date in any Trigger Event Observation Period is a Disrupted Day and no Trigger Event has occurred in that Trigger Event Observation Period, such final Trigger Event Observation Date in such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
 - (ii) **"Postponement"**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share(s) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for a Disrupted Day have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
- (i) **"Omission"**, then such Trigger Event Valuation Time shall be ignored for purposes of determining whether a Trigger Event has occurred, Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
 - (ii) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such Disrupted Day is not material for the purposes of determining the Share Price as of such time, the Trigger Event may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent

determines that the relevant event or occurrence giving rise to such Disrupted Day is material for the purposes of determining the Share Price as of such time, then the Trigger Event shall be deemed not to have occurred at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Disrupted Day are satisfied as of the last occurring Trigger Event Valuation Time on the final Trigger Event Observation Date in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was a Disrupted Day and the Calculation Agent shall determine the relevant price of the relevant Share or Shares in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

"Trigger Event (Intraday Observation)" means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Share Price of any Share is less than or equal to the relevant Trigger Level for such Share, as determined by the Calculation Agent.

"Trigger Event Observation Date" means each Scheduled Trading Day during the Trigger Event Observation Period, subject as provided in Trigger Event Disrupted Day Adjustments above.

"Trigger Event Observation Period" means the period specified as such in the applicable Final Terms.

"Trigger Event Valuation Time" means the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Trigger Event Observation Date".

"Trigger Level" means, in relation to a Share, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Share in the applicable Final Terms.

"Trigger Percentage" means, in relation to a Share and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

14. Mandatory Early Termination

Unless the Securities have been previously redeemed, exercised, terminated or cancelled, if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Securities will be automatically redeemed or cancelled, as applicable, in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption or cancellation amount payable by the Issuer on such date upon redemption or cancellation of each Security shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

As used herein:

"Mandatory Early Termination Amount" means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

"Mandatory Early Termination Calculation Amount" is as specified in the applicable Final Terms.

"Mandatory Early Termination Date" means each date specified as such in the applicable Final Terms.

"Mandatory Early Termination Event" means (each of) the events specified as such in the applicable Final Terms.

"Mandatory Early Termination Level" means the price per Share specified as such or otherwise determined as provided in the applicable Final Terms.

"Mandatory Early Termination Rate" means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

"Mandatory Early Termination Valuation Cut-Off Date" means the eighth Scheduled Trading Day immediately following the Scheduled Mandatory Early Termination Valuation Date or if earlier the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Mandatory Early Termination Valuation Date" means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Scheduled Trading Day, the first Scheduled Trading Day thereafter unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Securities relate to a single Share, that Mandatory Early Termination Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date; or
- (b) where the Equity Linked Securities relate to a Basket of Shares, that Mandatory Early Termination Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Mandatory Early Termination Valuation Date and that Mandatory Early Termination Valuation Date for each Share affected (each an **"Affected Share"**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Share, unless each of the Scheduled Trading Days immediately following the Scheduled Mandatory Early

Termination Valuation Date up to and including the Mandatory Early Termination Valuation Cut-Off Date is a Disrupted Day relating to the Affected Share. In that case, (i) the Mandatory Early Termination Valuation Cut-Off Date shall be deemed to be that Mandatory Early Termination Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to the Affected Share, the price of that Share determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Share as of the Mandatory Early Termination Valuation Time on the Mandatory Early Termination Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

"Mandatory Early Termination Valuation Time" means in respect of any Share the time on any Mandatory Early Termination Valuation Date as specified in the applicable Final Terms or, if no such time is so specified, the Valuation Time, for which purposes, references in the definition of Valuation Time to "Valuation Date", shall be deemed to be to "Mandatory Early Termination Valuation Date".

"Scheduled Mandatory Early Termination Valuation Date" means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Mandatory Early Termination Valuation Date.

ANNEX 3

ADDITIONAL TERMS AND CONDITIONS FOR CURRENCY LINKED SECURITIES

1. Interpretation

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Currency Linked N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and the Additional Terms and Conditions for Currency Linked Securities set out below (the "**Currency Linked Conditions**") and (b) the terms and conditions applicable to Currency Linked W&C Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Securities Conditions**") and the Currency Linked Conditions, in each case, together with any additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions in the case of N&C Securities, or the W&C Securities Conditions in the case of W&C Securities, and the Currency Linked Conditions, the Currency Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions or the W&C Securities Conditions and/or the Currency Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail. References in the FX Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "W&C Security" and "W&C Securities" as the context admits.

2. Definitions

"**Averaging Date**" means each date specified as an Averaging Date in the applicable Final Terms or if that is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day is an FX Disrupted Day for any Reference Exchange Rate. If such day is an FX Disrupted Day for any Reference Exchange Rate:

- (a) if "**Omission**" is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price. Provided That, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on the final Averaging Date, as if such Averaging Date were a Valuation Date that was an FX Disrupted Day; or
- (b) if "**Postponement**" is specified as applying in the applicable Final Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price of such affected Reference Exchange Rate on that Averaging Date as if such Averaging Date were a Valuation Date that was an FX Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if "**Modified Postponement**" is specified as applying in the applicable Final Terms then:
 - (i) where the Currency Linked Securities relate to a single Reference Exchange Rate, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth FX Business Day immediately following the original date that, but for the occurrence of another Averaging Date or FX Disrupted Day, would have been the final Averaging Date in respect of the relevant Scheduled Valuation Date, then (A)

that eighth FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that eighth FX Business Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below (for which purpose, that date shall be deemed to be the "Valuation Cut-off Date"); and

- (ii) where the Currency Linked Securities relate to a basket of Reference Exchange Rates, the Averaging Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Reference Exchange Rate affected by the occurrence of an FX Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Reference Exchange Rate. If the first succeeding Valid Date in relation to such Reference Exchange Rate has not occurred as of the Valuation Time on the eighth FX Business Day for such Reference Exchange Rate immediately following the original date that, but for the occurrence of another Averaging Date or FX Disrupted Day, would have been the final Averaging Date, then (A) that eighth FX Business Day shall be deemed to be the Averaging Date (irrespective of whether that eighth FX Business Day is already an Averaging Date) in relation to such Reference Exchange Rate, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below (for which purpose, that date shall be deemed to be the "Valuation Cut-off Date"),

for the purposes of these Currency Linked Conditions "**Valid Date**" means, in relation to a Reference Exchange Rate, an FX Business Day for such Reference Exchange Rate that is not an FX Disrupted Day for such Reference Exchange Rate and on which another Averaging Date for such Reference Exchange Rate does not or is deemed not to occur.

"**Base Currency Exchange Rate**" means the spot rate of exchange of a Subject Currency into the corresponding Base Currency (expressed as the number of units (or part units) of the relevant Base Currency for which one unit of the relevant Subject Currency can be exchanged).

"**Currency Performance**" means, in relation to an Averaging Date, a Valuation Date, an Observation Date or a Trigger Event Determination Date, as the case may be, an amount (howsoever expressed) determined by the Calculation Agent in accordance with the formula or such other basis of reference designated for such purpose in the applicable Final Terms.

"**Currency Price**" means, in relation to a Valuation Date, an Observation Date or an Averaging Date, as the case may be and unless otherwise specified in the applicable Final Terms:

- (a) in the case of Currency Linked Securities relating to a basket of Reference Exchange Rates either (i) an amount equal to the sum of the values calculated for each Reference Exchange Rate as the relevant Reference Exchange Rate appearing on the relevant FX Price Source at the relevant Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date, multiplied by the relevant Weighting; or (ii) in relation to a Reference Exchange Rate, such rate appearing on the relevant FX Price Source at the relevant Valuation Time as the relevant Reference Exchange Rate appearing on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date; and

- (b) in the case of Currency Linked Securities relating to a single Reference Exchange Rate, such the relevant Reference Exchange Rate appearing on the FX Price Source at the Valuation Time on (A) if Averaging is not specified in the applicable Final Terms, such Valuation Date or Observation Date or (B) if Averaging is specified in the applicable Final Terms, such Averaging Date.

"Deliverable Currency" means the Subject Currency (unless otherwise specified in the applicable Final Terms).

"Deliverable Currency Account Notice" means an irrevocable notice to the Issuer (with a copy to (x) if such Security is represented by a Global Security, the Principal Paying Agent or Principal Security Agent, as the case may be, and Euroclear or Clearstream, Luxembourg (as applicable); or (y) in the case of N&C Securities only, if such N&C Security is in definitive form, the Principal Paying Agent) in the following form (and with such amendments as the Issuer may determine from time to time by notice to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as the case may be) that must:

- (i) specify the name, address and contact telephone number of the relevant Holder;
- (ii) in the case of Securities represented by a Global Security, specify the nominal amount or number or units, as the case may be, of Securities which are the subject of such notice and the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Securities and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Holder's account with such Securities on or before the date on which payment is made in respect of the relevant Securities;
- (iii) include details of the relevant Holder's Deliverable Currency-denominated account and bank, broker or agent, as the case may be, to be credited with each relevant Deliverable Currency Amount;
- (iv) certify that the beneficial owner of each Security is not a 'U.S. Person' as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, which term is deemed to include any person that does not meet the definition of 'Non-United States Person' in Rule 4.7 promulgated by the United States Commodity Futures Trading Commission (the "CFTC") under the United States Commodity Exchange Act, as amended (the "CEA") ("U.S. Person"), the Security is not being redeemed, exercised or cancelled, as the case may be, within the United States or on behalf of a U.S. Person and no cash has been or will be delivered within the United States or to, or for the account or benefit of, a U.S. Person in connection with any redemption, exercise or cancellation, as the case may be, thereof;
- (v) authorise the production of such notice in any applicable administrative or legal proceedings;
- (vi) be delivered to the Issuer at the address and for the attention of the person and/or department specified in the Notice of Deliverable Currency Payment;
- (vii) if the Security that is the subject of the Deliverable Currency Account Notice is represented by a Global Security, include an undertaking not to transfer such Security; and
- (viii) be accompanied by evidence satisfactory to the Issuer of the Holder's holding of the relevant Securities and, in the case of N&C Securities only, if such N&C Security is in definitive form, the N&C Security must be delivered with the Deliverable Currency Account Notice.

Any such notice shall be deemed to have been given on the day when delivered or if delivered after 5.00 p.m. (London time) on any day or on any day on which commercial banks were not open for business in London, the first day thereafter on which commercial banks are open for business in London.

"Deliverable Currency Account Notice Cut-off Date" means the date specified in the Notice of Deliverable Currency Payment or, if no date is specified, the day falling two years after the date on which the Notice of Deliverable Currency Payment is effective.

"Deliverable Currency Associated Costs" means, in respect of each N&C Security of nominal amount equal to a Calculation Amount or in respect of each W&C Security, as the case may be, an amount in the Deliverable Currency determined by the Calculation Agent to be equal to such Security's *pro rata* share of all applicable costs, expenses and losses incurred or which will be incurred by the Issuer and/or any of its Affiliates in connection with, in respect of and/or as a result of hedging arrangements for, payment of the relevant Deliverable Currency Amount, which will include (without limitation), such costs, expenses or losses as may arise directly or indirectly as a result of the insolvency (or any analogous event) and/or default of any relevant custodians, sub-custodians, settlement agent, broker dealer or banks, taxes and duties incurred or suffered in respect of the Issuer's obligations hereunder. All Deliverable Currency Associated Costs will be for the account of the relevant Holder and any late or non-payment as a result of any insolvency (or any analogous event) and/or default of any relevant custodians, sub-custodians, settlement agent, broker dealer or banks shall not constitute an Event of Default and the relevant due date for payment shall be postponed until such date (if any) as the Issuer is able to arrange for the relevant payment to be made in the Deliverable Currency.

"FX Business Day" means, in relation to a Reference Exchange Rate, 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), or but for the occurrence of a FX Market Disruption Event would have settled payments and been open for general business in each of the Specified Financial Centres for that Reference Exchange Rate specified in the applicable Final Terms.

"FX Disrupted Day" means, without prejudice to the provisions of Currency Linked Condition 4 and in relation to a Reference Exchange Rate, any FX Business Day for such Reference Exchange Rate on which a FX Market Disruption Event occurs.

"FX Price Source(s)" means, in respect of a Reference Exchange Rate, the price source(s) specified in the applicable Final Terms for such Reference Exchange Rate or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

"Observation Cut-Off Date" means, in respect of each Scheduled Observation Date, the eighth FX Business Day for all the Reference Exchange Rates immediately following the relevant Scheduled Observation Date or if earlier the second Business Day immediately preceding the date of payment or delivery of any amount calculated in respect of such Observation Date pursuant to the definition of Observation Date or, if such Business Day is not an FX Business Day for all the Reference Exchange Rates, the immediately preceding FX Business Day for all the Reference Exchange Rates.

"Observation Date" means each Observation Date specified in the applicable Final Terms or if such date is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day

is an FX Disrupted Day for any of the Reference Exchange Rates. If such day is an FX Disrupted Day for any of the Reference Exchange Rates, then:

- (a) where the Currency Linked Securities relate to a single Reference Exchange Rate, the Observation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless each of the FX Business Days up to and including the Observation Cut-Off Date is an FX Disrupted Day. In that case, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Reference Exchange Rate in accordance with its good faith estimate of the relevant Reference Exchange Rate as of the Valuation Time on the Observation Cut-Off Date; or
- (b) where the Currency Linked Securities relate to a basket of Reference Exchange Rates, the Observation Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Observation Date and the Observation Date for each Reference Exchange Rate affected (each an "**Affected Reference Exchange Rate**") by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Reference Exchange Rate unless each of the FX Business Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is an FX Disrupted Day relating to the Affected Reference Exchange Rate. In that case, (i) the Observation Cut-Off Date shall be deemed to be the Observation Date for the Affected Reference Exchange Rate (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate using, in relation to the Affected Reference Exchange Rate, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Reference Exchange Rate as of the relevant Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

"Observation Period" means the period or periods specified as such in the applicable Final Terms.

"Reference Currencies" means each Subject Currency and each Base Currency.

"Reference Exchange Rate" means the spot rate of exchange of a Base Currency into the corresponding Subject Currency (expressed as the number of units (or part units) of the relevant Subject Currency for which one unit of the relevant Base Currency can be exchanged).

"Scheduled Observation Date" means any original date that, but for the occurrence of an event causing an FX Disrupted Day, would have been an Observation Date.

"Specified Financial Centre(s)" means the financial centre(s) specified in the applicable Final Terms.

"Scheduled Valuation Date" means any original date, that but for the occurrence of an event causing an FX Disrupted Day, would have been an Averaging Date, an Observation Date or a Valuation Date.

"Valuation Cut-off Date" means the date falling eight FX Business Days immediately following the relevant Scheduled Valuation Date specified in the applicable Final Terms or, if earlier, the second FX Business Day for all the Reference Exchange Rates immediately preceding the date of payment

or delivery of any amount calculated in respect of such Valuation Date pursuant to the definition of Valuation Date.

"Valuation Date" means (x) in the case of N&C Securities, each Valuation Date specified in the applicable Final Terms or (y) in the case of W&C Securities, the Actual Exercise Date of the relevant W&C Security, or in either case if that is not an FX Business Day for all the Reference Exchange Rates the first FX Business Day for all the Reference Exchange Rates thereafter unless, in the opinion of the Calculation Agent such day is an FX Disrupted Day for any Reference Exchange Rate. If such day is an FX Disrupted Day for any Reference Exchange Rate, then:

- (a) where the Currency Linked Securities relate to a single Reference Exchange Rate, the Valuation Date shall be the first succeeding FX Business Day that is not an FX Disrupted Day, unless each of the FX Business Days up to and including the Valuation Cut-Off Date is an FX Disrupted Day. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant Reference Exchange Rate in accordance with its good faith estimate of the relevant Reference Exchange Rate as of the Valuation Time on the Valuation Cut-Off Date; or
- (b) where the Currency Linked Securities relate to a basket of Reference Exchange Rates, the Valuation Date for each Reference Exchange Rate not affected by the occurrence of an FX Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Reference Exchange Rate affected (each an **"Affected Reference Exchange Rate"**) by the occurrence of an FX Disrupted Day shall be the first succeeding FX Business Day that is not an FX Disrupted Day relating to the Affected Reference Exchange Rate, unless each of the FX Business Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is an FX Disrupted Day relating to the Affected Reference Exchange Rate. In that case, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for the Affected Reference Exchange Rate (notwithstanding the fact that such day is an FX Disrupted Day) and (ii) the Calculation Agent shall determine the relevant Reference Exchange Rate using, in relation to the Affected Reference Exchange Rate, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Reference Exchange Rate as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

"Valuation Time" means, in relation to a Reference Exchange Rate, the Valuation Time specified for such Reference Exchange Rate in the applicable Final Terms.

3. **FX Market Disruption Event**

"FX Market Disruption Event" means, in relation to a Reference Exchange Rate, the occurrence or existence, as determined by the Calculation Agent in its sole and absolute discretion, of any FX Price Source Disruption and/or any FX Trading Suspension or Limitation and/or, if Currency Disruption Event is specified as applicable in the Final Terms, any Currency Disruption Event and/or any other event specified as such in the applicable Final Terms.

For which purpose, unless otherwise specified in the applicable Final Terms:

"Currency Disruption Event" means any of General Inconvertibility, Specific Inconvertibility, General Non-Transferability, Specific Non-Transferability, Nationalisation and Dual Exchange Rate, each such term as defined below:

"General Inconvertibility", being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, generally makes it impossible or not reasonably practicable to (i) convert the relevant Subject Currency into the relevant Base Currency or (ii) to convert the relevant Reference Currencies for the purpose of determining the Currency Price, the Trigger Event Observation Price or any other relevant level or value, as the case may be, in any relevant jurisdiction through customary legal channels;

"Specific Inconvertibility", being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, (i) of any relevant amount in the relevant Subject Currency into the relevant Base Currency or (ii) of any relevant Reference Currencies for the purpose of determining the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be, in any relevant jurisdiction, (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of either (i) the relevant Subject Currency into the relevant Base Currency or (ii) any relevant Reference Currencies for the purpose of determining the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be) other than where such impossibility or impracticability is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);

"General Non-Transferability", being in relation to a Reference Exchange Rate, the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) the relevant Base Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the relevant Subject Currency between accounts inside the relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction;

"Specific Non-Transferability", being in relation to a Reference Exchange Rate, the occurrence of any event that, from a legal or practical perspective, has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) the relevant Subject Currency from accounts inside any relevant jurisdiction to accounts outside such relevant jurisdiction or (b) the relevant Subject Currency between accounts inside any relevant jurisdiction or to a party that is a non-resident of such relevant jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of the relevant Subject Currency into the relevant Base Currency), other than where such impossibility or impracticability is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);

"Nationalisation", being in relation to a Reference Exchange Rate, any expropriation, confiscation, requisition, nationalisation or other action is taken by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any relevant jurisdiction; and/or

"Dual Exchange Rate", being in relation to a Reference Exchange Rate, the occurrence of an event that splits any currency exchange rate specified for such Reference Exchange Rate into dual or multiple currency exchange rates.

"FX Price Source Disruption" means, in relation to a Reference Exchange Rate, it becomes impossible or otherwise impracticable to obtain and/or execute the relevant rate(s) required to

calculate the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be, on the Averaging Date, Observation Date, Valuation Date or Trigger Event Observation Date, or, if different, the day on which rates for that Averaging Date, Observation Date, Valuation Date or Trigger Event Observation Date, as the case may be, would in the ordinary course be published or announced by the relevant FX Price Source.

"FX Trading Suspension or Limitation" means, in relation to a Reference Exchange Rate, the suspension of and/or limitation of trading in the rate(s) required to calculate the Currency Price or the Trigger Event Observation Price or any other relevant level or value, as the case may be (which may be, without limitation, rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) Provided That such suspension or limitation of trading is material in the opinion of the Calculation Agent.

"Governmental Authority" means (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank) in each case in any relevant jurisdiction.

"Hedging Party" means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Securities from time to time.

4. FX Market Disruption Event Adjustment / Termination Provisions

Without prejudice to the provisions of Currency Linked Conditions 2 and 3 above, upon the occurrence and/or continuation, in the determination of the Calculation Agent, of any FX Market Disruption Event, on or before the date on which the Issuer's obligations in respect of the Securities are discharged, the Issuer may, in its sole and absolute discretion, either:

- (A) direct the Calculation Agent (i) to make, in good faith and a commercially reasonable manner, such consequential adjustments to any of the terms of the Securities (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the relevant FX Market Disruption Event and/or (ii) to substitute any Reference Exchange Rate affected by such FX Market Disruption Event with a substitute Reference Exchange Rate selected by the Calculation Agent and to make such consequential adjustments to any of the terms of the Securities as it determines appropriate in order to reflect such substitution; or
- (B) redeem or cancel all (but not some only) of the Securities by giving notice to Holders (i) in the case of N&C Securities, in accordance with N&C Securities Condition 14 and (ii) in the case of W&C Securities, in accordance with W&C Securities Condition 9. If the Securities are so redeemed or cancelled, the Issuer shall pay or deliver, as the case may be, on a day selected by the Issuer, the Early Redemption Amount or the Early Cancellation Amount, as applicable, to each Holder in respect of each (i) Calculation Amount, if the Securities are N&C Securities; or (ii) W&C Security or, if Units are specified in the applicable Final Terms, each Unit, if the Securities are W&C Securities; or
- (C) if "Deliverable Currency Settlement" is specified as Applicable in the relevant Final Terms, the Issuer may, but is not required to, give notice (a **"Notice of Deliverable Currency Payment"**) to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as the case may be, that, in lieu of paying all amounts due in respect of the N&C Securities in the Specified Currency (as converted from the Subject Currency by reference to the relevant Currency Price), the Issuer shall pay the relevant unconverted

amount in the Deliverable Currency less the relevant Deliverable Currency Associated Costs (each, a **"Deliverable Currency Amount"**) on the scheduled date for payment thereof or, if later, on the day falling 5 Business Days immediately succeeding the date on which the Issuer receives a Deliverable Currency Account Notice from the relevant Holder. For the purposes of determining the unconverted amount in the Subject Currency of any Early Redemption Amount, an Early Cancellation Amount or Credit Event Redemption Amount (in the case of Credit Linked N&C Securities), the relevant Associated Costs or Unwind Costs, respectively, will be determined by the Calculation Agent in the Subject Currency. If in the determination of the Calculation Agent, the circumstances giving rise to the relevant FX Market Disruption Event are no longer subsisting on any day from (and including) the date on which the Notice of Deliverable Currency Payment is effective to (and including) the Deliverable Currency Account Notice Cut-off Date, then the Issuer may (but is not required to) give notice (a **"Notice of Base Currency Payment"**) to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as the case may be, specifying that the Issuer's obligations in respect of each Security will be discharged by payment of an amount (in the Base Currency) equal to the Deliverable Currency Amount, converted into the Base Currency at the Base Currency Exchange Rate (each, a **"Base Currency Equivalent Amount"**) all as determined by the Calculation Agent at such time following such notice being effective and by reference to such sources as it deems appropriate and (ii) make such consequential adjustments to the Conditions and the Final Terms as the Calculation Agent deems appropriate. For the avoidance of doubt, if the Issuer gives a Notice of Deliverable Currency Payment to Holders, the Holders shall not be entitled to any payment, whether of interest or otherwise, in respect of any Deliverable Currency Amount or, as the case may be, any Base Currency Equivalent Amount as a result of the date of payment of any such Deliverable Currency Amount or any such Base Currency Equivalent Amount falling after the originally designated Maturity Date, Interest Payment Date, Exercise Date, Credit Event Redemption Date (in the case of Credit Linked N&C Securities), date of early redemption or cancellation or other relevant date of payment, as the case may be. In the event that a Holder does not deliver a Deliverable Currency Account Notice to the Issuer, prior to 10:00 a.m., London time on the Deliverable Currency Account Notice Cut-off Date, then no amount will be payable in respect of the relevant Security(ies) and, in such circumstances, the Issuer's obligations in respect of such N&C Securities shall be deemed discharged in full and the Issuer shall have no other liability or obligation whatsoever in respect thereof.

Delivery of each Deliverable Currency Amount is subject to all applicable laws, regulations and practices in force on the date of payment thereof and none of the Issuer or any of its Affiliates or agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Without prejudice to the generality of the above provisions, the Calculation Agent may at its option apply one or more of the options at (A), (B), or (C) above any number of times as it determined appropriate to account for one or more FX Market Disruption Events.

5. Trigger Event Provisions

If "Trigger Event Provisions" are specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Securities relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms:

"Trigger Event" means a Trigger Event (Closing Observation), a Trigger Event (Intraday Observation) or such other event as specified in the applicable Final Terms.

"Trigger Event Observation Price" means, in relation to a Trigger Event Observation Date and a Reference Exchange Rate, the Trigger Event Observation Price determined in the manner specified in the applicable Final Terms, or if not so specified in the applicable Final Terms, the Currency Price for which purposes, references in the definition of Currency Price to "Valuation Date" shall be deemed to be to "Trigger Event Observation Date" and "Valuation Time" shall be deemed to be "Trigger Event Valuation Time".

"Trigger Event (Closing Observation)" means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, any Trigger Event Observation Price at the Trigger Event Valuation Time is less than or equal to the relevant Trigger Price, as determined by the Calculation Agent.

"Trigger Event Date" means a date on which a Trigger Event has occurred as determined by the Calculation Agent.

"Trigger Event FX Disrupted Day Adjustments" means:

- (a) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is an FX Disrupted Day for any Reference Exchange Rate then, if "Trigger Event Observation Date consequences of an FX Disrupted Day" is specified in the applicable Final Terms as:
 - (i) **"Omission"**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred; Provided That if the final FX Business Day for all the Reference Exchange Rates in any Trigger Event Observation Period is an FX Disrupted Day for any Reference Exchange Rate and no Trigger Event has occurred in that Trigger Event Observation Period, such final day of such Trigger Event Observation Period shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day in respect of such affected Reference Exchange Rate(s) and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate(s) in respect of such day for such affected Reference Exchange Rate(s) in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
 - (ii) **"Postponement"**, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a Valuation Date that was an FX Disrupted Day in respect of such affected Reference Exchange Rates and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day for such affected Reference Exchange Rates in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or

- (b) if "Trigger Event (Intraday Observation)" is specified as Applicable in the applicable Final Terms and if on any Trigger Event Observation Date as of any Trigger Event Valuation Time a Trigger Event has or would have occurred but the conditions for an FX Disrupted Day in relation to any Reference Exchange Rate have been satisfied at such time then, if "Trigger Event intraday valuation consequences of disruption" is specified in the applicable Final Terms as:
- (i) **"Omission"**, then such Trigger Event Valuation Time shall be ignored for the purposes of determining whether a Trigger Event has occurred, Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for an FX Disrupted Day are satisfied for any Reference Exchange Rate as of the last occurring Trigger Event Valuation Time on the final FX Business Day for all the Reference Exchange Rates in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day for such affected Reference Exchange Rate and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur; or
 - (ii) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to such FX Disrupted Day is not material for the purposes of determining the relevant Trigger Event Observation Price as of such time, the Trigger Event shall occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to such FX Disrupted Day is material for the purposes of determining the relevant Trigger Event Observation Price as of such time, then the Trigger Event shall be deemed not to have occurred at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for an FX Disrupted Day are satisfied for any Reference Exchange Rate as of the last occurring Trigger Event Valuation Time on the final FX Business Day for all the Reference Exchange Rates in such Trigger Event Observation Period, then such day shall be treated as a Valuation Date and the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant price on such day as if such day were a Valuation Date that was an FX Disrupted Day for such affected Reference Exchange Rate and the Calculation Agent shall determine the relevant price for such affected Reference Exchange Rate in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

"Trigger Event (Intraday Observation)" means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, any Trigger Event Observation Price is less than or equal to the relevant Trigger Price, as determined by the Calculation Agent.

"Trigger Event Observation Date" means each FX Business Day for all the Reference Exchange Rates during the Trigger Event Observation Period, subject as provided in Trigger Event FX Disrupted Day Adjustments above.

"Trigger Event Observation Period" means the period specified as such in the applicable Final Terms.

"Trigger Event Valuation Time" means, in relation to a Reference Exchange Rate, the time or period of time on any Trigger Event Observation Date specified as such in the applicable Final Terms or, if no such time is so specified, the Valuation Time.

"Trigger Price" means, in relation to a Reference Exchange Rate, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Price specified for such Reference Exchange Rate in the applicable Final Terms.

"Trigger Percentage" means, in relation to a Reference Exchange Rate and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

ANNEX 4

ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED SECURITIES

1. Interpretation

If specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Commodity Linked N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and the Additional Terms and Conditions for Commodity Linked N&C Securities set out below (the "**Commodity Linked Securities Conditions**") and (b) the terms and conditions applicable to Commodity Linked W&C Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Securities Conditions**") and the additional terms and conditions set out below in the Commodity Linked Conditions, in each case, together with any additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions, in the case of N&C Securities, or the W&C Securities Conditions, in the case of W&C Securities, and the Commodity Linked Conditions, the Commodity Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions or the W&C Securities Conditions and/or the Commodity Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail. References in the Commodity Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "W&C Security" and "W&C Securities" as the context admits.

2. Definitions

"Bullion" means any of gold, silver, platinum or palladium or such other precious metal specified as such in the applicable Final Terms in each case if specified in the applicable Final Terms.

"Bullion Business Day" means any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York and any relevant Bullion Business Day Centre specified in the applicable Final Terms.

"Calculation Agent Determination" means that the Calculation Agent will determine the Relevant Price (or method for determining the Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

"Commodity" and **"Commodities"** means, subject to adjustment in accordance with these Commodity Linked Conditions, in the case of an issue of Commodities Linked Securities relating to a Basket of Commodities, each commodity and, in the case of an issue of Commodity Linked Securities relating to a single Commodity, the Commodity, in each case specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Commodity Business Day" means, unless otherwise specified in the applicable Final Terms, (i) in respect of a Commodity other than Bullion: (A) a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which the relevant Commodity Reference Price is scheduled to be published or announced by the relevant Exchange and a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; or (B) where the relevant Commodity Reference Price is not a price announced or published by any relevant Exchange, a day in respect of which the relevant Price Source publishes (or, but for the occurrence of a Market Disruption Event, would have published)

the relevant Specified Price or prices from which the Specified Price is calculated, or (ii) in respect of Bullion, a Bullion Business Day.

"Commodity Index Cut-Off Date" means, in respect of a Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source), the date specified in the applicable Final Terms, or if not so specified, the day falling two Business Days immediately preceding the relevant payment date or settlement date, as applicable under the Securities, of any amount calculated in respect of such Pricing Date (or other date as aforesaid).

"Commodity Index" means, subject to adjustment in accordance with the Commodity Linked Conditions, any index specified as such in the applicable Final Terms and which may without limitation comprise various commodities, commodity prices or derivatives linked to commodities.

"Commodity Reference Price" means (i) in respect of all Commodities, the Commodity Reference Price specified in the applicable Final Terms and (ii) in respect of a Commodity Index, the Commodity Reference Price specified in the applicable Final Terms, or if not so specified, the official closing price of such Commodity Index.

"Commodity Trading Disruption" means the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange.

For these purposes:

- (i) a suspension of the trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if:
 - (A) all trading in the Futures Contract or the Commodity is suspended for the entire Pricing Date; or
 - (B) all trading in the Futures Contract or the Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

"Delayed Publication or Announcement" means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date) or the Relevant Price continues to be unavailable for two consecutive Commodity Business Days. In that case, the next Disruption Fallback (as defined below) specified in the applicable Final Terms will apply.

"Delivery Date" means the date specified in the applicable Final Terms.

"Disappearance of Commodity Reference Price" means:

- (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange;
- (ii) the disappearance of, or of trading in, the Commodity; or
- (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price,

notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Commodity.

"Exchange" means, in relation to a Commodity, the exchange or principal trading market specified as such for such Commodity in the applicable Final Terms or Commodity Reference Price.

"Fallback Reference Price" means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Market Disruption Event.

"Futures Contract" means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price.

"Knock-in Determination Day" means the date(s) specified as such in the applicable Final Terms or, if not so specified, each Commodity Business Day during the Knock-in Determination Period (and in each case each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2 and 3 and (subject to Knock-in/Knock-out Market Disruption Event Adjustments) Commodity Linked Condition 4.

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

"Knock-in Event" is as specified in the applicable Final Terms.

"Knock-in Level" means, in respect of a Commodity or Commodity Index, the price of the Commodity or Commodity Index specified as such or otherwise determined as provided in the applicable Final Terms.

"Knock-in Period Beginning Date" means the date specified as such in the applicable Final Terms.

"Knock-in Period Ending Date" means the date specified as such in the applicable Final Terms or if such day is not deemed to be a Pricing Date (pursuant to the definition of Knock-in Determination Day or Knock-out Determination Day, as applicable) the immediately preceding deemed Pricing Date.

"Knock-out Determination Day" means the date(s) specified as such in the applicable Final Terms.

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

"Knock-out Event" is as specified in the applicable Final Terms.

"Knock-out Level" means, in respect of a Commodity, the price of the Commodity specified as such or otherwise determined as provided in the applicable Final Terms.

"Knock-out Period Beginning Date" means the date specified as such in the applicable Final Terms.

"Knock-out Period Ending Date" means the date specified as such in the applicable Final Terms or if such day is not deemed to be a Pricing Date (pursuant to the definition of Knock-in Determination Day or Knock-out Determination Day, as applicable) the immediately preceding deemed Pricing Date.

"Mandatory Early Termination Amount" means, unless otherwise provided in the applicable Final Terms, in respect of a Mandatory Early Termination Date, an amount equal to the product of (i) the Mandatory Early Termination Calculation Amount and (ii) the relevant Mandatory Early Termination Rate relating to that Mandatory Early Termination Date.

"Mandatory Early Termination Calculation Amount" is as specified in the applicable Final Terms.

"Mandatory Early Termination Date" means each date specified as such in the applicable Final Terms.

"Mandatory Early Termination Event" means (each of) the events specified as such in the applicable Final Terms.

"Mandatory Early Termination Level" means the price per Commodity or Commodity Index specified as such or otherwise determined as provided in the applicable Final Terms.

"Mandatory Early Termination Rate" means, in respect of a Mandatory Early Termination Date, the rate specified as such in the applicable Final Terms.

"Mandatory Early Termination Valuation Cut-Off Date" means the eighth Commodity Business Day immediately following the Scheduled Mandatory Early Termination Valuation Date or if earlier the Commodity Business Day falling on the second Business Day immediately preceding the Mandatory Early Termination Date falling after such Scheduled Mandatory Early Termination Valuation Date or, if such Business Day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

"Mandatory Early Termination Valuation Date" means each Mandatory Early Termination Valuation Date specified in the applicable Final Terms or, if such date is not a Commodity Business Day, the first Commodity Business Day thereafter, and each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2, 3 and 4. In particular, if in the opinion of the Calculation Agent, such day is a day on which there is a Market Disruption Event then the provisions of Commodity Linked Condition 4(a)(iv) will apply for the purposes of determining the relevant price on that Mandatory Early Termination Valuation Date and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Mandatory Early Termination Event shall occur.

"Market Disruption Event" means the occurrence of any of the following events:

- (i) with respect to all Commodities:
 - (A) Price Source Disruption;
 - (B) Commodity Trading Disruption;
 - (C) Disappearance of Commodity Reference Price; and
- (ii) with respect to all Commodities other than Bullion:
 - (A) Material Change in Formula;
 - (B) Material Change in Content; and
 - (C) any additional Market Disruption Events as specified in the applicable Final Terms; and
- (iii) with respect to a Commodity Index:
 - (A) a temporary or permanent failure by the applicable exchange or other price source to announce or publish (x) the Commodity Reference Price or (y) closing price for any futures contract included in the Commodity Index;
 - (B) a material limitation, suspension or disruption of trading in one or more of the futures contracts included in the Commodity Index which results in a failure by the exchange on which each applicable futures contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues; or
 - (C) the closing price for any futures contract included in the Commodity Index is a "limit price", which means that the closing price for such contract for a day has increased or decreased from the previous day's closing price by the maximum amount permitted under applicable exchange rules.

"Material Change in Content" means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract.

"Material Change in Formula" means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

"Nearby Month" when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by the numerical adjective, so that, for example, (i) **"First Nearby Month"** means the month of expiration of the first Futures Contract to expire following that Pricing Date and (ii) **"Second Nearby Month"** means the month of expiration of the second Futures Contract to expire following that Pricing Date etc.

"Postponement" means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date). In that case, the next Disruption Fallback specified in the definition of "Disruption Fallback" below will apply.

"Price Source" means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the specified Commodity Reference Price or otherwise in the applicable Final Terms.

"Price Source Disruption" means:

- (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; or
- (ii) the temporary or permanent discontinuance or unavailability of the Price Source.

For these purposes:

- (i) a suspension of the trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if:
 - (A) all trading in the Futures Contract or the Commodity is suspended for the entire Pricing Date; or
 - (B) all trading in the Futures Contract or the Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (ii) a limitation of trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

"Pricing Date" means, the date or dates specified as such in the applicable Final Terms or, if any such day is not a Commodity Business Day in respect of a Commodity, the immediately following Commodity Business Day for that Commodity, subject, in the case of Securities relating to a Basket of Commodities, to Commodity Linked Condition 3(a) and in each case unless otherwise provided in the applicable Final Terms.

"Relevant Price" means for any Pricing Date, the price, expressed as a price per unit (or other relevant price) of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in these Commodity Linked Securities Conditions and the applicable Final Terms.

"Specified Price" means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) as specified in the applicable Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the applicable Final Terms.

"Trigger Event" means a Trigger Event (Closing Observation) or such other event as specified in the applicable Final Terms.

"Trigger Event (Closing Observation)" means, unless otherwise specified in the applicable Final Terms, a determination by the Calculation Agent that, on any Trigger Event Observation Date, the Commodity Reference Price of any Commodity or Commodity Index is less than or equal to the relevant Trigger Level for such Commodity or Commodity Index, as determined by the Calculation Agent.

"Trigger Event Observation Date" means the date(s) specified as such in the applicable Final Terms or, if not so specified, each Commodity Business Day during the Trigger Event Observation Period (and in each case each such day will be deemed to be a Pricing Date and subject to adjustment as such as provided in the definition of Pricing Date and Commodity Linked Conditions 2 and 3 and (subject to Trigger Event Market Disruption Event Adjustments) Commodity Linked Condition 4.

"Trigger Event Observation Period" means the period specified as such in the applicable Final Terms.

"Trigger Event Strike Level" means the level specified as such in the applicable Final Terms.

"Trigger Level" means, in relation to a Commodity or a Commodity Index, an amount equal to the product of (i) the relevant Trigger Percentage and (ii) the Trigger Event Strike Level specified for such Commodity or Commodity Index in the applicable Final Terms.

"Trigger Percentage" means, in relation to a Commodity or a Commodity Index and, if so specified in the applicable Final Terms, a Trigger Event Observation Date, the percentage specified as such in the applicable Final Terms.

3. Terms relating to Calculation of Prices

(a) Common Pricing

With respect to Commodity Linked Securities relating to a Basket of Commodities, if "Common Pricing" is specified in the applicable Final Terms as:

- (i) "Applicable", then**
 - (A)** no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced; and
 - (B)** if the Calculation Agent determines that a Market Disruption Event has occurred or exists on a Pricing Date in respect of any relevant Commodity and/or Commodity Index and the Calculation Agent determines that Delayed Publication or Announcement and/or Postponement apply as a Disruption Fallback then the determination of the Relevant Price of each Commodity and/or Commodity Index within the basket (including those not affected by the occurrence of a Market Disruption Event) shall be postponed until the date on which the Relevant Price of each Affected Commodity(ies) (as defined below) may be determined in accordance with Commodity Linked Condition 4 which will then be the relevant Pricing Date (regardless of whether that is already a Pricing Date); or

- (ii) "Not Applicable", then if the Calculation Agent determines that a Market Disruption Event has occurred or exists on the Pricing Date in respect of any Relevant Commodity and/or Commodity Index (each an "**Affected Commodity**"), the Relevant Price of each Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Market Disruption Event shall be determined on its scheduled Pricing Date and the Relevant Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

All determinations made by the Calculation Agent pursuant to this condition will be conclusive and binding on the Holders and the Issuer except in the case of manifest error.

(b) **Correction to Published Prices**

For purposes of determining or calculating the Relevant Price, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement (or, if earlier the day falling two Commodity Business Days preceding the date of payment or delivery under the Securities of any amount to be calculated by reference to such Relevant Price), the Calculation Agent may, in its sole discretion, use such corrected price in such calculation.

4. Market Disruption and Disruption Fallback

If, in the opinion of the Calculation Agent, a Market Disruption Event has occurred and is continuing on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source), the Relevant Price for that Pricing Date will be determined by the Calculation Agent, in accordance with the first applicable Disruption Fallback (as set out below) that provides a Relevant Price:

"Disruption Fallback" means a source or method that may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price when a Market Disruption Event occurs or exists on a day that is a Pricing Date in respect of the relevant Security. A Disruption Fallback is applicable if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified in the applicable Final Terms, shall mean:

- (i) with respect to a relevant Commodity, (in the following order):
 - (A) Fallback Reference Price (if applicable);
 - (B) Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date)) provided, however, that the price determined by Postponement shall be the Relevant Price only if Delayed Publication or Announcement does not yield a Relevant Price within those two consecutive Commodity Business Days); and
 - (C) Calculation Agent Determination;
- (ii) with respect to a Commodity Index the Calculation Agent shall determine the Relevant Price:

- (A) using:
 - I. with respect to each futures contract included in the Commodity Index which is not affected by the Market Disruption Event, the closing prices of each such contract on the applicable determination date; and
 - II. with respect to each futures contract included in the Commodity Index which is affected by the Market Disruption Event, the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract; or
- (B) as specified in the applicable Final Terms.

Subject as provided below, the Calculation Agent shall determine the Relevant Price by reference to the closing prices determined in (A)I and (A)II above or as provided in (B) above using the then current method for calculating the Commodity Reference Price.

Where a Market Disruption Event with respect to one or more futures contracts included in the Commodity Index has occurred on an applicable determination date and continues to exist as of the relevant Commodity Index Cut-Off Date for such applicable determination date, the Calculation Agent shall determine the Relevant Price on such Commodity Index Cut-Off Date. In calculating the Relevant Price as set out herein, the Calculation Agent shall use the formula for calculating the Commodity Reference Price last in effect prior to the Market Disruption Event.

5. Adjustments to a Commodity Index

(a) Successor Index Sponsor Calculates and Reports a Commodity Index

If a relevant Commodity Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the "**Successor Index Sponsor**") acceptable to the Issuer, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Commodity Index, then in each case that index (the "**Successor Index**") will be deemed to be the Commodity Index.

(b) Modification and Cessation of Calculation of a Commodity Index

If on or prior to a Pricing Date (i) the relevant Index Sponsor makes a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent commodities and weightings and other routine events), or (ii) the Index Sponsor permanently cancels a relevant Commodity Index or (iii) the Index Sponsor fails to calculate and announce a relevant Commodity Index and there is no Successor Index Sponsor or Successor Index then the Calculation Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii)) (such events (i) (ii) and (iii) to be collectively referred to as "**Index Adjustment Events**") calculate the Relevant Price using in lieu of the published level for that Commodity Index, the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event, but using only those futures contracts that comprised that Commodity Index immediately

prior to the relevant Index Adjustment Event (other than those futures contracts that have ceased to be listed on any relevant exchange).

(c) **Corrections to a Commodity Index**

If the level of a relevant Commodity Index published on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilised for any calculation or determination made for the purposes of the Commodity Linked Securities (a "**Relevant Calculation**") is subsequently corrected and the correction (the "**Corrected Commodity Index Level**") published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date of payment or delivery of any amount to be calculated by reference to the Relevant Calculation then such Corrected Commodity Index Level shall be deemed to be the relevant level for such Commodity Index on such Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) and the Calculation Agent shall use such Corrected Commodity Index Level in determining the relevant level or price.

6. Knock-in Event, Knock-out Event

If "Knock-in Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Securities relating to the occurrence of a Knock-in Event shall be as set out in the applicable Final Terms.

If "Knock-out Event" is specified as applicable in the Final Terms, then the payment and/or delivery obligations under the Securities relating to the occurrence of a Knock-out Event shall be as set out in the applicable Final Terms.

In each case Knock-in/Knock-out Market Disruption Event Adjustments (as set out below) will apply.

Unless otherwise specified in the applicable Final Terms:

"Knock-in/Knock-out Market Disruption Event Adjustments" means:

(i) if any Knock-in Determination Day or Knock-out Determination Day is a day on which there is a Market Disruption Event in respect of any Commodity or Commodity Index then, if "Knock-in/Knock-out Determination Day consequences of Market Disruption Event" is specified in the applicable Final Terms as:

(A) **"Omission"**, then such date will be deemed not to be a Knock-in Determination Day or Knock-out Determination Day for the purposes of determining whether a Knock-in Event or a Knock-out Event has occurred, as applicable; Provided That if the Knock-in Period Ending Date or the Knock-out Period Ending Date is a day on which there is a Market Disruption Event and no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period, the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4 to determine the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, of the relevant Commodity or Commodities in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in

respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur;

- (B) **"Market Disruption Applicable"**, then the provisions of Commodity Linked Condition 4 will apply for the purposes of determining the relevant price on that Knock-in Determination Day or Knock-out Determination Day as if such Knock-in Determination Day or Knock-out Determination Day, as the case may be, were a day on which there is a Market Disruption Event and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Knock-in Event or Knock-out Event shall occur; or
- (C) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is not material for the purposes of determining the Commodity Reference Price at the relevant time, the Knock-in Event or Knock-out Event, as applicable, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is material for the purposes of determining the Commodity Reference Price at the relevant time, then no Knock-in Event or Knock-out Event may occur at such time Provided That if no Knock-in Event or Knock-out Event has occurred in the Knock-in Determination Period or Knock-out Determination Period and the conditions for a Market Disruption Event on such day are satisfied as of the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, then such day shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4(a)(iv) to determine the relevant price on the Knock-in Period Ending Date or Knock-out Period Ending Date, as applicable, in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Knock-in Event or Knock-out Event shall occur.

7. **Trigger Event**

If "Trigger Event" is specified as applicable in the Final Terms, then the payment and/or delivery provisions under the Securities relating to the occurrence of a Trigger Event shall be as set out in the applicable Final Terms.

In each case Trigger Event Market Disruption Event Adjustments (as set out below) will apply.

Unless otherwise specified in the applicable Final Terms:

"Trigger Event Market Disruption Event Adjustments" means:

- (i) if Trigger Event (Closing Observation) is specified as Applicable in the applicable Final Terms and any Trigger Event Observation Date is a day on which there is a Market Disruption Event then, if "Trigger Event Observation Date consequences of a Market Disruption Event" is specified in the applicable Final Terms as:
 - (A) **"Omission"**, then such date will be deemed not to be a Trigger Event Observation Date for the purposes of determining whether a Trigger Event has occurred, as

applicable; Provided That if the deemed Pricing Date (as referred to in the definition of Trigger Event Observation Date) in any Trigger Event Observation Period is a day on which there is a Market Disruption Event and no Trigger Event has occurred in such Trigger Event Observation Period, such final Pricing Date of such Trigger Event Observation Period shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4 to determine the relevant price on the final Pricing Date of such Trigger Event Observation Period, of the relevant Commodity or Commodities in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur;

- (B) **"Market Disruption Applicable"**, then the provisions of Commodity Linked Condition 4 will apply for the purposes of determining the relevant price on that Trigger Event Observation Date as if such Trigger Event Observation Date were a day on which there is a Market Disruption Event and the Calculation Agent shall determine the relevant price of the relevant Commodity(ies) in respect of such day in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for purposes of determining whether a Trigger Event shall occur; or
- (C) **"Materiality"**, then (i) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is not material for the purposes of determining the Commodity Reference Price at the relevant time, the Trigger Event, may occur notwithstanding such event or occurrence, or (ii) where the Calculation Agent determines that the relevant event or occurrence giving rise to a Market Disruption Event is material for the purposes of determining the Commodity Reference Price at the relevant time, then no Trigger Event may occur at such time Provided That if no Trigger Event has occurred in the Trigger Event Observation Period and the conditions for a Market Disruption Event are satisfied as of the final deemed Pricing Date (as referred to in the definition of Trigger Event Observation Date) in the Trigger Event Observation Period, then such day shall be treated as a date on which the Calculation Agent applies the provisions set out in Commodity Linked Condition 4(a)(iv) to determine the relevant price on the final Pricing Date of the Trigger Event Observation Period, in accordance with such provisions (as such provisions may be amended for these purposes in the applicable Final Terms, for example but without limitation, in respect of the time at which any subsequent valuation(s) is/are made) for the purpose of determining whether a Trigger Event shall occur.

8. Mandatory Early Termination

Unless the Securities have been previously redeemed, exercised, terminated or cancelled, if on any Mandatory Early Termination Valuation Date a Mandatory Early Termination Event occurs, then the Securities will be automatically redeemed or cancelled, as applicable, in whole, but not in part, on the Mandatory Early Termination Date immediately following such Mandatory Early Termination Valuation Date and the redemption or cancellation amount payable by the Issuer on such date upon redemption or cancellation of each Security shall be an amount in the Specified Currency equal to the relevant Mandatory Early Termination Amount.

ANNEX 5

ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED SECURITIES

1. Interpretation

If specified in the applicable Final Terms, the terms and conditions applicable to Fund Linked N&C Securities shall comprise (a) the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and the Additional Terms and Conditions for Fund Linked Securities set out below (the "**Fund Linked Conditions**") and (b) the terms and conditions applicable to Fund Linked W&C Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Securities Conditions**") and the Fund Linked Conditions, in each case, together with any additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions in the case of N&C Securities, or the W&C Securities Conditions in the case of W&C Securities, and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions or the W&C Securities Conditions and/or the Fund Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail. References in the Fund Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "W&C Security" and "W&C Securities" as the context admits.

2. General Definitions

"**Averaging Date**" means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Final Terms.

"**Valuation Date**" means each Valuation Date specified in the applicable Final Terms.

3. Provisions relating to Funds other than Exchange Traded Funds

Fund Linked Conditions 4, 5 and 6 apply in respect of Funds other than Exchange Traded Funds.

4. Definitions (Funds other than Exchange Traded Funds)

"**Fund**" means, subject to adjustment in accordance with these Fund Linked Securities Conditions, each fund specified in the applicable Final Terms and related expressions shall be construed accordingly.

"**Fund Administrator**" means the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for a Fund according to the relevant Fund Documents.

"**Fund Adviser**" means any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser).

"**Fund Documents**" means the constitutive and governing documents, subscription agreements and other agreements of a Fund specifying the terms and conditions relating to the related Fund Interest, as amended from time to time.

"**Fund Interest**" means, subject to adjustment in accordance with these Fund Linked Conditions, each fund interest specified in the applicable Final Terms and related expressions shall be construed accordingly.

"Fund Redemption Valuation Date" means, in respect of a Fund Interest, the date as of which a Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

"Fund Service Provider" means any person who is appointed to provide services, directly or indirectly, to a Fund, whether or not specified in the relevant Fund Documents, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

"Fund Valuation Date" means a date as of which a Fund (or its Fund Service Provider that generally determines such value) determines the value of the related Fund Interest.

"Hypothetical Investor" means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in Fund Interests which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding Fund Interests at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer, the Calculation Agent or any of their Affiliates (as determined by the Calculation Agent in the context of the relevant situation).

"Removal Date" means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realisation of such Affected Fund Interest effected as soon as reasonably practicable following the occurrence of the relevant Fund Event.

"Removal Value" means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive on the redemption or realisation of such Affected Fund Interest at the relevant time, Provided That if any such redemption proceeds would comprise non-monetary assets the Removal Value shall include the amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realisation (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

"Scheduled Fund Redemption Valuation Date" means the date as of which a Fund (or its Fund Service Provider that generally determine such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of the related Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

"Scheduled Fund Valuation Date" means, in respect of a Fund Interest, a date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the value of the related Fund Interest or, if the Fund only reports its aggregate net asset value, the date as of which such Fund is scheduled to determine its aggregate net asset value.

"Valuation Time" means the time specified in the applicable Final Terms.

5. Fund Events

"Fund Event" means the occurrence of each of an Additional Fund Disruption Event, a Fund Disruption Event and/or a Fund Extraordinary Event as determined by the Calculation Agent.

- (a) **"Additional Fund Disruption Event"** means each of Change in Law, Fund Hedging Disruption or Increased Cost of Hedging.

"Change in Law" means that, on or after the Trade Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer or any of its Affiliates or agents acting on its behalf determines in good faith that (x) it has become illegal to hold, acquire or dispose of any Fund Interests, or (y) the Issuer will incur a materially increased cost in performing its obligations under the Fund Linked Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Fund Hedging Disruption" means that the Issuer or any of its Affiliates or agents is unable, or it is impractical for the Issuer or any of its Affiliates or agents, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to any Fund Interest of the Issuer issuing and performing its obligations with respect to the Fund Linked Securities, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (x) any restrictions or increase in charges or fees imposed by a Fund on an investor's ability to redeem the related Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (y) any mandatory redemption, in whole or in part, of a Fund Interest imposed by the related Fund (in each case other than any restriction in existence on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date).

"Increased Cost of Hedging" means that the Issuer or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of the Issuer issuing and performing its obligations with respect to the Fund Linked Securities, or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s), Provided That any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

- (b) **"Fund Disruption Event"** means at any time the occurrence or continuance of any of the following events, as determined by the Calculation Agent in its sole and absolute discretion, if the Calculation Agent determines any such event is material:

- (i) Fund Valuation Disruption: **"Fund Valuation Disruption"** means (x) the failure of a Scheduled Fund Redemption Valuation Date in respect of a Fund Interest to be a Fund Redemption Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Redemption Valuation Date, or (y) the failure of a Scheduled Fund Valuation Date in respect of a Fund Interest to be a Fund Valuation

Date in respect of such Fund Interest or any continued postponement of such Fund Valuation Date;

- (ii) Fund Settlement Disruption: "**Fund Settlement Disruption**" means a failure by a Fund on any day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests).
- (c) "**Fund Extraordinary Event**" means each of the following events:
 - (i) Nationalisation: "**Nationalisation**" means that all the Fund Interests or all or substantially all the assets of a Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;
 - (ii) Insolvency: "**Insolvency**" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (x) all the Fund Interests of that Fund are required to be transferred to a trustee, liquidator or other similar official or (y) holders of the Fund Interests of that Fund become legally prohibited from transferring or redeeming them;
 - (iii) Fund Insolvency Event: "**Fund Insolvency Event**" means a Fund or relevant Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding-up or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (x) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, 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 by it or such regulator, supervisor or similar official, or (y) 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 such proceeding or petition is instituted or presented by a person or entity not described in clause (x) above and either (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (D) 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; (E) 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 of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (E) and (F) above;

- (iv) NAV Trigger Event: "**NAV Trigger Event**" means that (x) the aggregate net asset value of a Fund has decreased by an amount equal to or greater than 30 per cent. since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or (y) a Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (v) Adviser Resignation Event: "**Adviser Resignation Event**" means the resignation, termination of appointment, or replacement of a Fund's Fund Adviser;
- (vi) Fund Modification: "**Fund Modification**" means any change or modification of the relevant Fund Documents that could reasonably be expected to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of Fund Interests;
- (vii) Strategy Breach: "**Strategy Breach**" means any breach or violation of any strategy or investment guidelines stated in the relevant Fund Documents that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent); or any change of the nature of a Fund, including but not limited to the type of investments, the duration, the credit risk and diversification of the investments to which that Fund is exposed, which, in the opinion of the Calculation Agent, results in a material deterioration of the risk profile of that Fund;
- (viii) Regulatory Action: "**Regulatory Action**" means (x) the cancellation, suspension or revocation of the registration or approval of a Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (y) any change in the legal, tax, accounting, or regulatory treatments of a Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Calculation Agent), or (z) a Fund or any of its Fund Administrator or Fund Adviser becoming subject to investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser;
- (ix) Reporting Disruption: "**Reporting Disruption**" means (x) occurrence of any event affecting a Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest in respect of a Scheduled Fund Valuation Date or a Scheduled Fund Redemption Valuation Date, and such event continues for at least two consecutive Scheduled Fund Valuation Dates or Scheduled Fund Redemption Valuation Dates, as the case may be; (y) any failure of a Fund to deliver, or cause to be delivered, (A) information that such Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Fund Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (B) information that has been previously delivered to the Calculation Agent, in

accordance with such Fund's, or its authorised representative's, normal practice and that the Calculation Agent deems necessary to monitor such Fund's compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the related Fund Interests;

- (x) Fund Service Provider Cessation: "**Fund Service Provider Cessation**" means that one or more Fund Service Provider(s) in respect of a Fund ceases to provide the service as outlined in the relevant Fund Documents prevailing on the Trade Date or, where the related Fund Interest is a Replacement Fund Interest, the relevant replacement date, and any such Fund Service Provider is not immediately replaced by another service provider acceptable to the Calculation Agent;
- (xi) Fund Administrator Disruption: "**Fund Administrator Disruption**" means any event or circumstances compromising the independence of a Fund Administrator performing services for a Fund from the relevant Fund Adviser; or
- (xii) Related Agreement Termination: "**Related Agreement Termination**" means a Fund or any of its Fund Administrator or Fund Adviser is in breach of or has terminated any existing agreement with the Calculation Agent in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing.

Following the occurrence of a Fund Event, the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to make such determinations and/or adjustments to the Terms and Conditions and/or the applicable Final Terms as it determines appropriate to account for the Fund Event, which may include, without limitation, delaying any determination and any related payment or delivery date until it determines that no Fund Event exists, calculating the value of a Fund Interest and/or replacing a Fund Interest (the "**Affected Fund Interest**") with a replacement fund interest (the "**Replacement Fund Interest**") with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Fund Event; or
- (ii)
 - (A) in the case of N&C Securities, on giving notice to the Holders in accordance with N&C Securities Condition 14, redeem all (but not some only) of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount; or
 - (B) in the case of W&C Securities, on giving notice to the Holders in accordance with W&C Securities Condition 9, cancel all (but not some only) of the W&C Securities, each W&C Security or Unit, as the case may be, being cancelled at the Early Cancellation Amount.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest.

Upon the occurrence of a Fund Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with N&C Securities Condition 14, or

W&C Securities Condition 9, as applicable, giving details of the action proposed to be taken in relation thereto, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of such action.

6. Fund Potential Adjustment Events

"Fund Potential Adjustment Event" means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Interests or a free distribution or dividend of any such Fund Interests to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of relevant Fund Interests of (A) such Fund Interests or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the related Fund equally or proportionately with such payments to holders of such Fund Interests or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the related Fund as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a repurchase by a Fund of relevant Fund Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than where such repurchase is a redemption of Fund Interests initiated by an investor in such Fund Interests and consistent with the relevant Fund Documents; or
- (v) any other event that may have, in the opinion of the Calculation Agent, a diluting, concentrative or other on the theoretical value of relevant Fund Interests.

Following the declaration by a Fund of the terms of any Fund Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Fund Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interest and, if so, will make the corresponding adjustment, if any, to any one or more of any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion, determines appropriate to account for that diluting, concentrative or other effect (Provided That no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest) and determine the effective date of that adjustment.

Upon the making of any such adjustment by the Calculation Agent, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable stating the adjustment to any of the terms of the Terms and Conditions, and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event, Provided That any failure to give, or non receipt of, such notice will not affect the validity of any such adjustment.

7. Provisions relating to Exchange Traded Funds

Fund Linked Conditions 8, 9, 10 and 11 apply to Exchange Traded Funds.

8. Definitions (Exchange Traded Funds)

"Disrupted Day" means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

"ETF" means any fund which is an exchange traded fund as specified in the applicable Final Terms, or if not so specified, any fund which the Calculation Agent determines to be an Exchange Traded Fund.

"Exchange" means, in relation to a Fund Share, the exchange or principal trading market for such ETF specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such ETF has temporarily relocated.

"Exchange Business Day" means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Fund Share" means a share of each ETF, and references to "holder of Fund Shares" and "Fund Shareholder" shall be construed accordingly.

"Related Exchange" means, in relation to a Fund Share, each exchange or principal trading market specified as such for such Fund Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such Fund Share has temporarily relocated (provided the Calculation Agent has determined that there is comparable liquidity relative to such Fund Shares on such temporary substitute exchange or quotation system as on the original Related Exchange), provided however, that where "All Exchanges" is specified as the Related Exchange in the applicable Final Terms, **"Related Exchange"** shall mean each exchange or principal trading market where trading has a material effect (as determined by the Calculation Agent) on the overall market for such Fund Shares.

"Scheduled Closing Time" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"Scheduled Trading Day" means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

"Underlying Index" means the underlying index specified in the applicable Final Terms.

"Valuation Time" means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Fund Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

9. Market Disruption

"Market Disruption Event" means, in respect of a Fund Share:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) relating to the relevant Fund Share on such Exchange; or
 - (B) relating to securities that comprise 20 per cent. or more of the level of the relevant Underlying Index or any relevant successor index; or
 - (C) in futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange, or
 - (ii) of any event (other than an event described in (b) below that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (i) effect transactions in, or obtain market values for, the Fund Shares on the Exchange, (ii) effect transactions in, or obtain market values for securities that comprise 20 percent or more of the level of the relevant Underlying Index, or (iii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in respect of a Fund Share at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the relevant Underlying Index at that time, then the relevant percentage contribution of that security, to the level of the relevant Underlying Index shall be based on a comparison of (i) the portion of the level of the relevant Underlying Index attributable to that security, and the overall level of the relevant Underlying Index immediately before the occurrence of such Market Disruption Event.

The Issuer shall give notice as soon as practicable to the Holders in accordance with N&C Securities Condition 14 in the case of N&C Securities, or W&C Securities Condition 9 in the case of W&C Securities, of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such Disrupted Day.

10. Potential Adjustment Event

"Potential Adjustment Event" means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Shares (unless resulting in a Merger Event or Tender Offer), or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Fund Shares of (i) such Fund Shares or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the ETF equally or proportionately with such payments to holders of such Fund Shares or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the ETF as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by the ETF in respect of relevant Fund Shares that are not fully paid;
- (v) a repurchase by the ETF or any of its subsidiaries of relevant Fund Shares, whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of an ETF, an event that results in any shareholder rights being distributed or becoming separated from Fund Shares of common stock or other shares of the capital stock of the ETF pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, Provided That any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Fund Shares.

Following a Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the terms of the Terms and Conditions of the Securities and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (b) determine the effective date(s) of that adjustment(s). The Calculation Agent may, but need not, determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Fund Shares traded on such options exchange.

Upon the making of any such adjustment, the Calculation Agent shall as soon as is reasonably practicable under the circumstances give notice to the Holders in accordance with N&C Securities Condition 14 in the case of N&C Securities, or W&C Securities Condition 9 in the case of W&C Securities, as applicable, stating the adjustment made and giving brief details of the Potential Adjustment Event, Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

11. De-Listing, Insolvency, Material Underlying Event, Merger Date, Merger Event, Nationalisation, Tender Offer

"De-Listing" means, in respect of a Fund Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, such Fund Share ceases (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

"Insolvency" means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an ETF, (A) all the Fund Shares of that ETF are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Fund Shares of that ETF become legally prohibited from transferring them.

"Material Underlying Event" means any of the following:

- (i) the investment objectives and/or policies in respect of the ETF are materially changed;
- (ii) an illegality occurs or a relevant authorisation or licence is revoked in respect of the ETF and/or the ETF is required by a competent authority (other than any holder of the Fund Shares) to redeem any Fund Shares;
- (iii) there is a change in any relevant jurisdiction in respect of any payments made by the ETF in respect of any Fund Share as a result of which the amounts paid or to be paid by the Issuer in connection with hedging arrangements relating to the Securities are materially reduced or otherwise adversely affected; and/or
- (iv) any other event occurs in relation to the ETF and/or the Fund Shares which is materially prejudicial to the Issuer in connection with the issue of the Securities or any hedging arrangements relating to the Securities,

as determined by the Calculation Agent.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Merger Event" means, in respect of any relevant Fund Shares, any (i) reclassification or change of such Fund Shares that results in a transfer of or an irrevocable commitment to transfer all of such Fund Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the ETF with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such ETF is the continuing entity and which does not result in any such reclassification or change of all such Fund Shares outstanding) or (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Fund Shares of the relevant ETF that results in a transfer of or an irrevocable commitment to transfer all such Fund Shares (other than such Fund Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the ETF or its subsidiaries with or into another entity in which the ETF is the continuing entity and which does not result in a reclassification or change of all such Fund Shares outstanding but results in the outstanding Fund Shares (other than Fund Shares owned or controlled by such other entity) immediately prior to such event collectively

representing less than 50 per cent. of the outstanding Fund Shares immediately following such event (a "**Reverse Merger**"), in each case if the Merger Date is on or before the Valuation Date.

"**Nationalisation**" means that all the Fund Shares or all or substantially all the assets of an ETF are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the relevant ETF, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"**Tender Offer Date**" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If a De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event occurs in relation to any Fund Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent, in its sole and absolute discretion, to determine the appropriate adjustment(s), if any, to be made to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms to account for the De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event, as the case may be, and determine the effective date(s) of that adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of the De-Listing, Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event made by any options exchange to options on the relevant Fund Share traded on that options exchange;
- (ii)
 - (A) in the case of N&C Securities, give notice to the Holders in accordance with N&C Securities Condition 14, and redeem all, but not some only, of the N&C Securities, each nominal amount of N&C Securities equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
 - (B) in the case of W&C Securities, give notice to the Holders in accordance with W&C Condition 9, and cancel all, but not some only, of the W&C Securities, each W&C Security, or Unit, as the case may be, being cancelled at the Early Cancellation Amount; or
- (iii) following such adjustment to the settlement terms of options on the Fund Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**"), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Fund Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing,

Nationalisation, Insolvency or Material Underlying Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalisation, Insolvency or Material Underlying Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with N&C Securities Condition 14 (in the case of N&C Securities) or W&C Securities Condition 9 (in the case of W&C Securities) stating the occurrence of the Merger Event, Tender Offer, Nationalisation, Insolvency or Material Underlying Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto Provided That any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalisation or Insolvency, as the case may be.

ANNEX 6

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED SECURITIES

1. Interpretation

In the case of Credit Linked Securities, if 2009 Protocol Version is specified as not applicable in the applicable Final Terms, (a) the terms and conditions applicable to Credit Linked N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and the Additional Terms and Conditions for Credit Linked Securities set out below (the "**Credit Linked Conditions**") and (b) the terms and conditions applicable to Credit Linked W&C Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Securities Conditions**") and the Credit Linked Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and, in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions, the W&C Securities Conditions and/or the Credit Linked Conditions, the Credit Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions, the W&C Securities Conditions and/or the Credit Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms References in the Credit Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "W&C Security" and "W&C Securities" as the context admits shall prevail.

2. Definitions

"Accreted Amount" means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) 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 in its sole and absolute discretion) 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 (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) 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 (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

"Additional Amount Period" means, the period from and including (x) the Scheduled Maturity Date to but excluding (y) (i) the Repudiation/Moratorium Evaluation Date (where Credit Linked Condition 6 applies), (ii) the Grace Period Extension Date (where Credit Linked Condition 7 applies) or (iii) the Postponed Maturity Date (where Credit Linked Condition 8 applies).

"Additional Interest Amount" means an amount in the Specified Currency equal to the product of:

- (i) the Calculation Amount;
- (ii) the Average Overnight Rate in respect of the Additional Amount Period; and
- (iii) the number of days in the Additional Amount Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Additional Amount Period is the 31st day of a month but the first day of the Additional Amount Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Additional Amount Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

"Average Overnight Rate" means, in respect of the Additional Amount Period, a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the first day of such Additional Amount Period to but excluding the second Business Day immediately preceding the day on which such Additional Amount Period ends but which is excluded from the Additional Amount Period.

"Bankruptcy" means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof or before the Scheduled Exercise Date (in the case of Credit Linked W&C Securities) or the Scheduled Maturity Date (in the case of Credit Linked N&C Securities), whichever is earlier;

- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter or before the Scheduled Exercise Date (in the case of Credit Linked W&C Securities) or the Scheduled Maturity Date (in the case of Credit Linked N&C Securities), whichever is earlier; or
- (h) 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 paragraphs (a) to (g) (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 14 calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

"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 this 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 or the Calculation Agent.

"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 applying in the applicable Final Terms, a Notice of Publicly Available Information, that is effective, in each case, during the Notice Delivery Period.

Where the Securities are Nth-to-Default Credit Securities, other than for the purposes of the final paragraph of Credit Linked Condition 3, the Conditions to Settlement shall be deemed to be satisfied with respect to the Securities only when the Conditions to Settlement are satisfied with respect to the Triggering Reference Entity (as defined in Credit Linked Condition 3). Where the Securities are Nth-to-Default Credit Securities and the Conditions to Settlement are satisfied with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Conditions to Settlement were satisfied.

Where the Securities are First-to-Default Credit Securities, Conditions to Settlement shall be deemed to be satisfied with respect to the Securities on the first occasion Conditions to Settlement are satisfied with respect to any Reference Entity (the **"First Reference Entity"**). Where the Securities are First-to-Default Credit Securities or Nth-to-Default Credit Securities and the Conditions to Settlement are satisfied with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Conditions to Settlement were satisfied.

"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 defence based upon:

- (a) 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;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) 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

- (d) 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 Trade Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

- (a) the Scheduled Termination Notice Date;
- (b) where "Grace Period Extension" is specified as applicable in the applicable Final Terms, the Grace Period Extension Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Termination Notice Date; and (ii) 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 Termination Notice Date; and
- (c) the Repudiation/Moratorium Evaluation Date if:
 - (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Termination Notice Date;
 - (ii) 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 Termination Notice Date; and
 - (iii) 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.

"Credit Event Redemption Amount" means 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 Calculation Amount (in the case of Credit Linked N&C Securities) or the Notional Amount of each W&C Security (in the case of Credit Linked W&C Securities) as specified in the applicable Final Terms);

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 as the "Credit Event Redemption Period" in the applicable Final Terms following the calculation of the Final Price.

"Credit Event Redemption Period" means the number of Business Days specified as such in the applicable Final Terms.

"Credit Settlement Date" means the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the **"Scheduled Credit Settlement Date"**) Provided That if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit 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 Credit Settlement Date.

"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:

- (a) 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:
 - (i) 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 Physical Settlement Notice 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 euro, the MEAN price as displayed on Reuters Page EUROFX/1 as of 12:00 p.m. (London time) on the date that the Physical Settlement Notice 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 not U.S. dollars or euro, the rate determined by the Calculation Agent in its sole and absolute discretion in a commercially reasonable manner.

"Default Requirement" means the amount specified as such in the applicable Final Terms or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, US\$10,000,000, 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 the Entitlement to the relevant Holder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) 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 the Entitlement consists of Direct Loan Participations, "Deliver" means to create (or procure the creation) of a participation in favour of the relevant Holder and to the extent that the Deliverable Obligations consist 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 Credit Linked Condition 5:

- (a) 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 (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) 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 (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
 - (b) subject to the second paragraph of the definition of "Not Contingent" in "(A) below Method for Determining Deliverable Obligations" below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
 - (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) 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 (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
 - (d) any 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)(2) 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 Physical Settlement Notice 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, Credit Linked 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 constitute Deliverable Obligations that are Not Contingent if such Deliverable 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 (x) to convert or exchange such obligation or (y) 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 paragraphs (x) and (y) 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 Holder that provides each Holder 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 Holder and either (A) the Issuer (to the extent that the Issuer 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 Credit 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 International 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 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 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 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 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:
 - (a) 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.
 - (b) 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: Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (x) 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 (y) the laws of England and the laws of the State of New York shall not be a Domestic Law.
 - (c) 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.

- (d) 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.
- (e) 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.
- (f) 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 "Partial Cash Settlement Amount" and "Quotation Amount" in Credit Linked Condition 10, 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;

"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;

"Due and Payable Amount" means, subject as provided in sub-paragraph (3)(c) 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:

- (a) (i) any bank or other financial institution;
- (ii) an insurance or reinsurance company;

- (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below; and
 - (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship),
- provided, however, that in each case such entity has total assets of at least US\$500 million;
- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
 - (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least US\$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 US\$100 million; or
 - (ii) that has total assets of at least US\$500 million; or
 - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); and
 - (d) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this definition to US\$ include equivalent amounts in other currencies;

"Entitlement" means, in respect of each unit or nominal amount of Securities equal to the Calculation Amount (in the case of N&C Securities) or Notional Amount (in the case of W&C Securities), Deliverable Obligations, as selected by the Calculation Agent 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 applying in the applicable Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified as applying 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 at least equal to the Calculation Amount (in the case of N&C Securities) or Notional Amount (in the case of W&C Securities) less, if Unwind Costs are specified as applicable in the applicable Final Terms, Deliverable Obligations with a market value determined by the Calculation Agent in its sole and absolute discretion 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.

"Equity Securities" means:

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

"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 Holder at the specified office of the Principal Paying Agent (in the case of N&C Securities) or Principal Security Agent (in the case of W&C Securities) (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.

"First Reference Entity" has the meaning given in the definition of Conditions to Settlement.

"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 to be 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 or the Calculation Agent.

"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:

- (a) subject to paragraphs (b) and (c) 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;
- (b) if Grace Period Extension is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Notice Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Notice 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, 30 calendar days; and
- (c) 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 applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Termination Notice Date.

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

"Grace Period Extension Date" means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Notice 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 and/or any of its Affiliates and/or its agents has not received the relevant Deliverable Obligations under the terms of any transaction and/or trading position entered into by the Issuer and/or such Affiliate and/or its agents to hedge directly or indirectly and whether in whole or in part the Issuer's obligations or position in respect of the Securities.

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

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

- (a) 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);
- (b) 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);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) 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
- (f) 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 Trade Date to (but excluding) the Scheduled Termination Notice Date the Issuer, or a Reference Entity (any such entity, the **"Mergor"**) consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Issuer, a Reference Entity or (ii) where the Mergor is a Reference Entity, the Issuer, or the Issuer and a Reference Entity become Affiliates.

"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) US\$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 or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

"Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the date that is the later of (x) the Scheduled Termination Notice Date and (y) 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 Trade Date to and including (a) the Scheduled Termination Notice Date; (b) the Grace Period Extension Date if (i) "Grace Period Extension" is specified as applying in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay that occurs after the Scheduled Termination Notice Date, and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Notice Date; (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium that occurs after the Scheduled Termination Notice Date, (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Termination Notice Date and (iii) the Repudiation/Moratorium Extension Condition is satisfied; or (d) the Postponed Maturity Date, if the Maturity Date is postponed pursuant to Credit Linked Condition 8 or (e) the Postponed Exercise Date, if the Exercise Date is postponed pursuant to Credit Linked Condition 9.

"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 paragraphs (a) and (b) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applying 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;

"Obligation" means:

- (a) 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);
- (b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms;

Method for Determining Obligations. For the purposes of paragraph (a) 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, Credit Linked 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 the most senior Reference Obligation in priority of payment or, 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;

- (c) **"Credit Linked Specified Currency"** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Credit Linked 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").
- (2) **"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".
- (3) **"Not Domestic Currency"** means any obligation that is payable in any currency other than the Domestic Currency.
- (4) **"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.
- (5) **"Listed"** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.
- (6) **"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 of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"Obligation Currency" means the currency or currencies in which the 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 (3)(c) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:

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

"Overnight Rate" means, in respect of any day in an Additional Amount Period:

- (i) where the Specified Currency is euro, a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on Reuters Page EONIA (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day, if that day is a day on which the TARGET 2 System is open, or otherwise in respect of the immediately preceding day on which the TARGET 2 System is open;
- (ii) where the Specified Currency is USD, a reference rate equal to the rate set forth in H.15 (519) for that day opposite the caption "Federal Funds (effective)", as such rate is displayed on Reuters Screen FEDFUNDS1 (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day;
- (iii) where the Specified Currency is Russian roubles, a reference rate equal to overnight MOSPRIME and appearing on Reuters Page MOSPRIME= (or such other source, including any successor to such page or service, as the Calculation Agent shall determine appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day; or
- (iv) where the Specified Currency is a currency other than USD or EUR, the Overnight Rate specified in the applicable Final Terms.

As used herein, 'H.15 (519)' means the weekly statistical release designated as such, or any successor publication published by the Federal Reserve System Board of Governors, available through the worldwide website of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15>, or any successor site or publication.

"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, US\$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 credit rating for its local currency long term debt denoting the highest available credit worthiness by any international credit rating agency.

"Physical Settlement Notice" has the meaning given to that term in Credit Linked Condition 5.

"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 the Entitlement, 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 (a) of the definition of Repudiation/Moratorium.

"Publicly Available Information" means:

- (a) 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:
 - (i) 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 or any of their respective Affiliates and/or agents 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, or any of their Affiliates and/or agents is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
 - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; or
 - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
 - (iv) 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;
- (b) in the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation and (ii) 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;
- (c) in relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) 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;

- (d) Publicly Available Information need not state:
 - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) 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 (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, 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:

- (a) 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. 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.

- (b)
 - (i) If "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest.
 - (ii) If "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest.
 - (iii) 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 the then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

"Quotation Amount" means 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 Nominal Amount (in the case of Credit Linked N&C Securities) or the aggregate Notional Amount (in the case of Credit Linked W&C Securities) (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 in its sole and absolute discretion. 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:

- (a) **"Bid"** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **"Offer"** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **"Mid-market"** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for the 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 Credit Linked Condition 2 shall be the Reference Entity for the purposes of the relevant Series.

"Reference Obligation" means each obligation specified or of a type described as such 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 and/or its agents, 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:

- (a) an authorised officer of a Reference Entity or a Governmental Authority:
 - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
 - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) 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 Notice Date.

"Repudiation/Moratorium Evaluation Date" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Notice 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 Trade Date to and including the Scheduled Termination Notice Date or, if Credit

Linked Condition 8(b) applies, the Postponed Maturity Date or, if Credit Linked Condition 9(b) applies, the Postponed Exercise 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 Trade Date and on or prior to the Scheduled Termination Notice 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.

"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, 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:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) 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:

- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the occurrence of, agreement to or announcement of any of the events described in (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

- (iii) 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 the purposes of the definition of Restructuring and Credit Linked Condition 14, 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 (a) to (e) above of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph 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 Notice Maturity Date or later than thirty months following the Scheduled Termination Notice Date and if it is, it shall be deemed to be the Scheduled Termination Notice Date or thirty months following the Scheduled Termination Notice Date, as the case may be.

"Scheduled Termination Notice Date" means the day falling two Business Days immediately preceding the Scheduled Maturity Date or Scheduled Exercise Date as applicable.

"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 Specified Currency of the Securities.

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

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

"Sovereign Restructured Deliverable Obligation" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to sub-paragraph (2) of paragraph "(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 the 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, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
 - (i) a Reference Obligation is redeemed in whole; or
 - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) 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 (A) the Trade Date and (B) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (iii) 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, if so selected at the discretion of the Calculation Agent, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is selected or available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation may at the sole discretion of the Calculation Agent be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available, or for which the Calculation Agent in its discretion determines not to select a Substitute Reference Obligation, will cease to be a Reference Obligation.

- (e) If:
- (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for any of the Reference Obligations; or
 - (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent may continue to attempt (but is not obliged at any time) to identify a Substitute Reference Obligation until the later of (A) the Scheduled Termination Notice Date, (B) the Grace Period Extension Date (if any) and (C) the Repudiation/Moratorium Evaluation Date (if any). If (i) 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 (ii) on or prior to the later of (A) the Scheduled Termination Notice Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the Issuer shall have the right as of the later of (A) the Scheduled Termination Notice Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date to early redeem or cancel the Securities at the Early Redemption Amount, in the case of N&C Securities, or the Early Cancellation Amount, in the case of W&C Securities (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of the early redemption) by notice to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable.

- (f) 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:

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

- (ii) 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;
 - (iii) 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;
 - (iv) 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;
 - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 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
 - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 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
- (b) in relation to a Sovereign Reference Entity, any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assume(s) any of the obligations of such Reference Entity.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 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 (a)(vi) 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 (a)(vi) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Holders at the

specified office of the Principal Paying Agent (in the case of N&C Securities) or Principal Security Agent (in the case of W&C Securities).

Where pursuant to paragraph (a)(iii) or (a)(iv) 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 in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Securities under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment and notifying the Issuer of such adjustment, the Issuer shall give notice as soon as practicable to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9 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 (a) 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:

- (A) a Reference Obligation is specified in the applicable Final Terms; and
- (B) one or more Successors to the Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation" above.

Notwithstanding the provisions above, in the case of First to Default Credit Securities and Nth-to-Default Credit Securities where one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor pursuant thereto and at least one other entity which is not a Reference Entity or the Issuer is also identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Securities. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor pursuant thereto but no other entities which are not Reference Entities or the Issuer are identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Securities and, in respect of each Affected Reference Entity or

the Issuer, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant Succession Event and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant Succession Event. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, then: (i) no Successor shall be appointed; (ii) the Affected Reference Entity to which the relevant Succession Event relates shall be deemed to have ceased to be a Reference Entity; (iii) that portion of any interest payable which is referable to the purchase of credit protection purchased by the Issuer under the Securities in respect of the Affected Reference Entity shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion; and (iv) the Calculation Agent may make such adjustments to the Conditions and/or the applicable Final Terms to account for the Successor Associated Costs, which may include, without limitation, reducing the Final Redemption Amount, Cash Settlement Amount, Credit Event Redemption Amount or the Entitlement (as the case may be) by an amount equal to the Successor Associated Costs, in each case with effect from the date determined by the Calculation Agent to be the date on which the relevant Succession Event was effective.

Where:

"Alternative Reference Entity" means an entity which satisfies both the Industry Requirement and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

"Alternative Reference Obligation" means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity to which the Succession Event relates;

"Industry Requirement" means an entity that is in the same industry group as the Reference Entity to which the relevant Succession Event relates, as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate, including any international market data sources such as, but not limited to, credit rating agencies;

"Spread" means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Event and ending on the Maturity Date or Settlement Date, as applicable, and with the Reference Obligation(s) specified in the applicable Final Terms; and

"Spread Requirement" means an entity that, as at the date of selection, has a Spread not greater than the Spread of the Reference Entity to which the relevant Succession Event relates, immediately prior to the relevant Succession Event as determined by the Calculation Agent in its sole and absolute discretion.

"Successor Associated Costs" means an amount per nominal amount or unit of the Securities (which may not be less than zero) equal to such Securities' *pro rata* share of the total amount of any and all costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with the Affected Reference Entity ceasing to be a Reference Entity, including, without limitation, any costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding, substituting, re-establishing and/or incurring any funding relating to the Securities and/or any hedge positions (including without limitation, any derivative transaction) relating to the Securities, and any related costs due to costs or losses being incurred prior to the maturity or settlement of the Securities, all as determined by the Calculation Agent in its sole discretion.

"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.

"Triggering Reference Entity" has the meaning given in Credit Linked Condition 3.

"Undeliverable Obligation" means a Deliverable Obligation included in the Entitlement which, on the Credit 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, contractual restrictions, statutory restrictions 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 Credit 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, expenses (including, without limitation, loss of funding and break funding charges and fees), tax and duties incurred by the Issuer and/or any of its Affiliates and/or agents in connection with the redemption or cancellation of the Securities and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Securities equal to the Calculation Amount (in the case of N&C Securities) or Notional Amount (in the case of W&C Securities) set out in the applicable Final Terms.

"Valuation Date" means (a) where Physical Delivery is specified as applying in the applicable Final Terms, the day falling three Business Days after the Final Delivery Date (as such term is defined in the Physical Delivery N&C Securities Conditions or the W&C Securities Conditions, as applicable), or (b) 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:

- (i) 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
- (ii) 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:

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

"Highest" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

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

- (iii) 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:

"Average Market" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or

"Highest" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or

"Average Highest" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

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

- (v) 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:

"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

"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.

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

- (vii) 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:

"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

"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.

- (viii) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.
- (ix) Notwithstanding paragraphs (i) to (viii) 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.

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

"Weighted Average Quotation" means, in 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.

3. **Redemption or Exercise of Credit Linked Securities**

Unless previously redeemed or purchased and cancelled and subject as provided in Credit Linked Condition 4 and Credit Linked Condition 5:

- (i) each nominal amount or unit of Credit Linked N&C Securities equal to the Calculation Amount set out in the Final Terms will be redeemed by the Issuer at its relevant Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the Specified Currency on the Maturity Date specified in the applicable Final Terms; or
- (ii) each Credit Linked W&C Security will be exercised automatically by the Principal Security Agent on behalf of the Securityholder on the Exercise Date and entitles its holder to receive the relevant Cash Settlement Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Settlement Date.

Where the Securities are First-to-Default Credit Securities, if Conditions to Settlement are satisfied in relation to any of the specified Reference Entities, then the Securities will be settled in accordance with Credit Linked Condition 4 or Credit Linked Condition 5 below as applicable in relation only to the First Reference Entity (as defined in the definition of Conditions to Settlement).

Where the Securities are Nth-to-Default Credit Securities, if Conditions to Settlement are satisfied in relation to one or more of the specified Reference Entities, no settlement in accordance with Credit Linked Condition 4 or Credit Linked Condition 5, as applicable below will occur until such time as Conditions to Settlement are satisfied in respect of the Relevant Number of Reference Entities (a **"Trigger"**). The Reference Entity in respect of which Conditions to Settlement being satisfied causes the Trigger to occur is referred to as the **Triggering Reference Entity** and the **Relevant Number** is the number specified as such in the applicable Final Terms. As of the day on which the Calculation

Agent determines that Conditions to Settlement have been satisfied in respect of the Relevant Number of References Entities then Credit Linked Condition 4 or Credit Linked Condition 5, as applicable below shall apply in relation only to the Triggering Reference Entity.

4. **Cash Settlement**

If Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the "**Credit Event Determination Date**") and Condition to Settlement – Cash Settlement is specified in the applicable Final Terms, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9 and redeem or cancel, as applicable, all but not some only of the Securities and pay in respect of each unit or nominal amount or unit of Credit Linked N&C Securities equal to the Calculation Amount set out in the applicable Final Terms or each Credit Linked W&C Security, as applicable, the Credit Event Redemption Amount on the Credit Event Redemption Date.

If Conditions to Settlement are satisfied and the Securities become redeemable or are cancelled in accordance with this Credit Linked Condition 4, upon payment of the Credit Event Redemption Amount the Issuer shall have discharged its obligations in respect of the Securities and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Credit Linked N&C Security or the Notional Amount of a Credit Linked W&C Security. Any shortfall shall be borne by the Holder and no liability shall attach to the Issuer.

5. **Physical Settlement**

If Conditions to Settlement are satisfied during the Notice Delivery Period (such date of satisfaction, the "**Credit Event Determination Date**") and Conditions to Settlement – Physical Delivery is specified in the applicable Final Terms, the Issuer shall give notice (such notice a "**Physical Settlement Notice**") to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9 and redeem or cancel, as applicable, all but not some only of the Securities and deliver in respect of each unit or nominal amount of Credit Linked N&C Securities equal to the Calculation Amount or each Credit Linked W&C Security, as applicable, the Deliverable Obligations comprising the Entitlement on the Credit Settlement Date, subject to and in accordance with the N&C Securities Conditions, the W&C Securities Conditions, these Credit Linked Conditions and, if applicable, the Physical Delivery N&C Securities Conditions.

In the Physical Settlement Notice, the Issuer shall specify the Deliverable Obligations comprising the Entitlement 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 the Entitlement, 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 the Entitlement 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 Applicable" 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 the Entitlement only if it (i) is a 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 Securities become redeemable or are cancelled in accordance with this Credit Linked Condition 5, upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Partial Cash Settlement Amount, as the case may be, the Issuer shall have discharged its obligations in respect of the Securities and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount in respect of the Securities, as the case may be, to be redeemed may be less than the Calculation Amount of a Credit Linked N&C Security or the Notional Amount of a Credit Linked W&C Security. Any shortfall shall be borne by the Holder and no liability shall attach to the Issuer.

6. Repudiation/Moratorium Extension

Where Repudiation/Moratorium is specified as a Credit Event in the applicable Final Terms, the provisions of this Credit Linked Condition 6 shall apply.

(a) In the case of Credit Linked N&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Termination Notice Date or, if Credit Linked Condition 8(b) 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 Termination Notice Date, then the Calculation Agent shall notify the Holders in accordance with N&C Securities Condition 14 that a Potential Repudiation/Moratorium has occurred and:

(A) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:

- (i) each unit or nominal amount of N&C Security equal to the Calculation Amount will be redeemed by the Issuer by payment of the Final Redemption Amount on the second Business Day following the Repudiation/Moratorium Evaluation Date; and
- (ii) in the case of interest bearing N&C Securities, the Issuer shall be obliged (x) to pay interest calculated as provided in N&C Securities Condition 5, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each N&C Security and the Additional Amount Period ending on (but excluding) the Repudiation/Moratorium Evaluation Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amounts in respect of interest shall be payable; or

(B) 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 Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply.

(C) In the case of Credit Linked W&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Termination Notice Date or, if Credit Linked Condition 9(b) applies, the Exercise Maturity Date (as defined in Credit Linked Condition 9 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 Termination Notice Date, then the Calculation Agent shall notify the Holders in accordance with W&C Securities Condition 9 that a Potential Repudiation/Moratorium has occurred and:

- (A) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date, the Exercise Date for the W&C Securities shall be postponed until the second Business Day following the Repudiation/Moratorium Evaluation Date; or
- (B) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked W&C Securities.

7. Grace Period Extension

If "Grace Period Extension" is specified as applicable in the applicable Final Terms, the provisions of this Credit Linked Condition 7 shall apply.

(a) In the case of Credit Linked N&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice 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 Termination Notice Date (and such Grace Period(s) is/are continuing as at the Scheduled Termination Notice Date), then the Calculation Agent shall notify the Holders in accordance with N&C Securities Condition 14 that a Potential Failure to Pay has occurred and:

- (A) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
 - (i) each unit or nominal amount of Credit Linked N&C Security equal to the Calculation Amount will be redeemed by the Issuer by payment of the Final Redemption Amount on the second Business Day following the Grace Period Extension Date; and
 - (ii) in the case of interest bearing N&C Securities, the Issuer shall be obliged (x) to pay interest calculated as provided in N&C Securities Condition 5, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each N&C Security and the Additional Amount Period ending on (but excluding) the Grace Period Extension Date, but, in each case, shall only be obliged to make such

payments of interest on the second Business Day following the Grace Period Extension Date and no further or other amounts in respect of interest shall be payable; or

- (B) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied in the Notice Delivery Period the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the N&C Securities.

- (b) In the case of Credit Linked W&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date but in the determination of the Calculation Agent 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 Termination Notice Date (and such Grace Period(s) is/are continuing as at the Scheduled Termination Notice Date), then the Calculation Agent shall notify such Potential Failure to Pay to the Holders in accordance with W&C Securities Condition 9 and:

- (A) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, the Exercise Date for the W&C Securities will be postponed until the fifth Business Day following the Grace Period Extension Date; or
- (B) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked W&C Securities.

8. Maturity Date Extension in the case of Credit Linked N&C Securities

The following provisions of this Credit Linked Condition 8 apply to Credit Linked N&C Securities:

If:

- (a) on (A) the Scheduled Termination Notice 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
- (b) on the Scheduled Termination Notice Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Holders in accordance with N&C Securities Condition 14 that the Scheduled Termination Notice 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 15 Business Days after the Scheduled Maturity Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day and

where:

- (i) in the case of Credit Linked Condition 8(a), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of Credit Linked Condition 8(b), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:
 - (A) subject as provided below each nominal amount or unit of Credit Linked N&C Security equal to the Calculation Amount will be redeemed by the Issuer by payment of the Final Redemption Amount on the second Business Day following Postponed Maturity Date; and
 - (B) in the case of interest bearing N&C Securities, the Issuer shall be obliged (x) to pay interest calculated as provided in N&C Securities Condition 5 accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or, if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each N&C Security and the Additional Amount Period ending on (but excluding) the Postponed Maturity Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following Postponed Maturity Date and no further or other amounts in respect of interest shall be payable; or
- (ii) where:
 - (A) in the case of Credit Linked Condition 8(a), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 4 or 5, as applicable, shall apply to the Securities; or
 - (B) in the case of Credit Linked Condition 8(b) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 6 shall apply to the Securities.

9. Exercise Date Extension in the case of Credit Linked W&C Securities

The following provisions of this Credit Linked Condition 9 apply to Credit Linked W&C Securities:

If the Exercise Date is scheduled to fall:

- (a) on (A) the Scheduled Exercise Notice Date, (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, and on such date Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (b) on the Scheduled Termination Notice Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Holders in accordance with W&C Securities Condition 9 that the Scheduled Termination Notice Exercise Date has been postponed to a date (such date the "**Postponed Exercise Date**") specified in such notice falling 15 Business Days after the Scheduled Exercise Date, the Repudiation/Moratorium Evaluation Date or the Grace Period Extension Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day and

where:

- (i) in the case of Credit Linked Condition 9(x), Conditions to Settlement are not satisfied on or prior to the Postponed Exercise Date, or, in the case of Credit Linked Condition 9(b), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Exercise Date subject as provided below each Credit Linked W&C Security will be automatically exercised on the Postponed Exercise Date and the provisions of W&C Securities Condition 5 will apply; or
- (ii) (A) in the case of Credit Linked Condition 9(a), Conditions to Settlement are satisfied on or prior to the Postponed Exercise Date, the provisions of Credit Linked Condition 4 or Credit Linked Condition 5, as applicable, shall apply to the Credit Linked W&C Securities; or
(B) in the case of Credit Linked Condition 9(y) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Exercise Date, the provisions of Credit Linked Condition 6 shall apply to the Credit Linked W&C Securities.

10. Partial Cash Settlement

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising the Entitlement are not Delivered by the Final Delivery Date, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

In the Partial Cash Settlement Notice the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the applicable Final Terms, for the purposes of this Credit Linked Condition 10 the following terms are deemed to have the following meanings:

"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 Obligation or Hedge Disruption Obligation, 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 same 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 applying 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 and 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 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 Obligation or Hedge Disruption Obligation, 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.

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

"Partial Cash Settlement Date" is deemed to be the date falling three Business Days after the calculation of the Final Price;

"Quotation" means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying 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:

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 applying in the applicable Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.

- (a) 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 applying in the applicable Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the 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 Obligation, 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.

- (b) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation 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.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

"Quotation Amount" is deemed to be, 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" is deemed to be Bid.

"Reference Obligation" is deemed to be each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

"Valuation Method" is deemed to be 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.

11. Redemption/Cancellation following a Merger Event

If this Credit Linked Condition 11 is specified as applicable in the applicable Final Terms, other than in the case of First to Default Credit Securities or Nth-to-Default Credit Securities, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9 and redeem or cancel, as applicable, all but not some only of the Securities and pay in respect of each nominal amount or unit of the N&C Securities equal to the Calculation Amount or each Credit Linked W&C Security, as applicable, the Merger Event Redemption Amount on the Merger Event Redemption Date.

12. Credit Event Notice after Restructuring Credit Event

If this Credit Linked Condition 12 is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in the Terms and Conditions, upon the occurrence of a Restructuring Credit Event during the Notice Delivery Period:

- (a) in the case of Credit Linked N&C Securities:
 - (A) 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 **N&C Security** immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such **N&C Security** shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
 - (B) For the avoidance of doubt (A) the principal amount of each such N&C Security not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such N&C Security as provided in N&C Securities Condition 5 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such principal amount outstanding of such N&C Security 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) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Securityholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions and (y) the effective date of such adjustment(s).
 - (C) If the provisions of this Credit Linked Condition 12 apply in respect of the Securities, on redemption of part of each such N&C Security the relevant N&C Security or, if the Securities are represented by a Global N&C Security, such Global N&C Security, shall be endorsed to reflect such part redemption.
- (b) in the case of Credit Linked W&C Securities:
 - (A) the Calculation Agent may deliver multiple Credit Event Notices with respect to such Restructuring, each such Credit Event Notice setting forth an amount (the "**Partial Cancellation Amount**") that may be less than the Nominal Amount of each W&C Security immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Cancellation Amount only and each such W&C Security shall be cancelled in part (such cancelled part being equal to the Partial Cancellation Amount).
 - (B) For the avoidance of doubt (A) the Notional Amount of each such W&C Security not so cancelled in part shall remain outstanding (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such principal amount outstanding of such W&C Security 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) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable to Securityholders under the relevant Series, the Calculation Agent will (x) determine such adjustment(s) to these Terms and Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions and (y) the effective date of such adjustment(s).

- (C) If the provisions of this Credit Linked Condition 12 apply in respect of the W&C Securities, on cancellation of part of each such W&C Security the relevant W&C Security or, if the W&C Securities are represented by a Global W&C Security, such Global W&C Security, shall be endorsed to reflect such part cancellation.

- (c) in addition, in the case of First-to-Default Credit Securities:

Once the Conditions to Settlement have been satisfied in respect of the First Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

- (d) in addition, in the case of Nth-to-Default Credit Securities:

Once the Conditions to Settlement have been satisfied in respect of the Triggering Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

13. Provisions relating to Multiple Holder Obligation

If this Credit Linked Condition 13 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 (a) to (e) of the definition of "Restructuring" in Credit Linked Condition 2 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.

14. Provisions taken from the ISDA supplement titled "Additional Provisions for Physically Settled Default Swaps - Monoline Insurer as Reference Entity (January 2005)"

If this Credit Linked Condition 14 is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (a) **Obligation and Deliverable Obligation.** Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 2 and paragraph (a) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (b) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (B) of the definition of "Deliverable Obligation" in Credit

Linked Condition 2 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:

- (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in these Credit Linked Conditions in respect of such an Insured Instrument shall be construed accordingly;
- (ii) references in the definitions of "Assignable Loan" and "Consent Required Loan" to "the "guarantor" and "guaranteeing" shall be deemed to include "the "insurer" and "insuring", respectively;
- (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;
- (iv) 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
- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

For the avoidance of doubt, if Credit Linked Condition 15 is specified as applying in the applicable Final Terms, the amendments to paragraph (B) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 provided in Credit Linked Condition 15 shall not be construed to apply to Qualifying Policies and Insured Instruments.

- (c) 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 Credit Linked Condition 14 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.

- (d) Deliver. For the purposes of the definition of "Deliver" in Credit Linked Condition 2, "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.
- (e) Provisions for Determining a Successor. The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" in Credit Linked Condition 2 is hereby amended by adding "or insurer" after "or guarantor".
- (f) Substitute Reference Obligation. The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof in Credit Linked Condition 2 is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For the purposes of sub-paragraph (a)(ii)(B) 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.
- (g) Restructuring
 - (i) 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 (a) to (e) inclusive of the definition of "Restructuring" in Credit Linked Condition 2 are hereby amended to read as follows:
 - "(i) a reduction in the rate or amount or the Instrument Payments in paragraph (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (ii) a reduction in the amount of the Instrument Payments described in paragraph (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in paragraph (A)(x) of the definition thereof or (y) the payment of the Instrument Payments described in paragraph (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
 - (iv) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) 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
 - (v) 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."

- (ii) Paragraph (iii) of the definition of "Restructuring" in Credit Linked Condition 2 is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (iii) The definition of "Restructuring" in Credit Linked Condition 2 is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of the definition of "Restructuring" in Credit Linked Condition 2 and if Credit Linked Condition 13 is specified as applying in the applicable Final Terms, for the purposes of the Credit Linked Conditions 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" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (i) to (iii) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity."

- (h) 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. 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 Credit Linked Condition 5 and 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.
- (i) Other Provisions. For purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 2, references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor" respectively.
- (j) 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 Credit Linked Condition 14) (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);

"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 Credit Linked Condition 14(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.

15. Supplement to provisions relating to Qualifying Guarantee and Underlying Obligation

(a) If this Credit Linked Condition 15 is specified as applicable in the applicable Final Terms, these Credit Linked Conditions shall be amended by:

(i) 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 per cent. owned, directly or indirectly, by the Reference Entity.";

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

"(b) 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, Credit Linked 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

(iii) 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."

- (b) Credit Linked Condition 13 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 (ii) of the definition of "Multiple Holder Obligation" below".

16. Provisions taken from the ISDA supplement titled Additional Provisions for LPN Reference Entities (published on 3rd October, 2006)

If this Credit Linked Condition 16 is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply:

- (a) provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);
- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 2, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Deliverable Obligation" in Credit Linked Condition 2 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity;

- (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

""**Reference Obligation**" means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, which list is as of the Issue Date available at <http://www.markit.com/marketing/services.php>, any Additional LPN and each Additional Obligation."; and

- (e) the following additional definitions shall apply:

"Additional LPN" means any bond issued in the form of a loan participation note (a **"LPN"**) by an entity (the **"LPN Issuer"**) for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the **"Underlying Loan"**) or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the **"Underlying Finance Instrument"**), Provided That (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Credit Linked Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

"Additional Obligation" means each of the obligations listed as an Additional Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a **"Markit Published LPN Reference Obligation"**), as published by Markit Group Limited, or any successor thereto, as of the Trade Date, which list is currently available at <http://www.markit.com/marketing/services.php>.

"First Ranking Interest" means a charge, security interest (or other type of interest having similar effect) (an **"Interest"**), which is expressed as being "first ranking", "first priority", or similar (**"First Ranking"**) in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

"LPN Reference Obligation" means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

17. Calculation Agent

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 these Credit Linked Conditions and related provisions shall (in the absence of manifest error) be final and binding on the Issuer and the Holders and shall be without liability on the part of the Calculation Agent and without the Calculation Agent being obliged to consider the interests of the Issuer or the Holders. In performing its duties pursuant to these Credit Linked Conditions, 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 these Credit Linked Conditions 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 neither the Calculation Agent nor the Issuer 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.

18. Amendment of Credit Linked Conditions in accordance with Market Convention

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary or desirable to reflect or govern market practice for credit derivative transactions. Any amendment made in accordance with this Credit Linked Condition 18 shall be notified to the Holders in accordance with N&C Securities Condition 14 or W&C Securities' Condition 9.

19. Specific Provisions for Credit Linked Warrants

Any specific amendments to these Credit Linked Conditions which may be required in respect of an issuance of Credit Linked Warrants shall be set out in the applicable Final Terms.

20. Emerging Market Adjustment/Termination Events

If "Emerging Market Adjustment/Termination Provisions" are specified as Applicable in the applicable Final Terms then upon the occurrence and/or continuation, in the determination of the Calculation Agent (acting in good faith and in its sole and absolute discretion), of any Emerging Market Adjustment/Termination Event on or before the date on which the Issuer's obligations in respect of the Securities are discharged in full, the Issuer may, in its sole and absolute discretion, either:

- (a) direct the Calculation Agent to make, in good faith and a commercially reasonable manner, such consequential adjustments to any of the terms of the Securities (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the relevant Emerging Market Adjustment/Termination Event. Any such adjustments may include, but are not limited to, (i) payments in respect of the Securities being made in the Relevant Currency rather than the Specified Currency, (ii) deduction of an amount equal to any tax, levy, impost, duty, charge, assessment or fee arising pursuant to a Taxation Event from the relevant payment or delivery due under the Securities; (iii) non-payment or delivery of the amount or assets due under the Securities until the relevant restrictions are lifted; and/or (iv) where legally permissible, in lieu of paying any cash amounts due under the Securities, settling such obligations by physical delivery (or vice versa); or
- (b) redeem or cancel all (but not some only) of the Securities by giving notice to Holders (i) in the case of N&C Securities, in accordance with N&C Securities Condition 14 and (ii) in the case of W&C Securities, in accordance with W&C Securities Condition 9. If the Securities are so redeemed or cancelled, the Issuer shall pay or deliver, as the case may be, on a day selected by the Issuer, the Emerging Market Termination Amount to each Holder in respect of each (i) Calculation Amount, if the Securities are N&C Securities; or (ii) W&C Security or, if Units are specified in the applicable Final Terms, each Unit, if the Securities are W&C Securities.

Unless otherwise specified in the applicable Final Terms:

"Custodian" means any custodian which may be utilised by a Reference Investor in connection with holding Obligation(s) or Deliverable Obligation(s).

"Emerging Market Termination Amount" means the amount specified as such or otherwise determined as provided in the applicable Final Terms.

"Emerging Market Adjustment/Termination Event" means any of an Inconvertibility Event, an Ownership Restriction Event, a Settlement/Custodial Event and/or a Taxation Event, in each case if so specified in the applicable Final Terms, and/or any other event or circumstances specified as an "Emerging Market Adjustment/Termination Event" in the applicable Final Terms.

For which purposes:

"Inconvertibility Event" means the occurrence 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 Relevant Currency into the Specified 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 Relevant Currency or the Specified 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 Specified Currency) made under any Obligation(s) or Deliverable Obligation(s) due to the introduction by any Governmental Authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations, in each case when compared to the position on the Trade Date.

"Ownership Restriction Event" means, in the determination of the Calculation Agent (acting in good faith and in its sole and absolute discretion), the occurrence 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 Obligation(s) or Deliverable Obligation(s) or related Specified Currency amount; in each case when compared to the position on the Trade Date.

"Settlement/Custodial Event" means (1) the occurrence 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 Credit Linked Condition 2 as if references to "Reference Entity" were changed to "Custodian" for these purposes) of any Custodian; or (2) 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; which in each case has the effect of preventing the Issuer from (or increasing the cost to the Issuer of performing) its obligations under the Securities on any relevant date(s).

"Taxation Event" means as determined on the basis of publicly available information by the Calculation Agent, acting in good faith and in a commercially reasonable manner, the imposition or modification by any tax authority, tax collection agency or governmental agency, howsoever defined, of the Reference Jurisdiction, on or prior to the Maturity Date of any deduction or withholding for or on account of any tax, levy, impost, duty, charge, assessment or fee of any nature with respect to any payment to be made on or under (i) any Obligation(s) or Deliverable

Obligation(s) (ii) any capital gains resulting from the maturity proceeds or early redemption proceeds of any Obligation(s) or Deliverable Obligation(s) (iii) any spot or other transaction referencing the Specified Currency or Relevant Currency or (iv) the remittance of the Relevant Currency outside of the Reference Jurisdiction by reason of any change in or amendment to any law of the Reference Jurisdiction (or in application or official interpretation of any such law) in each case irrespective of whether such deduction or withholding for tax will apply to any Obligation(s) or Deliverable Obligation(s) held in any jurisdiction generally or to any Obligation(s) or Deliverable Obligation(s) held in any particular jurisdiction.

"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 any Obligation(s) or Deliverable Obligation(s) and/or any related Specified Currency amount.

"Reference Investor" means any person that holds or wishes to hold any Obligation(s) or Deliverable Obligation(s), which without limitation may include (a) the Issuer and/or any of its Affiliates holding such assets for the purposes of hedging the Securities and (b) any trust, special purpose vehicle or account through which the Issuer or any of its Affiliates may hold any Obligation(s) or Deliverable Obligation(s) in the Reference Jurisdiction.

"Reference Jurisdiction" means the jurisdiction specified as such in the applicable Final Terms.

"Relevant Currency" means the currency specified as such in the applicable Final Terms.

ANNEX 7

ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED SECURITIES (2009 PROTOCOL VERSION)

The Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) set out below reflect (to the extent relevant to the Securities) the 2009 ISDA Credit Derivatives Determination Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 12 March, 2009) and the 2009 ISDA Credit Derivatives Determination Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on 14 July 2009).

1. Interpretation

If 2009 Protocol Version is specified as applicable in the applicable Final Terms, (a) the terms and conditions applicable to Credit Linked N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and the Additional Terms and Conditions for Credit Linked Securities (2009 Protocol Version) set out below (the "**Credit Linked Conditions**") and (b) the terms and conditions applicable to Credit Linked W&C Securities shall comprise the terms and conditions of the W&C Securities (the "**W&C Securities Conditions**") and the Credit Linked Conditions, in each case together with any other additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions or the W&C Securities Conditions, as applicable, and the Credit Linked Conditions, the Credit Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions, the W&C Securities Conditions and/or the Credit Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail. References in the Credit Linked Conditions to "Security" and "Securities" shall be deemed to be references to "N&C Security" and "N&C Securities" or "W&C Security" and "W&C Securities" as the context admits.

Unless otherwise stated in these Credit Linked Conditions or in the applicable Final Terms, in the event that any day specified in the section "*Credit Linked N&C Securities*" or "*Credit Linked W&C Securities*", as applicable, in the applicable Final Terms or the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such day or last day shall be subject to adjustment in accordance with the applicable Business Day Convention.

2. Definitions

"2.5-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"5-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"20-year Limitation Date" has the meaning given to that term in the definition of "Limitation Date".

"2005 Matrix Supplement" means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on 7 March 2005.

"Accreted Amount" means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation,

reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) 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 in its sole and absolute discretion) 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 (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) 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 (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

"Additional Interest Amount" means an amount in the Specified Currency equal to the product of:

- (a) the Calculation Amount;
- (b) the Average Overnight Rate in respect of the Additional Amount Period; and
- (c) the number of days in the Additional Amount Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Additional Amount Period is the 31st day of a month but the first day of the Additional Amount Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Additional Amount Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

"Additional Amount Period" means, the period from and including (x) the Scheduled Maturity Date to but excluding (y) (i) the Repudiation/Moratorium Evaluation Date (where Credit Linked Condition 7 applies), (ii) the Grace Period Extension Date (where Credit Linked Condition 8 applies) or (iii) the DC Cut-off Date (where Credit Linked Condition 9 applies) or (iv) the Postponed Maturity Date (where Credit Linked Condition 10 applies).

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

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

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

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

"Auction Final Price Determination Date" has the meaning set forth in the Transaction Auction Settlement Terms.

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

"Auction Settlement Notice" has the meaning given to that term in Credit Linked Condition 4.

"Average Overnight Rate" means, in respect of the Additional Amount Period, a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the first day of such Additional Amount Period to but excluding the second Business Day immediately preceding the day on which such Additional Amount Period ends but which is excluded from the Additional Amount Period.

"Bankruptcy" means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof or before the Scheduled Exercise Date (in the case of Credit Linked W&C Securities) or the Scheduled Maturity Date (in the case of Credit Linked N&C Securities), whichever is earlier;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any

such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter or before the Scheduled Exercise Date (in the case of Credit Linked W&C Securities) or the Scheduled Maturity Date (in the case of Credit Linked N&C Securities), whichever is earlier; or

- (h) 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 paragraphs (a) to (g) (inclusive).

"Best Available Information" means:

- (a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated *pro forma* financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated *pro forma* financial information and, if provided subsequently to the provision of unconsolidated *pro forma* financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, 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 14 calendar days after the legally effective date of the Succession Event shall not constitute "Best Available Information".

"Business Day Convention" means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day. The following terms, when used in conjunction with the term "Business Day Convention" and a date, shall mean that an adjustments will be made if that date would otherwise fall on a day that is not a Business Day so that:

- (a) if "Following" is specified as the applicable Business Day Convention in the applicable Final Terms, that date will be the first following day that is a Business Day;
- (b) if "Modified Following" is specified as the applicable Business Day Convention in the applicable Final Terms, that date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; and
- (c) if "Preceding" is specified as the applicable Business Day Convention in the applicable Final Terms, that date will be the first preceding day that is a Business Day.

"Calculation Agent Physical Settlement Notice" has the meaning given to that term in the definition of Conditions to Settlement.

"Cash Settlement Notice" has the meaning given to that term in Credit Linked Condition 5.

"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 this 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 or the Calculation Agent.

"Conditions to Settlement" means the requirements set out in (a), (b) and (c) below which may be satisfied as set out herein:

- (a) all of the Conditions to Settlement shall be deemed to be satisfied by the occurrence of a Credit Event Determination Date, to the extent that such Credit Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Settlement Date, the Credit Event Redemption Date or the Maturity Date or the Exercise Date, as applicable, unless Conditions to Settlement – Physical Delivery is specified as applicable in the applicable Final Terms (or is applicable pursuant to the Fallback Settlement Method) in which case all of the Conditions to Settlement shall be deemed to be satisfied by the Notice of Physical Settlement Condition to Settlement on or following the occurrence of a Credit Event Determination Date;

Where the Securities are Nth-to-Default Credit Securities, other than for the purposes of the final paragraph of Credit Linked Condition 3, the Conditions to Settlement shall be deemed to be satisfied with respect to the Securities only when the Conditions to Settlement are satisfied with respect to the Triggering Reference Entity (as defined in Credit Linked Condition 3). Where the Securities are Nth-to-Default Credit Securities and the Conditions to Settlement are satisfied with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Conditions to Settlement were satisfied.

Where the Securities are First-to-Default Credit Securities, Conditions to Settlement shall be deemed to be satisfied with respect to the Securities on the first occasion Conditions to Settlement are satisfied with respect to any Reference Entity (the **"First Reference Entity"**). Where the Securities are First-to-Default Credit Securities or Nth-to-Default Credit Securities and the Conditions to Settlement are satisfied with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Conditions to Settlement were satisfied.

- (b) if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information Condition to Settlement is satisfied by the delivery of a Notice of Publicly Available Information by the Calculation Agent to the

Issuer that is effective during one of the periods specified in paragraph (a) of the definition of Credit Event Determination Date; Provided That the Notice of Publicly Available Information Condition to Settlement shall be deemed to be satisfied in circumstances where ISDA publicly announces on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date) that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event for purposes of the relevant Securities has occurred with respect to the relevant Reference Entity or Obligation thereof.

(c) the Notice of Physical Settlement Condition to Settlement is satisfied by the delivery by the Calculation Agent to the Issuer of a notice of physical settlement (a "**Calculation Agent Physical Settlement Notice**") that is effective, subject where applicable to Credit Linked Condition 13, on or before the later of:

(i) the thirty-second calendar day (subject to adjustment in accordance with the applicable Business Day Convention) after the Credit Event Determination Date; and

(ii) the twelfth calendar day after either (I) the date of the relevant DC Credit Event Announcement, if any, or (II) the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date; or

(iii) if "Physical Delivery" is applicable pursuant to the Fallback Settlement Method and:

(A) the relevant Credit Event is not a Restructuring (or, if such Credit Event is a Restructuring, such Restructuring has occurred where neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms), the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, as applicable; or

(B) the relevant Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms, either:

I. the thirty-second calendar day after:

(1) a No Auction Announcement Date occurring pursuant to paragraph (a) of the definition of No Auction Announcement Date, if any; or

(2) a No Auction Announcement Date occurring pursuant to paragraph (c) of the definition of No Auction Announcement Date, if any, in circumstances where no Parallel Auction will be held; or

(3) the Auction Cancellation Date, if any,

as applicable; or

- II. the second Relevant City Business Day immediately following the later of the Parallel Auction Final Price Determination Date, if any (or, if more than one should occur, the last Parallel Auction Final Price Determination Date), and the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:
- (1) a No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date and the Issuer has not exercised the Movement Option; or
 - (2) a No Auction Announcement Date occurs pursuant to paragraph (c) of the definition of No Auction Announcement Date in circumstances where one or more Parallel Auctions will be held,

Provided That in the case of paragraphs (c)(i) and (c)(iii), the relevant Credit Event Resolution Request Date occurred on or prior to the date described in paragraph (c)(i).

For purposes of determining whether the conditions of this paragraph (c) have been satisfied, the effective date of delivery of the Calculation Agent Physical Settlement Notice (whether or not subsequently changed) shall be used.

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

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

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

"Credit Event" means 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 defence based upon:

- (a) 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;

- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) 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
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"Credit Event Backstop Date" means (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in paragraph (b) of the definition of Repudiation/Moratorium) for purposes of the relevant Securities, as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraph (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

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

- (a) subject to subsection (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during either:
 - (i) the Notice Delivery Period; or
 - (ii) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen calendar days thereafter (Provided That the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or

- (b) notwithstanding paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
 - (i) the Credit Event Resolution Request Date, if:
 - (A) either:
 - I. "Auction Settlement" is specified as the applicable Settlement Method in the applicable Final Terms; or
 - II. the relevant Credit Event is a Restructuring; and
 - (B) the Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the date falling two Business Days after the Exercise Cut-off Date; or
 - (ii) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (Provided That the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
 - (A) Auction Settlement is not specified as the applicable Settlement Method in the applicable Final Terms; or
 - (B) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and the Credit Event Notice is delivered by the Calculation Agent to the Issuer on a date that is later than the date falling two Business Days after the relevant Exercise Cut-off Date,

Provided That, in the case of paragraph (b) above, (1) this shall be subject to any adjustment in accordance with Credit Linked Condition 15 and (2) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date; and

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

If, in accordance with the provisions above, (i) following the determination of a Credit Event Determination Date, such Credit Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Credit Event Determination Date or (B) not to have occurred or (ii) a Credit Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, the Calculation Agent will determine (1) such adjustment(s) to these Credit Linked Conditions (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Holders as would

have prevailed had a Credit Event Determination Date not occurred on such deemed date of occurrence and (2) the effective date of such adjustment(s).

"Credit Event Notice" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or 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 the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

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

"Credit Event Redemption Amount" means 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 Calculation Amount (in the case of Credit Linked N&C Securities) or the Notional Amount of each W&C Security (in the case of Credit Linked W&C Securities));

B is the Final Price or the Auction Final Price, as applicable; 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, subject to Credit Linked Condition 13, the day falling the number of Business Days specified as the "Credit Event Redemption Period" in the applicable Final Terms following (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date, if applicable, provided, in the case of (ii), that the Credit Event Redemption Date shall not fall earlier than the Auction Settlement Date.

"Credit Event Redemption Period" means the number of Business Days specified as such in the applicable Final Terms.

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

- (a) whether an event that constitutes a Credit Event for purposes of the Securities has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in paragraphs (a) and (b) above.

"Credit Settlement Date" means the last day of the longest Physical Settlement Period following the satisfaction of Conditions to Settlement (the **"Scheduled Credit Settlement Date"**) Provided That if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit 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 Credit Settlement Date.

"Currency Amount" means, with respect to (a) a Deliverable Obligation specified in a Physical Settlement Notice that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each Physical Settlement Amendment Notice with respect to that portion of the relevant Securities into the currency of denomination of the relevant Replacement Deliverable Obligation.

"Currency Rate" means, with respect to (a) a Deliverable Obligation specified in the Physical Settlement Notice, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent in a commercially reasonable manner and (b) a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the Revised Currency Rate.

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

"DC Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

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

"DC Party" has the meaning set out in the Rules.

"DC Question" has the meaning set out in the Rules.

"DC Resolution" has the meaning set out in the Rules.

"Default Requirement" means the amount specified as such in the applicable Final Terms or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, US\$10,000,000, 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 the Entitlement to the relevant Holder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) 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 the Entitlement consists of Direct Loan Participations, "Deliver" means to create (or procure the creation) of a participation in favour of the relevant Holder and to the extent that the Deliverable Obligations consist 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 Credit Linked Condition 5:

- (a) 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 (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) 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 (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second 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;
 - (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) 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 (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
 - (d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.
- (i) **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 of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:
- (A) **"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).
 - (B) **"Deliverable Obligation Characteristics"** means any one or more of Not Subordinated, Credit Linked 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 constitute Deliverable Obligations that are Not Contingent if such Deliverable 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 (x) to convert or exchange such obligation or (y) 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 paragraphs (x) and (y) 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 Holder that provides each Holder 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 Holder and either (A) the Issuer (to the extent that the Issuer 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:
- (1) 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
 - (2) 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 Credit 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 International or any other internationally recognised clearing system.

(ii) Interpretation of Provisions

- (A) If the Obligation Characteristic "Listed" is specified in the applicable Final Terms, the 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;
- (B) if (i) either of the Deliverable Obligation Characteristics "Listed" or "Not Bearer" is specified in the applicable Final Terms, the 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 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 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;

(C) 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

(D) 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: Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Final Terms, (x) 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 (y) 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 "Partial Cash Settlement Amount" and "Quotation Amount" in Credit Linked Condition 12, 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 (ii) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

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

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

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

"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.

"Due and Payable Amount" means, subject as provided in sub-paragraph (d) of paragraph (ii) (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:

- (a) any
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;

- (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below; and
 - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship), provided, however, that in each case such entity has total assets of at least US\$500 million;
- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least US\$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 US\$100 million; or
 - (ii) that has total assets of at least US\$500 million; or
 - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); or
- (d) a Sovereign, Sovereign Agency or Supranational Organisation.

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

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

"Entitlement" means, in respect of each unit or nominal amount of Credit Linked N&C Securities equal to the Calculation Amount or each Credit Linked W&C Security, as applicable, Deliverable Obligations, as selected by the Calculation Agent in its sole and absolute discretion, with:

- (a) 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 applying in the applicable Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified as applying 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
- (b) 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 at least equal to the Calculation Amount (in the case of Credit Linked N&C Securities or the Notional Amount of each W&C Security (in the case of Credit Linked W&C Securities) less, if Unwind Costs are specified as applicable in the applicable Final Terms, Deliverable Obligations with a market value determined by the Calculation Agent in its

sole and absolute discretion 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.

"Equity Securities" means:

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

"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.

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

- (a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred with respect to the relevant Securities for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms), either:
 - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
 - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
 - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any,as applicable; or
- (b) if such Credit Event is a Restructuring for purposes of the relevant Securities for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or

"Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and:

- (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
- (ii) a No Auction Announcement Date occurs pursuant to paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

"Extension Date" means the latest of (a) the Scheduled Termination Notice Date; (b) the Grace Period Extension Date if (i) "Grace Period Extension" is specified as applying in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)); and (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in paragraph (b) of the definition of Repudiation/Moratorium occurs after the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

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

"Fallback Settlement Method" means, with respect to any Securities for which Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, the fallback settlement method specified in the applicable Final Terms.

"Final List" has the meaning set out in the Rules.

"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 Holder at the specified office of the Principal Paying Agent (in the case of N&C Securities) or Principal Security Agent (in the case of W&C Securities) (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.

"First Reference Entity" has the meaning given in the definition of Conditions to Settlement.

"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 to be 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 or the Calculation Agent.

"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:

- (a) subject to paragraphs (b) and (c) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if Grace Period Extension is specified as applying in the applicable Final Terms, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), 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, 30 calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than 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 applying in the applicable Final Terms, such deemed Grace Period shall expire no later than the Scheduled Termination Notice Date.

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

"Grace Period Extension Date" means, if:

- (a) Grace Period Extension is specified as applying in the applicable Final Terms; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)),

the date 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 and/or any of its Affiliates and/or its agents has not received the relevant Deliverable Obligations under the terms of any transaction and/or trading position entered into by the Issuer and/or such Affiliate and/or its agents to hedge directly or indirectly and whether in whole or in part the Issuer's obligations or position in respect of the Securities.

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

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

"Latest Maturity Restructuring Bond or Loan" has the meaning given to that term in the definition of "Restructuring Maturity Limitation Date".

"Limitation Date" means the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **"2.5-year Limitation Date"**), 5 years (the **"5-year Limitation Date"**), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the **"20-year Limitation Date"**), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless it is specified in the applicable Final Terms that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

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

- (a) 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);
- (b) 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);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;

- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) 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
- (f) 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 Trade Date to (but excluding) the Scheduled Termination Notice Date the Issuer, or a Reference Entity (any such entity, the **"Mergor"**) consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Issuer, a Reference Entity or (ii) where the Mergor is a Reference Entity, the Issuer, or the Issuer and a Reference Entity become Affiliates.

"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) US\$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 or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

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

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

"Movement Option" means, where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms, and where a No Auction Announcement Date has occurred pursuant paragraph (b) of the

definition of No Auction Announcement Date, the option of the Issuer to apply to the Securities, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could be specified in any Calculation Agent Physical Settlement Notice (Provided That if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply). If no effective Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, the Securities will be settled in accordance with the Fallback Settlement Method. If an effective Notice to Exercise Movement Option is delivered by the Issuer on or prior to the Movement Option Cut-off Date, such event will be notified to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable.

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

"Next Currency Fixing Time" means 4:00 p.m. (London time) on such London Business Day as the Calculation Agent shall select falling no more than 5 London Business Days immediately preceding the date on which the Physical Settlement Notice or relevant Physical Settlement Amendment Notice or relevant Partial Cash Settlement Notice, as applicable, is effective.

"No Auction Announcement Date" means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

"Notice Delivery Period" means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

"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 paragraphs (a) and (b) of the definition of Repudiation/Moratorium. The notice given must contain a copy or 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.

"Notice to Exercise Movement Option" means, where (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms and (b) the Fallback Settlement Method would otherwise be applicable pursuant to the Auction Settlement provisions, an irrevocable notice from the Issuer to the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) that (i) specifies the

Parallel Auction Settlement Terms applicable in accordance with the definition of Movement Option and (ii) is effective on or prior to the Movement Option Cut-off Date.

"Obligation" means:

- (a) 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);
- (b) each Reference Obligation specified in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Final Terms.

Method for Determining Obligations. For the purposes of paragraph (a) 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 either the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (i) **"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:
 - I. **"Payment"** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
 - II. **"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);
 - III. **"Reference Obligations Only"** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
 - IV. **"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;
 - V. **"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
 - VI. **"Bond or Loan"** means any obligation that is either a Bond or a Loan;

- (ii) **"Obligation Characteristics"** means any one or more of Not Subordinated, Credit Linked Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
- I. (a) **"Not Subordinated"** means an obligation that is not Subordinated to (1) the most senior Reference Obligation in priority of payment or, (2) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; Provided That, if any of the events set forth under paragraph (a) of the definition of Substitute Reference Obligation has occurred with respect to all of the Reference Obligations or if the final paragraph of the definition of Successor is applicable with respect to the Reference Obligation (each, in each case, a **"Prior Reference Obligation"**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;
- (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;
- (c) **"Credit Linked Specified Currency"** means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Credit Linked 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").

- II. **"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".
- III. **"Not Domestic Currency"** means any obligation that is payable in any currency other than the Domestic Currency.
- IV. **"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.

"Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.

"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 of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"Obligation Currency" means the currency or currencies in which the 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 (3)(c) of paragraph (ii) (Interpretation of Provisions) in the definition of Deliverable Obligation:

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

"Overnight Rate" means, in respect of any day in an Additional Amount Period:

- (i) where the Specified Currency is euro, a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on Reuters Page EONIA (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day, if that day is a day on which the TARGET 2 System is open, or otherwise in respect of the day on which the TARGET 2 System is open immediately preceding a day on which the TARGET 2 System is open;
- (ii) where the Specified Currency is USD, a reference rate equal to the rate set forth in H.15 (519) for that day opposite the caption "Federal Funds (effective)", as such rate is displayed on Reuters Screen FEDFUNDS1 (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day;
- (iii) where the Specified Currency is Russian roubles, a reference rate equal to overnight MOSPRIME and appearing on Reuters Page MOSPRIME= (or such other source, including any successor to such page or service, as the Calculation Agent shall determine appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day; or
- (iv) where the Specified Currency is a currency other than USD or EUR, the Overnight Rate specified in the applicable Final Terms.

As used herein, 'H.15 (519)' means the weekly statistical release designated as such, or any successor publication published by the Federal Reserve System Board of Governors, available through the worldwide website of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15>, or any successor site or publication.

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

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

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

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

"Parallel Auction Settlement Terms" means, following the occurrence of a Restructuring where either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which (i) the Deliverable Obligation Terms are the same as the Reference Transaction, and (ii) the Reference Transaction would not be an Auction Covered Transaction Provided That if no such Credit Derivatives Auction Settlement Terms are published, the Calculation Agent may select in its sole discretion the applicable Credit Derivatives Auction Settlement Terms.

"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, US\$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.

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

"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 credit rating for its local currency long term debt denoting the highest available credit worthiness by any international credit rating agency.

"Physical Settlement Amendment Notice" has the meaning given to that term in Credit Linked Condition 6.

"Physical Settlement Notice" has the meaning given to that term in Credit Linked Condition 6.

"Physical Settlement Period" means, subject to Credit Linked Condition 13, 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 the Entitlement, 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 Credit Event" means a Potential Failure to Pay (if Failure to Pay is an applicable Credit Event in respect of the Reference Entity), a Potential Repudiation/Moratorium (if Repudiation/Moratorium is an applicable Credit Event in respect of the Reference Entity) or if a Credit Event Resolution Request Date has occurred and the Credit Derivatives Determinations Committee has not made its determination, such event will be deemed to be a Potential Credit Event. A Credit Derivatives Determinations Committee and the Calculation Agent may each determine whether a Potential Failure to Pay or a Potential Repudiation/Moratorium has occurred Provided That any such determination made by a Credit Derivatives Determinations Committee will be binding on 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 (a) of the definition of Repudiation/Moratorium.

"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).

"Publicly Available Information" means:

- (a) 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:
 - (i) 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 or any of their respective Affiliates and/or agents 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, or any of their Affiliates and/or agents is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
 - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
 - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
 - (iv) 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;
- (b) in the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver 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 such Obligation;
- (c) in relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) 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 the party receiving such information;
- (d) Publicly Available Information need not state:
 - (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or

(C) has met the subjective criteria specified in certain Credit Events;

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

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**) 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 (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, 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:

- (a) 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. 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.
- (b)
 - (i) If "Include Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest.
 - (ii) If "Exclude Accrued Interest" is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest.
 - (iii) 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 the then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid

interest. All Quotations shall be obtained in accordance with this specification or determination.

- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

"Quotation Amount" means 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 Nominal Amount (in the case of Credit Linked N&C Securities) or the aggregate Notional Amount (in the case of Credit Linked W&C Securities) (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 in its sole and absolute discretion. 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:

"Bid" means that only bid quotations shall be requested from Quotation Dealers;

"Offer" means that only offer quotations shall be requested from Quotation Dealers; or

"Mid-market" means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for the 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 either (a) identified pursuant to the definition of "Successor" in Credit Linked Condition 2 on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Series.

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

"Reference Transaction" means a hypothetical credit derivative transaction (a) for which the Deliverable Obligation Terms and the Reference Obligation are (i) the same as in respect of the Securities (if such Deliverable Obligation Terms and Reference Obligation are specified in the applicable Final Terms) or (ii) if and to the extent Deliverable Obligation Terms and/or the Reference Obligation are not specified, the Deliverable Obligation Terms and Reference Obligation

determined by the Calculation Agent in a commercially reasonable manner to be appropriate in respect of a credit derivative transaction linked to the relevant Reference Entity, (b) with a Scheduled Termination Date matching the Scheduled Termination Notice Date of the Securities and (c) otherwise having such other characteristics as the Calculation Agent may in its sole discretion determine appropriate by reference to, without limitation, the Issuer's hedging arrangements and/or any credit derivative elections made in relation to the Securities.

"Relevant City Business Day" has the meaning set out in the Rules.

"Relevant Obligations" means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates and/or its agents, 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.

"Replaced Deliverable Obligation Outstanding Amount" has the meaning given to that term in Credit Linked Condition 6.

"Replacement Deliverable Obligation" has the meaning given to that term in Credit Linked Condition 6.

"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:

- (a) an authorised officer of a Reference Entity or a Governmental Authority:
 - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
 - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) 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 Notice Date.

"Repudiation/Moratorium Evaluation Date" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Notice Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium

relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium Provided That, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Termination Notice Date unless the Repudiation/Moratorium Extension Condition is satisfied.

"Repudiation/Moratorium Extension Condition" will be satisfied: (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Notice Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for purposes of a Series has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or, if Credit Linked Condition 10(b) applies, the Postponed Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (ii) otherwise, by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available is specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Termination Notice Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Notice Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of a Series with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of a Series has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

"Repudiation/Moratorium Extension Notice" means an irrevocable notice (which may be in writing (including by facsimile and/or email) and/or 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 prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

"Resolve" has the meaning set out in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.

"Restructured Bond or Loan" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

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

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (d) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (e) 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:

- (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) 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 the purposes of the definition of Restructuring and Credit Linked Condition 14, 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 (a) to (e) above of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

"Restructuring Date" means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"Restructuring Maturity Limitation Date" means with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Notice Date, Provided That, in circumstances where the Scheduled Termination Notice Date is later than the 2.5-

year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "**Latest Maturity Restructured Bond or Loan**") and the Scheduled Termination Notice Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

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

"Revised Currency Rate" means, with respect to a Replacement Deliverable Obligation specified in a Physical Settlement Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Principal Balance or Due and Payable Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent in a commercially reasonable manner.

"Rules" has the meaning given to that term in the definition of "Credit Derivatives Determinations Committee" above.

"Scheduled Termination Notice Date" means the day falling two Business Days immediately preceding the Scheduled Maturity Date or Scheduled Exercise Date as applicable.

"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 Specified Currency of the Securities.

"Settlement Method" means, if (a) Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Auction Settlement, (b) Cash Settlement is specified as the applicable Settlement Method in the applicable Final Terms, Cash Settlement, or (c) Physical Delivery is specified as the applicable Settlement Method in the applicable Final Terms, Physical Delivery.

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

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

"Sovereign Restructured Deliverable Obligation" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to sub-paragraph (C) of paragraph "(ii) 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 the 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, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
 - (i) a Reference Obligation is redeemed in whole; or
 - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (iii) is an obligation of the relevant 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, if so selected at the discretion of the Calculation Agent, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is selected or available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation may at the sole discretion of the Calculation Agent be replaced by a Substitute Reference Obligation and each Reference Obligation for which no

Substitute Reference Obligation is available, or for which the Calculation Agent in its discretion determines not to select a Substitute Reference Obligation, will cease to be a Reference Obligation.

(e) If:

- (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for any of the Reference Obligations; or
- (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines not to select a Substitute Reference Obligation or that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent may continue to attempt to identify a Substitute Reference Obligation until the Extension Date although the Calculation Agent is not obliged to select a Substitute Reference Obligation at any time. If (A) either (i) Cash Settlement is specified as the Settlement Method in the applicable Final Terms (or is applicable pursuant to the Fallback Settlement Method) and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or (ii) either Auction Settlement or Physical Delivery is specified as the Settlement Method in the applicable Final Terms (or, in the case of Physical Delivery, is applicable pursuant to the Fallback Settlement Method) and, in each case, the Reference Obligation is the only Deliverable Obligation and (B) on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), a Substitute Reference Obligation has not been identified, the Issuer shall have the right on or after the Extension Date to early redeem or cancel the Securities at the Early Redemption Amount in the case of N&C Securities or the Early Cancellation Amount, in the case of W&C Securities (determined by the Calculation Agent taking into account the creditworthiness of the Reference Entity at the time of early redemption) by notice to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable.

- (f) 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 (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, de-merger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, de-merger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date

(determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) applicable to the relevant Series.

"Succession Event Backstop Date" means (i) for purposes of any event that constitutes a Succession Event for purposes of the relevant Securities, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless specified in the applicable Final Terms that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

"Succession Event Notice" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

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

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

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

"Successor" means:

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

- (i) 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;
 - (ii) 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;
 - (iii) 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;
 - (iv) 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;
 - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 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
 - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 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
- (b) in relation to a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assume(s) any of the obligations of such Reference Entity.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the occurrence of the relevant Succession Event), and with effect from the legally effective date of the occurrence of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable; Provided That the Calculation Agent will not make any such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations

Committee to Resolve the matters described in (a) above and paragraphs (a) and (b)(A) of the definition of Succession Event Resolution Request Date (in the case of a Reference Entity that is not a Sovereign) or (b) above and paragraphs (a) and (b)(B) of the definition of Succession Event Resolution Request Date (in the case of a Sovereign Reference Entity) are satisfied in accordance with the Rules (until such time (if any) that ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall, as soon as practicable after such calculation, make such calculation available for inspection by Holders at the specified office of the Principal Paying Agent (in the case of N&C Securities) or Principal Security Agent (in the case of W&C Securities).

Where pursuant to paragraph (a)(iii) or (a)(iv) 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 in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts such of the Terms and Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Credit Linked Securities under the provisions of the 2003 ISDA Credit Derivatives Definitions.

Upon the Calculation Agent making such adjustment and notifying the Issuer of such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9 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 (a) 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:

- (i) a Reference Obligation is specified in the applicable Final Terms; and
- (ii) one or more Successors to the Reference Entity have been identified; and
- (iii) 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.

Notwithstanding the provisions above and sub-paragraph (b) of the definition of Reference Entity, in the case of First to Default Credit Securities and Nth-to-Default Credit Securities where one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor pursuant thereto and at least one other entity which is not a Reference Entity or the Issuer is also identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Securities. Where pursuant to the provisions above or sub-paragraph (b) of the definition of Reference Entity one or more Reference Entities (each an "**Affected Reference Entity**") and/or the Issuer would, but for this provision, be identified as a Successor pursuant thereto but no other entities which are not Reference Entities or the Issuer are identified as a Successor in respect of the relevant Succession Event, each Affected Reference Entity and/or the Issuer, as applicable, shall not be regarded as a "Successor" for the purposes of the Securities and, in respect of each Affected Reference Entity or the Issuer, as applicable, the Calculation Agent shall use reasonable endeavours to (a) select an Alternative Reference Entity to be the Successor in respect of the relevant Succession Event and (b) select an Alternative Reference Obligation to be the Reference Obligation in respect of such Alternative Reference Entity after the relevant Succession Event. If the Calculation Agent is unable to select an Alternative Reference Entity or an Alternative Reference Obligation, then: (i) no Successor shall be appointed; (ii) the Affected Reference Entity to which the relevant Succession Event relates shall be deemed to have ceased to be a Reference Entity; (iii) that portion of any interest payable which is referable to the purchase of credit protection purchased by the Issuer under the Securities in respect of the Affected Reference Entity shall be reduced accordingly as determined by the Calculation Agent in its sole and absolute discretion; and (iv) the Calculation Agent may make such adjustments to the Conditions and/or the applicable Final Terms to account for the Successor Associated Costs, which may include, without limitation, reducing the Final Redemption Amount, Cash Settlement Amount, Credit Event Redemption Amount or the Entitlement (as the case may be) by an amount equal to the Successor Associated Costs, in each case with effect from the date determined by the Calculation Agent to be the date on which the relevant Succession Event was effective.

Where:

"Alternative Reference Entity" means an entity which satisfies both the Industry Requirement and the Spread Requirement as determined by the Calculation Agent in its sole and absolute discretion;

"Alternative Reference Obligation" means any obligation of the Alternative Reference Entity selected by the Calculation Agent in its sole and absolute discretion which, as far as practicable, in the determination of the Calculation Agent is substantially similar in economic terms to the relevant Reference Obligation of the Reference Entity to which the Succession Event relates;

"Industry Requirement" means an entity that is in the same industry group as the Reference Entity to which the relevant Succession Event relates, as determined by the Calculation Agent in its sole and absolute discretion by reference to such source(s) as it determines appropriate, including any international market data sources such as, but not limited to, credit rating agencies;

"Spread" means the bid-side quotation obtained by the Calculation Agent from such leading dealer in the credit default swap market selected by the Calculation Agent in its sole and absolute discretion for a credit default swap in respect of the relevant entity with a credit protection period commencing on the date determined by the Calculation Agent to be the date of the relevant Succession Event and ending on the Maturity Date or Settlement Date, as applicable, and with the Reference Obligation(s) specified in the applicable Final Terms; and

"Spread Requirement" means an entity that, as at the date of selection, has a Spread not greater than the Spread of the Reference Entity to which the relevant Succession Event relates, immediately

prior to the relevant Succession Event as determined by the Calculation Agent in its sole and absolute discretion.

"Successor Associated Costs" means an amount per nominal amount or unit of the Securities (which may not be less than zero) equal to such Securities' *pro rata* share of the total amount of any and all costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with the Affected Reference Entity ceasing to be a Reference Entity, including, without limitation, any costs and losses associated with or incurred by the Issuer and/or any Affiliate in connection with unwinding, substituting, re-establishing and/or incurring any funding relating to the Securities and/or any hedge positions (including without limitation, any derivative transaction) relating to the Securities, and any related costs due to costs or losses being incurred prior to the maturity or settlement of the Securities, all as determined by the Calculation Agent in its sole discretion.

"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.

"Transaction Auction Settlement Terms" means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Reference Transaction would be an Auction Covered Transaction.

"Triggering Reference Entity" has the meaning given in Credit Linked Condition 3.

"Undeliverable Obligation" means a Deliverable Obligation included in the Entitlement which, on the Credit 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, contractual restrictions, statutory restrictions 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 Credit 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, expenses (including, without limitation, loss of funding and break funding charges and fees), tax and duties incurred by the Issuer and/or any of its Affiliates and/or agents in connection with the redemption or cancellation of the Securities and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Securities equal to the Calculation Amount (in the case of N&C Securities) or Notional Amount (in the case of W&C Securities) set out in the applicable Final Terms.

"Valuation Date" means (a) where Physical Delivery is specified as applying in the applicable Final Terms, the day falling three Business Days after the Final Delivery Date (as such term is defined in the Physical Delivery N&C Securities Conditions or the W&C Securities Conditions, as applicable), or (b) 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 satisfaction of all Conditions to Settlement or, if the number of Business Days is not so specified, five Business Days after the satisfaction of all Conditions to Settlement (or, if "Cash Settlement" is applicable pursuant to the Fallback Settlement Method, the 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 Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable), and if "Multiple Valuation Dates" is specified in the applicable Final Terms, each of the following dates:

- (a) subject to Credit Linked Condition 13, the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, five Business Days) following the satisfaction of all Conditions to Settlement (or if Cash Settlement is the applicable Fallback Settlement Method, the date that is the number of Business Days specified in the applicable Final Terms (or, if the number of Business Days is not specified, five Business Days) following the Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable); 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":

- (a) 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:

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

"Highest" means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

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

- (c) 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:

"Average Market" means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or

"Highest" means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or

"Average Highest" means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

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

- (b) 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:

"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

"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.

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

- (b) 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:

"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

"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.

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

- (b) Notwithstanding paragraph (a) 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.

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

"Weighted Average Quotation" means, in 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.

3. Redemption or Exercise of Credit Linked Securities

Unless previously redeemed or purchased and cancelled and subject as provided in Credit Linked Condition 4, Credit Linked Condition 5 and Credit Linked Condition 6, as applicable:

- (i) each nominal amount or unit of Credit Linked N&C Securities equal to the Calculation Amount set out in the applicable Final Terms will be redeemed by the Issuer at its relevant Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the Specified Currency on the Maturity Date; or

- (ii) each Credit Linked W&C Security will be exercised automatically by the Principal Security Agent on behalf of the Securityholder on the Exercise Date and entitles its holder to receive the relevant Cash Settlement Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Settlement Date.

Where the Securities are First-to-Default Credit Securities, if Conditions to Settlement are satisfied in relation to any of the specified Reference Entities, then the Securities will be settled in accordance with Credit Linked Condition 4 Credit Linked Condition 5 or Credit Linked Condition 6 below as applicable in relation only to the First Reference Entity (as defined in the definition of Conditions to Settlement).

Where the Securities are Nth-to-Default Credit Securities, if Conditions to Settlement are satisfied in relation to one or more of the specified Reference Entities, no settlement in accordance with Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable below will occur until such time as Conditions to Settlement are satisfied in respect of the Relevant Number of Reference Entities (a "**Trigger**"). The Reference Entity in respect of which Conditions to Settlement being satisfied causes the Trigger to occur is referred to as the **Triggering Reference Entity** and the **Relevant Number** is the number specified as such in the applicable Final Terms. As of the day on which the Calculation Agent determines that Conditions to Settlement have been satisfied in respect of the Relevant Number of References Entities then Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable below shall apply in relation only to the Triggering Reference Entity.

4. Auction Settlement

If Conditions to Settlement are satisfied then, where Auction Settlement is specified as the applicable Settlement Method in the applicable Final Terms and a Credit Event Determination Date occurs on or prior to the Auction Final Price Determination Date, the Issuer shall give notice (such notice an "**Auction Settlement Notice**") to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, and, subject to any adjustment in accordance with Credit Linked Condition 15, redeem or cancel, as applicable, all but not some only of the N&C Securities and pay in respect of each nominal amount or unit of Credit Linked N&C Securities equal to the Calculation Amount set out in the applicable Final Terms or each Credit Linked W&C Security, as applicable, the Credit Event Redemption Amount in the relevant Specified Currency on the Credit Event Redemption Date.

Unless settlement has occurred in accordance with the above paragraph, if (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs (and in circumstances where such No Auction Announcement Date occurs pursuant to paragraph (b) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option), (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date, (d) a Credit Event Determination Date was determined pursuant to paragraph (a) of the definition of Credit Event Determination Date and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Credit Event Determination Date or (e) a Credit Event Determination Date was determined pursuant to paragraph (b)(ii)(A) or (b)(ii)(B) of the definition of Credit Event Determination Date, then:

- (i) if Fallback Settlement Method – Cash Settlement is specified as applicable in the applicable Final Terms, the Issuer shall redeem or cancel, as applicable, the Securities in accordance with Credit Linked Condition 5 below; or

- (ii) if Fallback Settlement Method – Physical Delivery is specified as applicable in the applicable Final Terms, the Issuer shall redeem or cancel, as applicable, the Securities in accordance with Credit Linked Condition 6 below.

If Conditions to Settlement are satisfied and the Securities become redeemable or are cancelled in accordance with this Credit Linked Condition 4, upon payment of the Credit Event Redemption Amounts in respect of the Securities, the Issuer shall have discharged its obligations in respect of the Securities and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Credit Linked N&C Security or the Notional Amount of a Credit Linked W&C Security. Any shortfall shall be borne by the Holders and no liability shall attach to the Issuer.

5. Cash Settlement

If a Credit Event occurs and Conditions to Settlement are satisfied then where Cash Settlement is specified as the applicable Settlement Method in the applicable Final Terms or if Credit Linked Condition 4(i) above applies, the Issuer shall give notice (such notice a "**Cash Settlement Notice**") to the Holders in accordance with N&C Securities Condition 15 or W&C Securities Condition 9, as applicable and redeem or cancel, as applicable, all but not some only of the Securities, and pay in respect of each nominal amount or unit of Credit Linked N&C Securities equal to the Calculation Amount set out in the applicable Final Terms or each Credit Linked W&C Security, as applicable, the Credit Event Redemption Amount in the relevant Specified Currency on the Credit Event Redemption Date.

If Conditions to Settlement are satisfied and the Securities become redeemable or are cancelled in accordance with this Credit Linked Condition 5, upon payment of the Credit Event Redemption Amount in respect of the Securities, the Issuer shall have discharged its obligations in respect of the Securities and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Calculation Amount of a Credit Linked N&C Security or the Notional Amount of a Credit Linked W&C Security. Any shortfall shall be borne by the Holders and no liability shall attach to the Issuer.

6. Physical Delivery

If a Credit Event occurs and Conditions to Settlement are satisfied then where Physical Delivery is specified as the applicable Settlement Method in the applicable Final Terms or if Credit Linked Condition 4(ii) above applies, the Issuer shall, following the receipt of a Calculation Agent Physical Settlement Notice, give notice (such notice a "**Physical Settlement Notice**") to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, and redeem or cancel, as applicable all but not some only of the Securities and deliver in respect of each nominal amount or unit of Credit Linked N&C Securities equal to the Calculation Amount or each Credit Linked W&C Security, as applicable, the Deliverable Obligations comprising the Entitlement on the Credit Settlement Date, subject to and in accordance with the N&C Securities Conditions or the W&C Securities Conditions and these Credit Linked Conditions.

In the Physical Settlement Notice, the Issuer shall specify the Deliverable Obligations comprising the Entitlement 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 the Entitlement, irrespective of their market value.

The Issuer may, from time to time, amend a Physical Settlement Notice by delivering a notice to Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable (each such notification, a "**Physical Settlement Amendment Notice**") that the Issuer is

replacing, in whole or in part, one or more Deliverable Obligations specified in the Physical Settlement Notice or a prior Physical Settlement Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such Physical Settlement Amendment Notice is effective). A Physical Settlement Amendment Notice shall specify each replacement Deliverable Obligation that the Issuer will Deliver (each, a **"Replacement Deliverable Obligation"**) and shall also specify the Outstanding Principal Balance or Due and Payable Amount (determined on the same basis as in the definition of Entitlement) of each Deliverable Obligation identified in the Physical Settlement Notice or a prior Physical Settlement Amendment Notice, as applicable, that is being replaced or the equivalent Currency Amount of any such amount (with respect to each such Deliverable Obligation, the **"Replaced Deliverable Obligation Outstanding Amount"**). The Replacement Deliverable Obligation(s), taken together, shall have an aggregate Replaced Deliverable Obligation Outstanding Amount at least equal to the Outstanding Principal Balance(s) and/or Due and Payable Amount(s) (or the equivalent Currency Amount(s) of any such amount(s)) of the Deliverable Obligations being replaced. Each such Physical Settlement Amendment Notice must be effective on or prior to the Credit Settlement Date (determined without reference to any change resulting from such Physical Settlement Amendment Notice). Notwithstanding the foregoing, the Issuer may correct any errors or inconsistencies contained in the Physical Settlement Notice or any Physical Settlement Amendment Notice, as applicable, by notice to Holders (in accordance with N&C Securities Condition 14 or W&C Security Condition 9, as applicable, prior to the relevant Delivery Date; it being understood that such notice of correction shall not constitute Physical Settlement Amendment Notice).

If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms (or if Physical Delivery is applicable as the Fallback Settlement Method and "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" 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 the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms (or if Physical Delivery is applicable as the Fallback Settlement Method and "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" 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 the Entitlement only if it (i) is a 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 Securities become redeemable or are cancelled in accordance with this Credit Linked Condition 6, upon Delivery of the Deliverable Obligations Deliverable and/or payment of the Partial Cash Settlement Amount, as the case may be, the Issuer shall have discharged its obligations in respect of the Securities and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount, as the case may be, may be less than the Calculation Amount of a Credit Linked N&C Security or the Notional Amount of a Credit Linked W&C Security. Any shortfall shall be borne by the Holders and no liability shall attach to the Issuer.

7. Repudiation/Moratorium Extension

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

(a) In the case of Credit Linked N&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Termination Notice Date or, if Credit Linked Condition 10(b) applies, the Postponed Maturity Date (as defined in Credit Linked Condition 8 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 Termination Notice Date, then the Calculation Agent shall notify the Holders in accordance with N&C Securities Condition 14 that a Potential Repudiation/Moratorium has occurred and:

- (A) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date:
 - (i) each nominal amount or unit of N&C Securities equal to the Calculation Amount will be redeemed by the Issuer by payment of the Final Redemption Amount on the second Business Day following the Repudiation/Moratorium Evaluation Date; and
 - (ii) in the case of interest bearing N&C Securities, the Issuer shall be obliged (x) to pay interest calculated as provided in N&C Securities Condition 5, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or if none, the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each N&C Security and the Additional Amount Period ending on (but excluding) the Repudiation/Moratorium Evaluation Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amounts in respect of interest shall be payable; or
- (B) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply.

(b) In the case of Credit Linked W&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date but the Repudiation/Moratorium Extension Condition has been satisfied on or prior to the Scheduled Termination Notice Date or, if Credit Linked Condition 10(b) applies, the Postponed Exercise Date (as defined in Credit Linked Condition 9 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 Termination Notice Date, then the Calculation Agent shall notify the Holders in accordance with W&C Securities Condition 9 that a Potential Repudiation/Moratorium has occurred and:

- (A) where a Repudiation/Moratorium has not occurred on or prior to the Repudiation/Moratorium Evaluation Date, the Exercise Date for the W&C Securities shall be postponed until the second Business Day following the Repudiation/Moratorium Evaluation Date; or
- (B) where a Repudiation/Moratorium has occurred on or prior to the Repudiation/Moratorium Evaluation Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the Credit Linked W&C Securities.

8. Grace Period Extension

If "Grace Period Extension" is specified as applicable in the applicable Final Terms, the provisions of this Credit Linked Condition 8 shall apply.

- (a) In the case of Credit Linked N&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) 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 Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) (and such Grace Period(s) is/are continuing as at the Scheduled Termination Notice Date), then the Calculation Agent shall notify the Holders in accordance with N&C Securities Condition 14 that a Potential Failure to Pay has occurred and:

- (A) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date:
 - (i) each nominal amount or unit of Credit Linked N&C Security equal to the Calculation Amount will be redeemed by the Issuer by payment of the Final Redemption Amount on the second Business Day following the Grace Period Extension Date; and
 - (ii) in the case of interest bearing N&C Securities, the Issuer shall be obliged (x) to pay interest calculated as provided in N&C Securities Condition 5, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each N&C Security and the Additional Amount Period ending on (but excluding) the Grace Period Extension Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the Grace Period Extension Date and no further or other amounts in respect of interest shall be payable; or
- (B) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the N&C Securities.

- (b) In the case of Credit Linked W&C Securities:

Where Conditions to Settlement have not been satisfied on or prior to the Scheduled Termination Notice Date but in the determination of the Calculation Agent 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 Termination Notice Date (and such Grace Period(s) is/are continuing as at the Scheduled Termination Notice Date), then the Calculation Agent shall notify such Potential Failure to Pay to the Holders in accordance with W&C Securities Condition 9 and:

- (A) where a Failure to Pay has not occurred on or prior to the Grace Period Extension Date, the Exercise Date for the W&C Securities will be postponed until the fifth Business Day following the Grace Period Extension Date; or
- (B) where a Failure to Pay has occurred on or prior to the Grace Period Extension Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the Credit Linked W&C Securities.

9. Credit Derivatives Determinations Committee Extension

- (a) In the case of Credit Linked N&C Securities:

If, in the determination of the Calculation Agent, a Credit Event Resolution Request Date or a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) then the Calculation Agent shall notify Holders in accordance with N&C Securities Condition 14 that the Maturity Date has been postponed to a date (the "**DC Cut-off Date**") being the earliest of: (i) 15 Business Days following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred; (ii) the second Business Day following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred and (iii) 15 Business Days following the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether a Credit Event has occurred and:

- (A) where a Credit Event has not occurred on or prior to the DC Cut-off Date:
 - (i) each nominal amount or unit of Credit Linked N&C Security equal to the Calculation Amount will be redeemed by the Issuer by payment of the Final Redemption Amount on the second Business Day following the DC Cut-off Date; and
 - (ii) in the case of interest bearing N&C Securities, the Issuer shall be obliged (x) to pay interest calculated as provided in N&C Securities Condition 5, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each N&C Security and the Additional Amount Period ending on (but excluding) the DC Cut-off Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the DC Cut-off Date and no further or other amounts in respect of interest shall be payable; or

- (B) where a Credit Event has occurred on or prior to the DC Cut-off Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the N&C Securities.

(b) In the case of Credit Linked W&C Securities:

If, in the determination of the Calculation Agent, a Credit Event Resolution Request Date or a Potential Credit Event has occurred and the Credit Derivatives Determinations Committee has not made its determination on or prior to the Scheduled Termination Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) then the Calculation Agent shall notify Holders in accordance with W&C Securities Condition 9 that the Exercise Date has been postponed to a date (the "**DC Cut-off Date**") being the earliest of: (i) 15 Business Days following the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has occurred; (ii) the date on which the Credit Derivatives Determinations Committee Resolves that a Credit Event has not occurred, (iii) 15 Business Days following the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine whether a Credit Event has occurred and:

- (A) where a Credit Event has not occurred on or prior to the DC Cut-off Date, each Credit Linked W&C Security will be cancelled by the Issuer at the Final Redemption Amount on the fifth Business Day following the DC Cut-off Date; or
- (B) where a Credit Event has occurred on or prior to the DC Cut-off Date and Conditions to Settlement are satisfied, the provisions of Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the Credit Linked W&C Securities.

10. Maturity Date Extension in the case of Credit Linked N&C Securities

The following provisions of this Credit Linked Condition 10 apply to Credit Linked N&C Securities:

Without prejudice to Credit Linked Condition 13, if:

- (a) on (A) the Scheduled Termination Notice Date, (B) if applicable, the Repudiation/Moratorium Evaluation Date, (C) if Grace Period Extension is specified as applying in the applicable Final Terms, the Grace Period Extension Date, (D) if applicable, the DC Cut-off Date or (E) the last day of the Notice Delivery Period, 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
- (b) on the Scheduled Termination Notice Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Holders in accordance with N&C Securities Condition 14 that the Maturity Date, the Scheduled Termination Notice Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date and/or the DC Cut-off Date, as the case may be, has been postponed to a date (such date the "**Postponed Maturity Date**") specified in such notice falling 15 Business Days after the previous Scheduled Maturity Date, Repudiation/Moratorium Evaluation Date or Grace Period Extension Date or DC Cut-off Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day and

where:

- (i) in the case of Credit Linked Condition 10(a), Conditions to Settlement are not satisfied on or prior to the Postponed Maturity Date, or, in the case of Credit Linked Condition 10(b), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Maturity Date:
 - (A) subject as provided below each nominal amount or unit of Credit Linked N&C Security equal to the Calculation Amount will be redeemed by the Issuer by payment of the Final Redemption Amount on the second Business Day following the Postponed Maturity Date; and
 - (B) in the case of interest bearing N&C Securities, the Issuer shall be obliged (x) to pay interest calculated as provided in N&C Securities Condition 5 accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or, if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each N&C Security and the Additional Amount Period ending on (but excluding) the Postponed Maturity Date, but, in each case, shall only be obliged to make such payments of interest on the second Business Day following the Postponed Maturity Date and no further or other amounts in respect of interest shall be payable; or
- (ii) where:
 - (A) in the case of Credit Linked Condition 10(a), Conditions to Settlement are satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 4, Credit Linked Condition 5 or Credit Linked Condition 6, as applicable, shall apply to the N&C Securities; or
 - (B) in the case of Credit Linked Condition 10(b) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Maturity Date, the provisions of Credit Linked Condition 5 shall apply to the Credit Linked N&C Securities.

11. Exercise Date Extension in the case of Credit Linked W&C Securities

The following provisions of this Credit Linked Condition 11 apply to Credit Linked W&C Securities:

Without prejudice to Credit Linked Condition 13, if the Exercise Date is scheduled to fall:

- (a) on (A) the Scheduled Exercise Date, (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 (D) if applicable the DC Cut-off Date or (E) the last day of the Notice Delivery Period, as the case may be, and on such date Conditions to Settlement have not been satisfied but, in the opinion of the Calculation Agent, a Credit Event may have occurred; or
- (b) on the Scheduled Termination Notice Date, in the opinion of the Calculation Agent a Potential Repudiation/Moratorium may have occurred,

the Calculation Agent may at its option notify the Holders in accordance with W&C Securities Condition 9 that the Exercise Date, the Scheduled Termination Notice Date, the Repudiation Moratorium Evaluation Date, the Grace Period Extension Date and/or DC Cut-off Date, as the case may be has been postponed to a date (such date the "**Postponed Exercise Date**") specified in such notice falling 15 Business Days after the previous Scheduled Exercise Date,

Repudiation/Moratorium Evaluation Date or Grace Period Extension Date or DC Cut-off Date, as the case may be, or if such day is not a Business Day the immediately succeeding Business Day and

where:

- (i) in the case of Credit Linked Condition 11(a), Conditions to Settlement are not satisfied on or prior to the Postponed Exercise Date, or, in the case of Credit Linked Condition 11(b), the Repudiation/Moratorium Extension Condition is not satisfied on or prior to the Postponed Exercise Date subject as provided below each Credit Linked W&C Security will be automatically exercised on the Postponed Exercise Date and the provisions of W&C Securities Condition 5 will apply; or
- (ii) (A) in the case of Credit Linked Condition 11(a), Conditions to Settlement are satisfied on or prior to the Postponed Exercise Date, the provisions of Credit Linked Condition 2, Credit Linked Condition 3 or Credit Linked Condition 4, as applicable, shall apply to the Credit Linked W&C Securities; or
(B) in the case of Credit Linked Condition 11(b) the Repudiation/Moratorium Extension Condition is satisfied on or prior to the Postponed Exercise Date, the provisions of Credit Linked Condition 7 shall apply to the Credit Linked W&C Securities.

12. Partial Cash Settlement

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising the Entitlement are not Delivered by the Final Delivery Date, the Issuer shall give notice (a "**Partial Cash Settlement Notice**") to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

In the Partial Cash Settlement Notice the Issuer must give details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the applicable Final Terms, for the purposes of this Credit Linked Condition 12 the following terms are deemed to have the following meanings:

"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 Obligation or Hedge Disruption Obligation, 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 same 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 applying 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 (b) 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 and 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 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 Obligation or Hedge Disruption Obligation, 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.

"Partial Cash Settlement Amount" is deemed to be, for each Undeliverable Obligation or Hedge Disruption Obligation, 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 Obligation, as the case may be, multiplied by (B) the Final Price or Auction Final Price, if applicable, with respect to such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, less (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement), and (ii) zero.

"Partial Cash Settlement Date" is deemed to be the date falling three Business Days after (i) the calculation of the Final Price or (ii) the Auction Final Price Determination Date, if applicable.

"Quotation" means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying 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:

- (a) 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 applying in the applicable Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (b) 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 applying in the applicable Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth

Business Day following the 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 Obligation, 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.

- (c) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation 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.
- (d) 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" is deemed to be, 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" is deemed to be Bid.

"Reference Obligation" is deemed to be each Undeliverable Obligation or Hedge Disruption Obligations, as the case may be.

"Valuation Method" is deemed to be 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.

13. Settlement Suspension

- (a) Suspension

Without prejudice to Credit Linked Condition 10, if, following the determination of a Credit Event Determination Date in accordance with sub-paragraph (a) of the definition of Credit Event

Determination Date but prior to the Credit Settlement Date or, Maturity Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, the Calculation Agent may at its option determine that the applicable timing requirements of these Credit Linked Conditions and the definitions of Credit Event Redemption Date, Valuation Date, Physical Settlement Period, and any other Credit Linked Condition as determined by the Calculation Agent in its sole discretion, shall toll and be suspended and remain suspended (such period of suspension, a "**Suspension Period**") until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (ii) not to determine such matters, the relevant timing requirements of the Credit Linked Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

In the event of any such Suspension Period, the Calculation Agent may make (i) such consequential or other adjustment(s) or determination(s) to or in relation to the N&C Securities Conditions or the W&C Securities Conditions and these Credit Linked Conditions as may be desirable or required either during or following any relevant Suspension Period to account for or reflect such suspension and (ii) determine the effective date of such adjustment(s) or determination(s).

(b) Interest

In the case of interest bearing N&C Securities, the Issuer shall be obliged to pay interest calculated in accordance with N&C Securities Condition 5 Provided That:

- (i) if a Suspension Period pursuant to Credit Linked Condition 13(a) above falls in any one or more Interest Period(s), then no interest shall accrue during each portion of an Interest Period during which a Suspension Period exists; and
- (ii) if an Interest Payment Date falls in a Suspension Period pursuant to Credit Linked Condition 13(a) above, such Interest Payment Date will be deferred until such date as determined by the Calculation Agent falling no earlier than the first Payment Day and no later than the fifth Payment Day following the end of the Suspension Period, all subject to the provisions of N&C Securities Condition 5 and Credit Linked Conditions 7, 8 and 9.

14. Redemption following a Merger Event

If this Credit Linked Condition 14 is specified as applicable in the applicable Final Terms, other than in the case of First to Default Credit Securities or Nth-to-Default Credit Securities, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable, and redeem or cancel, as applicable, all but not some only of the Securities and pay in respect of each nominal amount or unit of the N&C Securities equal to the Calculation Amount or each Credit Linked W&C Security, as applicable, the Merger Event Redemption Amount on the Merger Event Redemption Date.

15. Credit Event Notice after Restructuring Credit Event

If this Credit Linked Condition 15 is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in the Terms and Conditions, upon the occurrence of a

Restructuring with respect to a Series for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the applicable Final Terms:

- (a) in the case of Credit Linked N&C Securities:
 - (A) the Calculation Agent may deliver multiple Credit Event Notices with respect to such Restructuring, each such Credit Event Notice setting forth an amount (the "**Partial Redemption Amount**") that may be less than the principal amount outstanding of each N&C Security immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such N&C Security shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
 - (B) For the avoidance of doubt (A) the principal amount of each such N&C Security not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such N&C Security as provided in N&C Securities Condition 5 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such principal amount outstanding of such N&C Security 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) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable or deliverable to Holders under the relevant Series, the Calculation Agent will (i) determine such adjustment(s) to these Credit Linked Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked N&C Security 14 and (ii) the effective date of such adjustment(s).
 - (C) If the provisions of this Credit Linked Condition 15 apply in respect of the N&C Securities, on redemption of part of each such N&C Security the relevant N&C Security or, if the N&C Securities are represented by a Global N&C Security, such Global N&C Security, shall be endorsed to reflect such part redemption.
- (b) in the case of Credit Linked W&C Securities:
 - (A) the Calculation Agent may deliver multiple Credit Event Notices with respect to such Restructuring, each such Credit Event Notice setting forth an amount (the "**Partial Cancellation Amount**") that may be less than the Nominal Amount of each W&C Security immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Cancellation Amount only and each such W&C Security shall be cancelled in part (such cancelled part being equal to the Partial Cancellation Amount).
 - (B) For the avoidance of doubt (A) the Notional Amount of each such W&C Security not so cancelled in part shall remain outstanding (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such amount

or part of such W&C Security 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) if, following a Restructuring Credit Event, different Credit Event Determination Dates have been determined with respect to different portions of amounts payable to Holders under the relevant Series, the Calculation Agent will (i) determine such adjustment(s) to these Credit Linked Conditions as may be required to achieve as far as practicable the same economic effect as if each such portion was a separate series or otherwise reflect or account for the effect of the above provisions of this Credit Linked Condition 15 and (ii) the effective date of such adjustment(s).

- (C) If the provisions of this Credit Linked Condition 15 apply in respect of the W&C Securities, on cancellation of part of each such W&C Security the relevant W&C Security or, if the W&C Securities are represented by a Global N&C Security, such Global W&C Security, shall be endorsed to reflect such part cancellation.

- (c) in addition, in the case of First-to-Default Credit Securities:

Once the Conditions to Settlement have been satisfied in respect of the First Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

- (d) in addition, in the case of Nth-to-Default Credit Securities:

Once the Conditions to Settlement have been satisfied in respect of the Triggering Reference Entity, where the Credit Event is a Restructuring Credit Event, no further Credit Event Notices may be delivered in respect of any other Reference Entity.

16. Provisions relating to Multiple Holder Obligation

If this Credit Linked Condition 16 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 (a) to (e) of the definition of "Restructuring" in Credit Linked Condition 2 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.

17. Provisions taken from the ISDA supplement titled "Additional Provisions for Physically Settled Default Swaps - Monoline Insurer as Reference Entity (January 2005)"

If this Credit Linked Condition 17 is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (a) **Obligation and Deliverable Obligation.** Paragraph (a) of the definition of "Obligation" in Credit Linked Condition 2 and paragraph (a) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".

- (b) Interpretation of Provisions. In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (ii) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 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:
- (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in these Credit Linked Conditions in respect of such an Insured Instrument shall be construed accordingly;
 - (ii) references in the definitions of "Assignable Loan" and "Consent Required Loan" to "the guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring", respectively;
 - (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;
 - (iv) 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
 - (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "Outstanding Principal Balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.

For the avoidance of doubt, if Credit Linked Condition 18 is specified as applying in the applicable Final Terms, the amendments to paragraph (ii) of the definition of "Deliverable Obligation" in Credit Linked Condition 2 provided in Credit Linked Condition 18 shall not be construed to apply to Qualifying Policies and Insured Instruments.

- (c) 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 Credit Linked Condition 17 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.

- (d) Deliver. For the purposes of the definition of "Deliver" in Credit Linked Condition 2, "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.
- (e) Provisions for Determining a Successor. The paragraph commencing "For the purposes of this definition of "Successor" ..." in the definition of "Successor" in Credit Linked Condition 2 is hereby amended by adding "or insurer" after "or guarantor".
- (f) Substitute Reference Obligation. The first paragraph of the definition of "Substitute Reference Obligation" and paragraph (b) thereof in Credit Linked Condition 2 is hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee". For the purposes of sub-paragraph (a)(ii)(B) 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.
- (g) Restructuring
 - (i) 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 (a) to (e) inclusive of the definition of "Restructuring" in Credit Linked Condition 2 are hereby amended to read as follows:
 - "(i) a reduction in the rate or amount or the Instrument Payments in paragraph (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (ii) a reduction in the amount of the Instrument Payments described in paragraph (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in paragraph (A)(x) of the definition thereof or (y) the payment of the Instrument Payments described in paragraph (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
 - (iv) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) 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
 - (v) 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."

- (ii) Paragraph (iii) of the definition of "Restructuring" in Credit Linked Condition 2 is hereby amended by adding "or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy" after "Reference Entity".
- (iii) The definition of "Restructuring" in Credit Linked Condition 2 is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

"For purposes of the definition of "Restructuring" in Credit Linked Condition 2 and if Credit Linked Condition 16 is specified as applying in the applicable Final Terms, for the purposes of the Credit Linked Conditions 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" shall be deemed to refer to the Insured Obligor and the references to the Reference Entity in paragraphs (e)(i) to (iii) inclusive in the definition of "Restructuring" shall continue to refer to the Reference Entity."

- (h) 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. 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 Credit Linked Condition 6 and 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.
- (i) Other Provisions. For purposes of paragraph (a)(ii) of the definition of "Deliverable Obligation" and the definitions of "Credit Event" and "Deliver" in Credit Linked Condition 2, references to the "Underlying Obligation" and the "Underlying Obligor" shall be deemed to include "Insured Instruments" and the "Insured Obligor" respectively.
- (j) 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 Credit Linked Condition 17) (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)

"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 Credit Linked Condition 17(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.

18. Supplement to provisions relating to Qualifying Guarantee and Underlying Obligation

(a) If this Credit Linked Condition 18 is specified as applicable in the applicable Final Terms, these Credit Linked Conditions shall be amended by:

(i) 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 per cent. owned, directly or indirectly, by the Reference Entity.";

(ii) the deletion of paragraphs (d)(ii)IV(b) and (d)(ii)IV(c) 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, Credit Linked 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

(iii) 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."

- (b) Credit Linked Condition 16 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 (ii) of the definition of "Multiple Holder Obligation" below".

19. Provisions taken from the ISDA supplement titled Additional Provisions for LPN Reference Entities (published on 3rd October, 2006)

If this Credit Linked Condition 19 is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply:

- (a) provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);
- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Obligation" in Credit Linked Condition 2, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of "Deliverable Obligation" in Credit Linked Condition 2 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity;

- (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

""**Reference Obligation**" means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a "**Markit Published LPN Reference Obligation**"), as published by Markit Group Limited, or any successor thereto, which list is as of the Issue Date available at <http://www.markit.com/marketing/services.php>, any Additional LPN and each Additional Obligation."; and

- (e) the following additional definitions shall apply:

"Additional LPN" means any bond issued in the form of a loan participation note (a **"LPN"**) by an entity (the **"LPN Issuer"**) for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the **"Underlying Loan"**) or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the **"Underlying Finance Instrument"**), Provided That (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Credit Linked Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

"Additional Obligation" means each of the obligations listed as an Additional Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a **"Markit Published LPN Reference Obligation"**), as published by Markit Group Limited, or any successor thereto, as of the Trade Date, which list is currently available at <http://www.markit.com/marketing/services.php>.

"First Ranking Interest" means a charge, security interest (or other type of interest having similar effect) (an **"Interest"**), which is expressed as being "first ranking", "first priority", or similar (**"First Ranking"**) in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

"LPN Reference Obligation" means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

20. Calculation Agent

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 these Credit Linked Conditions and related provisions shall (in the absence of manifest error) be final and binding on the Issuer and the Holders and shall be without liability on the part of the Calculation Agent and without the Calculation Agent being obliged to consider the interests of the Issuer or the Holders. In performing its duties pursuant to these Credit Linked Conditions, 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 these Credit Linked Conditions 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 neither the Calculation Agent nor the Issuer 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.

21. Amendment of Credit Linked Conditions in accordance with Market Convention

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent determines in a commercially reasonable manner are necessary or desirable to reflect or govern market practice for credit derivative transactions. Any amendment made in accordance with this Credit Linked Condition 21 shall be notified to the Holders in accordance with N&C Securities Condition 14 or W&C Securities Condition 9, as applicable.

22. Specific Provisions for Credit Linked Warrants

Any specific amendments to these Credit Linked Conditions which may be required in respect of an issuance of Credit Linked Warrants shall be set out in the applicable Final Terms.

23. Emerging Market Adjustment/Termination Events

If "Emerging Market Adjustment/Termination Provisions" are specified as Applicable in the applicable Final Terms then upon the occurrence and/or continuation, in the determination of the Calculation Agent (acting in good faith and in its sole and absolute discretion), of any Emerging Market Adjustment/Termination Event on or before the date on which the Issuer's obligations in respect of the Securities are discharged in full, the Issuer may, in its sole and absolute discretion, either:

- (a) direct the Calculation Agent to make, in good faith and a commercially reasonable manner, such consequential adjustments to any of the terms of the Securities (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the relevant Emerging Market Adjustment/Termination Event. Any such adjustments may include, but are not limited to, (i) payments in respect of the Securities being made in the Relevant Currency rather than the Specified Currency, (ii) deduction of an amount equal to any tax, levy, impost, duty, charge, assessment or fee arising pursuant to a Taxation Event from the relevant payment or delivery due under the Securities; (iii) non-payment or delivery of the amount or assets due under the Securities until the relevant restrictions are lifted; and/or (iv) where legally permissible, in lieu of paying any cash amounts due under the Securities, settling such obligations by physical delivery (or vice versa); or
- (b) redeem or cancel all (but not some only) of the Securities by giving notice to Holders (i) in the case of N&C Securities, in accordance with N&C Securities Condition 14 and (ii) in the case of W&C Securities, in accordance with W&C Securities Condition 9. If the Securities are so redeemed or cancelled, the Issuer shall pay or deliver, as the case may be, on a day selected by the Issuer, the Emerging Market Termination Amount to each Holder in respect of each (i) Calculation Amount, if the Securities are N&C Securities; or (ii) W&C Security or, if Units are specified in the applicable Final Terms, each Unit, if the Securities are W&C Securities.

Unless otherwise specified in the applicable Final Terms:

"Custodian" means any custodian which may be utilised by a Reference Investor in connection with holding Obligation(s) or Deliverable Obligation(s).

"Emerging Market Termination Amount" means the amount specified as such or otherwise determined as provided in the applicable Final Terms.

"Emerging Market Adjustment/Termination Event" means any of an Inconvertibility Event, an Ownership Restriction Event, a Settlement/Custodial Event and/or a Taxation Event, in each case if so specified in the applicable Final Terms, and/or any other event or circumstances specified as an "Emerging Market Adjustment/Termination Event" in the applicable Final Terms.

For which purposes:

"Inconvertibility Event" means the occurrence 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 Relevant Currency into the Specified 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 Relevant Currency or the Specified 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 Specified Currency) made under any Obligation(s) or Deliverable Obligation(s) due to the introduction by any Governmental Authority of a new currency regime (including the introduction of a dual currency regime) or the imposition of currency exchange limitations; in each case when compared to the position on the Trade Date.

"Ownership Restriction Event" means, in the determination of the Calculation Agent (acting in good faith and in its sole and absolute discretion), the occurrence 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 Obligation(s) or Deliverable Obligation(s) or related Specified Currency amount; in each case when compared to the position on the Trade Date.

"Settlement/Custodial Event" means (1) the occurrence 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 Credit Linked Condition 2 as if references to "Reference Entity" were changed to "Custodian" for these purposes) of any Custodian; or (2) 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; which in each case has the effect of preventing the Issuer from (or increasing the cost to the Issuer of performing) its obligations under the Securities on any relevant date(s).

"Taxation Event" means as determined on the basis of publicly available information by the Calculation Agent, acting in good faith and in a commercially reasonable manner, the imposition or modification by any tax authority, tax collection agency or governmental agency, howsoever defined, of the Reference Jurisdiction, on or prior to the Maturity Date of any deduction or withholding for on account of any tax, levy, impost, duty, charge, assessment or fee of any nature with respect to any payment to be made on or under (i) any Obligation(s) or Deliverable Obligation(s) (ii) any capital

gains resulting from the maturity proceeds or early redemption proceeds of any Obligation(s) or Deliverable Obligation(s) (iii) any spot transaction referencing the Specified Currency or Relevant Currency or (iv) the remittance of the Relevant Currency outside of the Reference Jurisdiction by reason of any change in or amendment to any law of the Reference Jurisdiction (or in application or official interpretation of any such law) in each case irrespective of whether such deduction or withholding for tax will apply to any Obligation(s) or Deliverable Obligation(s) held in any jurisdiction generally or to any Obligation(s) or Deliverable Obligation(s) held in any particular jurisdiction.

"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 any Obligation(s) or Deliverable Obligation(s) and/or any related Specified Currency amount.

"Reference Investor" means any person that holds or wishes to hold any Obligation(s) or Deliverable Obligation(s), which without limitation may include (a) the Issuer and/or any of its Affiliates holding such assets for the purposes of hedging the Securities and (b) any trust, special purpose vehicle or account through which the Issuer or any of its Affiliates may hold any Obligation(s) or Deliverable Obligation(s) in the Reference Jurisdiction.

"Reference Jurisdiction" means the jurisdiction specified as such in the applicable Final Terms.

"Relevant Currency" means the currency specified as such in the applicable Final Terms.

ANNEX 8

ADDITIONAL TERMS AND CONDITIONS FOR SYNTHETIC PASS-THROUGH N&C SECURITIES

1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Synthetic Pass-Through N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**") and the Additional Terms and Conditions for Synthetic Pass-Through N&C Securities set out below (the "**Synthetic Pass-Through Conditions**"), in each case together with any additional terms and conditions specified in the applicable Final Terms and subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions and the Synthetic Pass-Through Conditions, the Synthetic Pass-Through Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions and/or the Synthetic Pass-Through Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

2. Definitions

"Applicable Taxes" means, in relation to a Reference Asset, any amount due by way of charges, taxes, expenses and duties of whatever nature that the Calculation Agent determines would be incurred by (a) a Hypothetical Investor in connection with the relevant Interim Amount, Final Received Amount or Final Sale Amount, as applicable, if and to the extent such taxes, duties and expenses are not taken into account in the determination of the Interim Amount, Final Received Amount or Final Sale Amount, as applicable and/or (b) without duplication the Issuer, its agents or its Affiliates in connection with hedging arrangements in connection with the N&C Securities.

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (a) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines that (i) it has become illegal to hold, acquire or dispose of any Reference Asset or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the N&C Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

"Currency Disruption Event" means, in the determination of the Calculation Agent, the occurrence of any of:

- (a) the replacement of the Reference Asset Currency or the Specified Currency by a new currency in a Relevant Country or any other relevant jurisdiction (including any relevant exchange rate being split into dual or multiple currency exchange rates);
- (b) it becoming or being likely to become impossible or impracticable for the Issuer to obtain any Reference Asset Currency or Specified Currency or to obtain a relevant exchange rate on or in respect of a Valuation Date;
- (c) any event occurring which makes it or is likely to make it impossible and/or impracticable for the Issuer to convert any Reference Asset Currency into the Specified Currency (or vice versa) through customary legal channels (including, without limitation, any event that has

the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs, or discriminatory rates of exchange or any current or future restrictions on repatriation of one such currency into the other);

- (d) any event occurring in, or affecting, any Relevant Country or any other relevant jurisdiction that makes it or is likely to make it impossible and/or impracticable for the Issuer to deliver any Reference Asset Currency or Specified Currency into a relevant account in the Relevant Country;
- (e) has the direct or indirect effect of hindering, limiting or restricting the convertibility of the Reference Asset Currency (including the proceeds of any Reference Asset) into the Specified Currency, or the transfer of the Specified Currency from the Relevant Country to any other country (including, without limitation, by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of the Reference Asset Currency into the Specified Currency);
- (f) results in the unavailability of the Specified Currency in the interbank foreign exchange market located in the Relevant Country in accordance with normal commercial practice thereof, as determined by the Calculation Agent; and/or
- (g) the imposition of any taxes on (i) the transfer of the Specified Currency from any Relevant Country or (ii) the conversion of a Reference Asset Currency into the Specified Currency.

"Custodial Event" means that the Issuer determines in its sole and absolute discretion that the custodian (including any sub-custodian, settlement agent, broker dealer, or account bank) used by the Issuer or any of its agents or Affiliates in relation to any Reference Asset:

- (a) is dissolved, becomes insolvent or is unable to pay its debts as they become due, makes a general assignment, arrangement or composition with or for the benefit of its creditors, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any law, has a secured party take possession of all or substantially all its assets, or any analogous event, or takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or
- (b) fails to do one or more of the following:
 - (i) deliver or credit any Reference Asset Currency amount, or Reference Assets owned by the Issuer (or any of its agents or Affiliates), to the account of the Issuer (or any of its agents or Affiliates) as instructed by the Issuer (or any of its agents or Affiliates);
 - (ii) deliver any Reference Asset Currency amount to a third party when requested to do so by the Issuer (or any of its agents or Affiliates);
 - (iii) surrender any Reference Assets owned by the Issuer (or its agents or Affiliates) when requested to do so by the Issuer (or any of its agents or Affiliates);
 - (iv) purchase or sell any Reference Assets or take any other action when instructed to do so by the Issuer (or any of its agents or Affiliates); or
 - (v) perform in a full and timely manner all of its Reference Assets to the Issuer under any custodial, or similar arrangements entered into by the Issuer (or any of its agents or Affiliates) at any time in relation to a Reference Asset and/or the Reference Asset

Currency (which shall include, for the avoidance of doubt, a repudiation or termination in whole or in part, or challenging the validity of any such arrangements without the prior consent of the Issuer or any of its agents or Affiliates).

"Exchange Rate" means, in relation to a Reference Asset and a Valuation Date, the currency exchange rate specified as such in the applicable Final Terms or, if no such rate is so specified such spot currency exchange rate for the purchase of the Specified Currency and the sale of the Reference Asset Currency as determined by the Calculation Agent on such Valuation Date at such time and by reference to such sources as it determines appropriate.

"Final Received Amount" means, if specified as Applicable in the applicable Final Terms and in relation to a Reference Asset, the amount (howsoever expressed in the Reference Asset Documents) in respect of such Reference Asset that the Calculation Agent determines would actually be received by a Hypothetical Investor in relation to the Reference Asset Principal Amount of such Reference Asset by way of final discharge or settlement of the Reference Obligor's obligations in respect of such Reference Asset, all as determined by the Calculation Agent.

"Final Redemption Amount" means an amount in the Specified Currency (which shall not be less than zero) determined by the Calculation Agent to be equal to the sum of the Calculation Amount and the Reference Asset Adjustment Amount.

"Final Sale Amount" means, if specified as Applicable in the applicable Final Terms and unless otherwise provided in the applicable Final Terms, in relation to a Reference Asset, the price at which the Calculation Agent determines that a Hypothetical Investor would be able to sell or realise such Reference Asset in an amount equivalent to the Reference Asset Principal Amount of such Reference Asset in an arms' length transaction in such privately negotiated or exchange based or other market(s) (where the Calculation Agent determines a sale or realisation of the Relevant Asset would be reasonably practicable) on the date specified as the "Final Sale Amount Valuation Date" in the applicable Final Terms and at such time(s) as determined by the Calculation Agent.

"Hedging Disruption" means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hypothetical Investor" means, in relation to a Reference Asset, a hypothetical or actual investor in or holder of (as determined by the Calculation Agent in the context of the relevant situation) such Reference Asset which is deemed to have the benefits and obligations, as provided in the relevant Reference Asset Documents, of an investor holding such Reference Assets at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organised in any jurisdiction, and to be, without limitation, the Issuer, the Calculation Agent or any of their Affiliates (as determined by the Calculation Agent in the context of the relevant situation).

"Increased Cost of Hedging" means that the Issuer and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date (as specified in the applicable Final Terms)) amount of tax, duty, expense or fee to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s), Provided That any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

"Interim Amount" means, in relation to a Reference Asset and any date from (and including) the Issue Date to (and including) the Valuation Date in respect of the Final Received Amount or the Final Sale Amount, as the case may be, an amount (howsoever expressed in the Reference Asset Documents) in respect of such Reference Asset that the Calculation Agent determines would actually be received by a Hypothetical Investor in relation to the Reference Asset Principal Amount of such Reference Asset, other than by way of final discharge or settlement of the Reference Asset Obligor's obligations in respect of such Reference Asset, all as determined by the Calculation Agent.

"Interim Amount Settlement Date" means, unless otherwise specified in the applicable Final Terms, the date falling the number of Business Days specified as the "Interim Amount Settlement Date" in the applicable Final Terms after the relevant Reference Asset Settlement Date, and such date shall be deemed to be an Interest Payment Date for the purpose of the N&C Securities.

"Market Disruption Event" means that the Calculation Agent determines that it is unable to determine any amount, price or rate falling to be determined under the N&C Securities due to market conditions, such market conditions including but not limited to (a) market volatility, (b) factors affecting market liquidity; and (c) legal, regulatory or artificial market limitations.

"Maturity Date" means the date specified as such in the applicable Final Terms or, if so specified in the applicable Final Terms, the date falling the number of Business Days specified as the "Maturity Date" in the applicable Final Terms after the relevant Reference Asset Settlement Date.

"Number of N&C Securities Outstanding" means, in relation to a Series of N&C Securities and any day, an amount equal to the Aggregate Notional Amount of such N&C Securities at such day divided by the Calculation Amount.

"Reference Asset" means each security, asset, or contractual or other rights specified as such in the applicable Final Terms.

"Reference Asset Adjustment Amount" means an amount determined by the Calculation Agent to be:

- (a) if the Reference Asset Final Amount is greater than the Calculation Amount, the difference between the Reference Asset Final Amount and the Calculation Amount;
- (b) if the Reference Asset Final Amount is equal to the Calculation Amount, nil; or
- (c) if the Reference Asset Final Amount is less than the Calculation Amount, the difference between the Reference Asset Final Amount and the Calculation Amount (expressed as a negative figure).

"Reference Asset Adjustment Event" means, in relation to a Reference Asset, that (a) such Reference Asset has been subject to a material change in content, composition or constitution, including but not limited to such Reference Asset being subdivided, consolidated, reclassified, altered, converted into any other obligations or securities, or any analogous event; and/or (b) a modification of any Reference Asset Document occurs, all as determined by the Calculation Agent.

"Reference Asset Currency" means, in relation to a Reference Asset, the currency specified for such Reference Asset in the applicable Final Terms.

"Reference Asset Documents" means the constitutive and/or governing documents and/or other agreements in respect of a Reference Asset specifying the terms and conditions relating to the relevant Reference Asset.

"Reference Asset Event" means any of a Change in Law, Custodial Event, Currency Disruption Event, Hedging Disruption, Increased Cost of Hedging, Market Disruption Event, Reference Asset Adjustment Event, Reference Asset Obligor Default Event, Reference Asset Termination, Residual Risk Event or a Tax Adjustment Event, in each case if so specified in the applicable Final Terms, and/or any other event or circumstances specified as a "Reference Asset Event" in the applicable Final Terms.

"Reference Asset Final Amount" means an amount, in respect of each unit or nominal amount of N&C Securities equal to the Calculation Amount, determined by the Calculation Agent to be equal to:

- (i) the Final Received Amount or the Final Sale Amount, as the case may be, less any Applicable Taxes,
- (ii) divided by the Number of N&C Securities Outstanding immediately prior to redemption occurring on the Maturity Date,

and, if the Reference Asset Currency is different from the Specified Currency, such amount will be converted from the Reference Asset Currency into the Specified Currency by the Calculation Agent at the relevant Exchange Rate.

"Reference Asset 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 or treasury or ministry of finance or equivalent) of the Reference Asset Obligor or of the jurisdiction of organisation of the Reference Asset Obligor.

"Reference Asset Obligor" means, in relation to a Reference Asset, each entity specified as such in the applicable Final Terms, which includes any direct or indirect successor to it irrespective of whether such successor assumes any of the obligations of the Reference Asset Obligor, as determined by the Calculation Agent.

"Reference Asset Obligor Default Event" means, in the determination of the Calculation Agent, any of:

- (a) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or other cessation of trading or any analogous proceedings in relation to a Reference Asset Obligor;
- (b) the failure by a Reference Asset Obligor to make, when and where due, without regard to any applicable grace period, any payments under one or more Reference Assets in accordance with the terms of such Reference Assets at the time of such failure;
- (c) any Reference Asset having become capable of being declared due and payable before it would otherwise become 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, under such Reference Asset;
- (d) a Reference Asset Obligor or a Reference Asset Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, any Reference Asset or (b) declares or imposes a moratorium, standstill or deferral, whether de facto or de jure, with respect to any Reference Asset;

- (e) any of the following events (i) occurs in respect of any Reference Asset, (ii) is agreed between a Reference Asset Obligor or a Reference Asset Governmental Authority and the holder(s) or creditor of any Reference Asset or (iii) is announced (or otherwise decreed) by a Reference Asset Obligor or Reference Asset Governmental Authority in a form that is binding upon all holders of such Reference Asset:
- (i) a reduction in any rate or amount payable or postponement or other deferral of any payment date(s);
 - (ii) a change in the ranking in priority of payment of any Reference Asset causing the subordination of such Reference Asset; or
 - (iii) any change in the currency of any payment,
- or any event or occurrence analogous to any of the above events as determined by the Calculation Agent in its reasonable discretion.

"Reference Asset Principal Amount" means, in relation to a Reference Asset, the amount specified as such in the applicable Final Terms.

"Reference Asset Settlement Date" means, in relation to a Reference Asset and unless otherwise provided in the applicable Final Terms, the date on which the Calculation Agent determines a Hypothetical Investor would actually receive in full an Interim Amount or the Final Received Amount or the Final Sale Amount, as the case may be.

"Reference Asset Termination" means that any Reference Asset is, for any reason, redeemed, discharged, pre-paid, cancelled or otherwise terminated in full prior to a scheduled date for its redemption, satisfaction, prepayment or termination (howsoever expressed in the relevant Reference Asset Documents) in accordance with the terms and conditions of such Reference Asset or otherwise.

"Relevant Country" means, in relation to a Reference Asset, each of:

- (a) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Specified Currency is the legal tender or currency; or
- (b) any country (or any political or regulatory authority thereof) with which a Reference Asset or the related Reference Asset Obligor has a material connection and, in determining what is material for such purposes, the Calculation Agent may, without limitation, refer to the country in which the Reference Asset Obligor is incorporated or organised and/or such other factor(s) as it may deem appropriate.

"Residual Risk Event" means, in relation to a Reference Asset, that the Calculation Agent determines that any event, action or circumstance occurs whatsoever which:

- (a) results in (or is likely to result in) a holder of the Reference Asset receiving less than the full value of any amount due in respect of such Reference Asset; or
- (b) affects in any way (or is likely to affect in any way) the cost to the Issuer, its agents or Affiliates or acquiring, holding or redeeming the Reference Asset or converting any amount of the Reference Asset Currency into the Specified Currency (or any other freely convertible and transferrable currency) or vice versa.

"Tax Adjustment Event" means any of the following, in each case if in the reasonable opinion of the Calculation Agent it will or is likely to adversely affect the economic value of the relevant Reference Asset to a Hypothetical Investor thereof (having taken into consideration any direct or indirect hedging of the Issuer or any of its agents or Affiliates);:

- (a) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to any applicable law, rule, regulation, or statute or the applicability or interpretation of the same by any Reference Asset Obligor or any Reference Asset Governmental Authority;
- (b) the issuance of any order or decree by any Reference Asset Obligor or any Reference Asset Governmental Authority;
- (c) any action being taken by a taxing authority of any Reference Asset Obligor or in any Relevant Country; and/or
- (d) the occurrence of any other act or event at any time relating to withholding or deduction for or on account of tax in relation to any Reference Asset.

"Valuation Date" means, in relation to a Reference Asset and a Reference Asset Settlement Date, one Business Day after such Reference Asset Settlement Date.

3. **Payments and Distributions**

The Issuer will pay to each Holder:

- (a) on each Interim Amount Settlement Date, in respect of each unit or nominal amount of N&C Securities equal to the Calculation Amount, an amount by way of interest (each, an **"Interim N&C Interest Amount"**) in the Specified Currency (which shall not be less than zero) determined by the Calculation Agent equal to:
 - (i) the relevant Interim Amount less any Applicable Taxes,
 - (ii) divided by the Number of N&C Securities Outstanding on the Interim Amount Settlement Date,

and, if the Reference Asset Currency is different from the Specified Currency, such amount will be converted from the Reference Asset Currency into the Specified Currency by the Calculation Agent at the relevant Exchange Rate,

Provided That if any Reference Asset Settlement Date is not specified as an actual date in the applicable Final Terms then, as soon as practicable after such Reference Asset Settlement Date, the Issuer shall give notice to the Holders and the Principal Paying Agent in accordance with N&C Securities Condition 14, of the occurrence of such Reference Asset Settlement Date and the relevant Interim Amount Settlement Date in relation thereto; and

Provided Further That if, at any time up to (and including) the Maturity Date, the Calculation Agent determines that an amount in respect of any Applicable Taxes becomes payable by a Hypothetical Investor or otherwise retroactively applied in respect of any Interim Amount, in addition to any other amounts in respect of Applicable Taxes originally so determined, then the Calculation Agent shall make such adjustments to any subsequent payment in respect of the N&C Securities that it determines appropriate to account for such amounts so determined to be payable or applicable; and

- (b) unless the provisions of section (c) apply, the Issuer will redeem each N&C Security for, and pay to the Holder on the Maturity Date, in respect of each unit or nominal amount of N&C Securities equal to the Calculation Amount, the Final Redemption Amount; or
- (c) if the N&C Securities are Physical Delivery N&C Securities, the Issuer will, in respect of each unit or nominal amount of N&C Securities equal to the Calculation Amount, deliver the Entitlement on the Maturity Date, subject to and in accordance with the N&C Securities Conditions, this Synthetic Pass-Through Condition 3 and the Physical Delivery N&C Securities Conditions.

4. Reference Asset Events

Upon the occurrence of any Reference Asset Event at any time on or before the date on which the Issuer's obligations in respect of the N&C Securities are discharged in full, the Issuer may, in its sole and absolute discretion:

- (a) direct the Calculation Agent to determine the appropriate adjustment(s), if any, to be made to any one or more of the terms of the N&C Securities to account for the Reference Asset Event and determine the effective date of that adjustment which, if "Reference Asset Substitution" is specified as Applicable in the applicable Final Terms, shall include but not be limited to substituting any affected Reference Asset with a substitute Reference Asset selected by the Calculation Agent in accordance with the Reference Asset Substitution Criteria (if any) specified in the applicable Final Terms Provided That, for such purpose, if a substitute Reference Asset has replaced in whole or in part a Reference Asset, the principal amount of the Reference Asset that comprises the substitute Reference Asset in respect of each N&C Security shall be calculated by the Calculation Agent as the equivalent of the number or notional amount of substitute Reference Assets that could have been purchased with the proceeds from the sale of the Reference Asset Principal Amount of the original Reference Asset determined as if such Reference Asset had been sold at its Final Sale Amount on the date of the substitution (determined as if such day was a Valuation Date and the Final Sale Amount Valuation Date), and the Calculation Agent will make such adjustments to the terms of the N&C Securities (including, without limitation, the Reference Asset Principal Amount) as it determines appropriate to account for such substitution;
- (b) if requested by a written resolution of Holders of 100 per cent. of the N&C Securities outstanding (Provided That this is acceptable to the Issuer and the Issuer (if it so requires) is indemnified to its satisfaction) direct the Calculation Agent to determine the appropriate adjustments to one or more of the terms of the N&C Securities to provide for the N&C Securities to remain outstanding; or
- (c) on giving notice to the Holders in accordance with N&C Securities Condition 14, redeem all (but not some only) of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount.

5. Purchase and Cancellation and Further Issues

Upon the occurrence of:

- (a) a purchase and cancellation of any of the N&C Securities in accordance with N&C Securities Condition 7(H) and 7(I); or

(b) a further issue of N&C Securities in accordance with N&C Securities Condition 16,

the Calculation Agent may determine the appropriate adjustment(s), if any, to be made to any one or more of the terms of the N&C Securities (including, without limitation, to the Reference Asset Principal Amount) to account for the occurrence of such purchase and cancellation or further issue, as the case may be, and determine the effective date of that adjustment.

Any such adjustment shall be notified to the Securityholders in accordance with N&C Securities Condition 14 as soon as practicable after such determination.

6. Definitive N&C Securities

Upon the occurrence of any definitive N&C Securities being issued in exchange for a Global N&C Security, such amendments may be made to any one or more of the terms of the N&C Securities to account for the occurrence of such exchange as may be agreed between the Issuer and the Principal Paying Agent.

ANNEX 9

ADDITIONAL TERMS AND CONDITIONS FOR PHYSICAL DELIVERY N&C SECURITIES

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Physical Delivery N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**"), the additional Terms and Conditions for Physical Delivery Securities set out below (the "**Physical Delivery N&C Securities Conditions**") and any additional terms and conditions specified in the applicable Final Terms, subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the N&C Securities Conditions and the Physical Delivery N&C Securities Conditions, the Physical Delivery N&C Securities Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions and/or the Physical Delivery N&C Securities Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

1. Interpretation

The following provisions (the "**Physical Delivery N&C Securities Conditions**") apply to N&C Securities specified as being Physical Delivery N&C Securities in the applicable Final Terms or where Physical Delivery is specified in the applicable Final Terms.

References in the Physical Delivery N&C Securities Conditions to "delivery", "delivered" and "deliver" shall in the context of the delivery of the Entitlement in respect of Credit Linked N&C Securities be deemed to be references to "Delivery", "Delivered" and "Deliver" as such terms are defined and construed in the Credit Linked Conditions.

2. Delivery of Entitlement and Asset Transfer Notices

In order to obtain delivery of the Entitlement(s) in respect of any N&C Security:

- (i) if such N&C Security is represented by a Global N&C Security, the relevant Holder must provide to Euroclear or Clearstream, Luxembourg (as applicable) in a form acceptable thereto, with a copy to the Principal Paying Agent and 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 substantially in the form set out and/or containing the information specified in the Agency Agreement (the "**Asset Transfer Notice**"); and
- (ii) if such N&C Security is in definitive form, the relevant Holder must deliver to any Paying Agent, with a copy to the Principal Paying Agent and 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.

An Asset Transfer Notice may only be delivered (i) if such N&C Security is represented by a Global N&C Security, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be or (ii) if such N&C Security is in definitive form in writing.

If such N&C Security is in definitive form, such N&C Security must be delivered together with the duly completed Asset Transfer Notice.

The Issuer shall at the risk of the relevant Holder deliver the Entitlement in respect of each N&C Security or, in the case of Credit Linked N&C Securities, Deliver the Deliverable Obligations

comprising the Entitlement in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery.

Each N&C Security will be redeemed by the Issuer on the Maturity Delivery Date (as defined below) or the Credit Settlement Date, if applicable, by applying the nominal amount of each N&C Security outstanding as at such date on behalf of the relevant Securityholder to purchase the Entitlement for delivery, as specified in or determined in accordance with the applicable Final Terms and delivering the Entitlement.

All Expenses shall be for the account of the relevant Holder and no delivery and/or transfer of any Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

For these purposes "**Expenses**" means all taxes, duties and/or expenses including any depositary charges, transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties) which the Calculation Agent determines may be or would be, or would have been incurred (i) in connection with the redemption of the N&C Securities and/or the delivery or transfer of any Entitlement in respect thereof, and (ii) by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the N&C Securities.

An Asset Transfer Notice must:

- (i) specify the name, address and contact telephone number of the relevant Holder and the person from whom the Issuer may obtain details for the delivery of the Entitlement if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (ii) in the case of N&C Securities represented by a Global N&C Security, specify the number of units or nominal amount of N&C Securities which are the subject of such notice and the number of the Holder's account at Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such N&C Securities and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Holder's account with such N&C Securities on or before the Maturity Delivery Date (as defined below) or, in the case of Credit Linked N&C Securities, the Credit Settlement Date;
- (iii) include an undertaking to pay all Expenses and, in the case of N&C Securities represented by a Global N&C Security, an authority to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Expenses;
- (iv) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Holder's account to be credited with any cash payable by the Issuer, in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable, or in respect of any Partial Cash Settlement Amounts;

- (v) certify that the beneficial owner of each N&C Security is not a 'U.S. Person' as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, which term is deemed to include any person that does not meet the definition of 'Non-United States Person' in Rule 4.7 promulgated by the United States Commodity Futures Trading Commission (the "CFTC") under the United States Commodity Exchange Act, as amended (the "CEA") ("U.S. Person"), the N&C Security is not being redeemed within the United States or on behalf of a U.S. Person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. Person in connection with any redemption thereof; and
- (vi) 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, Clearstream, Luxembourg or a Paying Agent as provided above. After delivery of an Asset Transfer Notice, the relevant Holder may not transfer the N&C Securities which are the subject of such notice.

In the case of N&C Securities represented by a Global N&C Security, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Holder is the holder of the specified nominal amount of N&C Securities according to its books.

Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Principal Paying Agent the series number and number of N&C Securities the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each such N&C Security. Upon receipt of such confirmation, the Principal Paying Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Maturity Delivery Date or Credit Settlement Date, as the case may be, debit the securities account of the relevant Holder with the N&C Securities the subject of the relevant Asset Transfer Notice.

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 the Physical Delivery N&C Securities Conditions shall be made, in the case of N&C Securities represented by a Global N&C Security, by the Issuer after consultation with the Principal Paying Agent and shall be conclusive and binding on the relevant Holder or in the case of N&C Securities in definitive form, by the relevant Paying Agent after consultation with the Principal Paying Agent and the Issuer and shall be conclusive and binding on the Issuer and the relevant Holder.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of the Issuer or the relevant Paying Agent, in each case in consultation with the Principal Paying Agent and, in the case of the relevant Paying Agent, the Issuer, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

The Issuer or the relevant Paying Agent, as applicable, shall use reasonable efforts to promptly notify the Holder submitting an Asset Transfer Notice if, in consultation with the Principal Paying Agent, in the case of the relevant Paying Agent, and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer or the Paying Agents shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

The Entitlement will be delivered at the risk of the relevant Holder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with these Physical Delivery N&C Securities Conditions, the "**Maturity Delivery Date**") or, in the case of Credit Linked N&C Securities, in the manner provided above on the Credit Settlement Date, Provided That the Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If an Asset Transfer Notice is delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Maturity Delivery Date) or, in the case of Credit Linked N&C Securities, the Credit Settlement Date at the risk of such Holder in the manner provided above. Provided that if in respect of a N&C Security an Asset Transfer Notice is not delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, later than the close of business in each place of receipt on the 90th calendar day following the Cut-off Date the Issuer's obligations in respect of such N&C Security shall be discharged and no further liability in respect thereof shall attach to the Issuer. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Maturity Delivery Date or the Credit Settlement Date, as the case may be, falling after the originally designated Maturity Delivery Date or Credit Settlement Date, as the case may be, and no liability in respect thereof shall attach to the Issuer.

Delivery of the Entitlement in respect of the N&C Securities is subject to all applicable laws, regulations and practices in force on the Maturity Delivery Date or the Credit Settlement Date, as the case may be, and none of the Issuer or any of its Affiliates or agents and the Paying Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer or any of its Affiliates or agents and the Paying Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the N&C Securities.

For such period of time after the Maturity Delivery Date or Credit Settlement Date, as the case may be, as any person other than the relevant Holder shall continue to be the legal owner of the securities, obligations or Deliverable Obligations comprising the Entitlement (the "**Intervening Period**"), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such N&C Security any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations or Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities, obligations or Deliverable Obligations during the Intervening Period or (iii) be under any liability to the relevant Holder, or any subsequent beneficial owner of such N&C Security in respect of any loss or damage which the relevant Holder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities, obligations or Deliverable Obligations during such Intervening Period.

Where the Entitlement comprises shares, any dividend or other distribution in respect of such Entitlement will be payable to the party that would receive such dividend or other distribution according to market practice for a sale of the Share executed on the Maturity Delivery Date and to be delivered in the same manner as the Entitlement. Any such dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Asset Transfer Notice.

Except in the case of Credit Linked N&C Securities, where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Securityholders will receive an Entitlement comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Entitlements), and in respect of the amount of Relevant Assets not capable of being delivered, an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate).

3. Settlement Disruption Event

The provisions of this Physical Delivery N&C Securities Condition 3 shall apply to Physical Delivery N&C Securities other than Credit Linked N&C Securities.

If, prior to the delivery of the Entitlement in accordance with these Physical Delivery N&C Securities Conditions, a Settlement Disruption Event is subsisting, then the Maturity Delivery Date in respect of such N&C Security shall be postponed until the next Settlement Business Day on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder, in accordance with N&C Securities Condition 14. Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such N&C Security as a result of any delay in the delivery of the Entitlement pursuant to these Physical Delivery N&C Securities Conditions. Where delivery of the Entitlement has been postponed as provided in the Physical Delivery N&C Securities Conditions the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Entitlement in respect of any N&C Security is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant N&C Security by payment to the relevant Holder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the "**Election Notice**") is given to the Securityholders in accordance with N&C Securities Condition 14.

4. Failure to Deliver due to Illiquidity

The provisions of this Physical Delivery N&C Securities Condition 4 shall apply to Physical Delivery N&C Securities other than Credit Linked N&C Securities.

If Failure to Deliver due to Illiquidity is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Entitlement (the "**Affected Relevant Assets**"), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "**Failure to Deliver due to Illiquidity**"), then:

- (i) subject as provided elsewhere in the Physical Delivery N&C Securities Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Delivery Date in accordance with the Physical Delivery N&C Securities Conditions; and
- (ii) in respect of any Affected Relevant Assets, notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Holder the Failure to Deliver Settlement Price (as defined below) on the

fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Securityholders in accordance with N&C Securities Condition 14. The Issuer shall give notice (such notice a **"Failure to Deliver Notice"**) as soon as reasonably practicable to the Securityholders in accordance with N&C Securities Condition 14 that the provisions of this Physical Delivery N&C Securities Condition 4 apply.

5. **Option to Vary Settlement**

Unless "Issuer's option to vary Settlement" is specified as Not Applicable in the applicable Final Terms, the Issuer has an option to vary settlement in respect of the N&C Securities, the Issuer may at its sole and unfettered discretion in respect of each such N&C Security, elect not to pay the relevant Securityholders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Securityholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Securityholders, as the case may be. Notification of such election will be given to Securityholders in accordance with Condition 12.

6. **Additional Provisions for Credit Linked N&C Securities**

The provisions of this Physical Delivery N&C Securities Condition 6 shall apply to Credit Linked N&C Securities.

In relation to each Deliverable Obligation constituting the Entitlement the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided in Physical Delivery N&C Securities Condition 3 on the Credit Settlement Date, Provided That if all or some of the Deliverable Obligations included in the Entitlement 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 before the 30th Business Day following the Credit Settlement Date (the **"Final Delivery Date"**), Provided Further That if all or a portion of such Undeliverable Options or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Credit Linked Condition 10 (Annex 6) or Credit Linked Condition 12 (Annex 7), as applicable, shall apply.

7. **Definitions**

For the purposes of these Physical Delivery N&C Securities Conditions:

"Disruption Cash Settlement Price" means, in respect of each nominal amount of N&C Securities equal to the Calculation Amount, an amount equal to the fair market value of such N&C Securities (but not taking into account any interest accrued on such N&C Security and paid pursuant to N&C Securities Condition 5 and N&C Securities Condition 6) on such day as shall be selected by the Issuer in its sole and absolute discretion Provided That such day is not more than 15 days before the date that the Election Notice is given as provided above less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

"Failure to Deliver Settlement Price" means, in respect of each nominal amount of the N&C Securities equal to the Calculation Amount, the fair market value of the Affected Relevant Assets in respect of such N&C Securities on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or related hedging arrangements (including the cost of

funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

"Settlement Disruption Event" means an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent, delivery of the Entitlement by or on behalf of the Issuer in accordance with the Physical Delivery N&C Securities Conditions and/or the applicable Final Terms is not practicable.

ANNEX 10

ADDITIONAL TERMS AND CONDITIONS OF THE SECURED N&C SECURITIES – SEGREGATED SECURED N&C SECURITIES

1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Segregated Secured N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**"), the Additional Terms and Conditions for Segregated Secured N&C Securities set out below (the "**Segregated Conditions**") and any other Additional Terms and Conditions specified as applicable in the applicable Final Terms, in each case subject to completion and/or amendment in the applicable Final Terms.

Any reference herein to the "**Conditions**" is a reference to the N&C Securities Conditions, the Segregated Conditions and any other Additional Terms and Conditions specified as applicable in the applicable Final Terms.

In the event of any inconsistency between the N&C Securities Conditions and the Segregated Conditions, the Segregated Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions and the Segregated Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

Any reference in the N&C Securities Conditions to a "Global N&C Security" or to a "definitive N&C Security" shall be deemed to be a reference to a Secured Global Security or a Definitive Secured Note (as applicable) for the purposes of the Segregated Secured N&C Securities.

References herein to the "Segregated Secured N&C Securities" shall be references to the Segregated Secured N&C Securities of this Series and shall mean:

- (a) in relation to any Segregated Secured N&C Securities represented by a secured global security (a "**Secured Global Security**"), units of each Specified Denomination in the Specified Currency;
- (b) any Secured Global Security; and
- (c) any definitive secured note (a "**Definitive Secured Note**") issued in exchange for a Secured Global Security.

Terms used herein and not defined shall have the meaning given to them in the N&C Securities Conditions.

2. Trust Deed

The Segregated Secured N&C Securities are constituted and secured by a principal trust deed dated on or about 27 June 2012 (as amended or supplemented from time to time, the "**Principal Trust Deed**") between, *inter alios*, the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Principal Trust Deed and the person identified in the relevant Supplemental Trust Deed as the Trustee for that Series) as supplemented, by a supplemental trust deed (the "**Segregated Supplemental Trust Deed**") dated the Issue Date (as defined in the relevant Final Terms) between the Issuer, the Segregated Security Provider (as defined in Condition 5(A) below), the Trustee and the other parties named therein. In respect of each Series of Segregated Secured N&C Securities, the

Principal Trust Deed together with the applicable Segregated Supplemental Trust shall be referred to herein as the "**Trust Deed**".

Copies of the Trust Deed are available for inspection during normal business hours at the specified office of each of the Paying Agents. The Securityholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed which are applicable to them. The statements in these Segregated Conditions include summaries of, and are subject to, the detailed provisions appearing in the Trust Deed.

The Deed of Covenant shall not be applicable in respect of Segregated Secured N&C Securities and Securityholders, Receipholders and Couponholders in respect of Segregated Secured N&C Securities are not entitled to the benefit of the Deed of Covenant.

3. **Agency Agreement**

The Segregated Secured N&C Securities have the benefit of an amended and restated agency agreement dated on or about 27 June 2012 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between, *inter alios*, the Issuer and The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**"), The Bank of New York Mellon (Luxembourg) SA as paying agent (together with the Principal Paying Agent, the "**Paying Agents**" which expression shall include any additional or successor paying agents) and the other agents named therein.

4. **Status of the Segregated Secured N&C Securities**

N&C Securities Condition 2 (*Status of the N&C Securities*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 2 shall be deemed to be references to this Segregated Condition 4.

The Segregated Secured N&C Securities and the Receipts and Coupons in respect of such N&C Securities constitute direct, unconditional and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and secured in the manner provided in the Trust Deed.

5. **Security**

(A) *Security*

The obligations of the Issuer to the Securityholders of a Series of Segregated Secured N&C Securities shall be, unless otherwise specified in the relevant Final Terms, secured by the entity specified in the applicable Final Terms (the "**Segregated Security Provider**") pursuant to the Segregated Supplemental Trust Deed in respect of such Series by Encumbrances governed by English law, and such further Encumbrances as may be created in respect of a Series of Segregated Secured N&C Securities and which are governed by the law of any other relevant jurisdiction, in favour of the Trustee over the Segregated Underlying Assets.

In these Segregated Conditions:

"**Encumbrance**" means any mortgage, pledge, lien, hypothecation, security interest or other arrangement having similar effect;

"**outstanding**" has the meaning given to such term in the Trust Deed;

"Segregated Charged Assets" means, in relation to each series of Segregated Secured N&C Securities, the assets identified as such in the relevant Final Terms. Such Segregated Charged Assets may be, without limitation, bonds, certificates, derivatives, equities, loans, loan certificates, notes or schuldscheine; and

"Segregated Underlying Assets" means, in relation to each Series of Segregated Secured N&C Securities, the Segregated Charged Assets and all other assets and rights of the Issuer which are secured for the benefit of that Series (as specified in the Supplemental Trust Deed).

(B) *Further Security*

The security created by each Segregated Supplemental Trust Deed in respect of a Series may be supported by such further Encumbrance documents as may, from time to time, be required by the Trustee and as specified in the relevant Final Terms (each a **"Segregated Supplementary Security Document"** and together with the relevant Segregated Supplemental Trust Deed, the **"Segregated Security Documents"** and the Encumbrances created by the Segregated Security Documents being the **"Segregated Security"**).

(C) *Monies received by Trustee held on Trust*

All monies received by the Trustee in connection with the Segregated Secured N&C Securities will be held by the Trustee on trust to apply the same in accordance with the application of proceeds provisions of the Trust Deed.

6. Issuer Covenants

So long as any of the Segregated Secured N&C Securities remain outstanding (as defined in the Principal Trust Deed), neither the Issuer nor (as the case may be) the Segregated Security Provider will, save to the extent permitted by the Final Terms, the Trust Deed or these Conditions:

- (a) sell, or otherwise dispose, of the Segregated Underlying Assets;
- (b) create or permit to exist upon or affect any of the Segregated Underlying Assets, any Encumbrance or any other security interest whatsoever other than as contemplated by the Segregated Security Documents; or
- (c) permit the Segregated Security Documents, or the priority of the Segregated Security created thereby to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such Segregated Security to be released from such obligations.

7. Redemption and Purchase

(A) *Redemption for Taxation and other Reasons*

N&C Securities Condition 7(B) (*Redemption for Tax Reasons*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 7(B) shall be deemed to be references to this Segregated Condition 7(A).

The Issuer may and, in respect of paragraph (a) below, shall redeem a Series of Segregated Secured N&C Securities, in whole, but not in part, at any time (if this Segregated Secured N&C Security is not a Floating Rate N&C Security, an Index Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Currency Linked Interest N&C Security, a Commodity Linked Interest N&C Security, a Fund Linked Interest N&C Security or a Synthetic Pass-Through N&C Security) or

on any Interest Payment Date (if this Segregated Secured N&C Security is a Floating Rate N&C Security, an Index Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Currency Linked Interest N&C Security, a Commodity Linked Interest N&C Security, a Fund Linked Interest N&C Security or a Synthetic Pass-Through N&C Security), if the Issuer determines in its sole discretion that:

- (a) on the occasion of the next payment of interest or other distribution, if any, due under the Segregated Secured N&C Securities, the Issuer would be required to make a withholding or deduction as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- (b) the cost to the Issuer or the Segregated Security Provider of complying with its obligations under or in connection with the Segregated Secured N&C Securities would be materially increased;
- (c) the cost to the Segregated Security Provider of meeting its operating or administrative expenses would be materially increased; or
- (d) the Segregated Security Provider would suffer tax above and beyond those taxes of which it was aware at the time of issue of the relevant Series of Segregated Secured N&C Securities in respect of its income in respect of the Segregated Charged Assets relating to such Series.

Any Series of Segregated Secured N&C Securities redeemed pursuant to this Segregated Condition 7 will be redeemed at their Segregated Early Redemption Amount calculated in accordance with Segregated Condition 7(E) below together (if appropriate and if Accrued Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as determined by the Issuer (subject to the above) in its sole discretion on which the Segregated Secured N&C Securities of such Series shall be redeemed.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and providing reasonable details in respect thereof.

In these Segregated Conditions:

"Tax Jurisdiction" means the United Kingdom, or any political subdivision or any authority thereof or therein having power to tax.

(B) *Redemption of Segregated Secured N&C Securities following Payment Default of Segregated Charged Assets*

In relation to a Series of Segregated Secured N&C Securities, where, in the determination of the Issuer, there has been a payment default in respect of the Segregated Charged Assets in relation to such Series, disregarding any applicable grace period, the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent and, in accordance with N&C Securities Condition 14 (*Notices*), the Securityholders, and the Segregated Secured N&C Securities will then be redeemed at their Segregated Early Redemption Amount together (if appropriate and if Accrued Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as determined by the Issuer in its sole discretion on which the Segregated Secured N&C Securities of such Series shall be redeemed.

(C) *Redemption following Early Redemption or Restructuring of Segregated Charged Assets*

In relation to a Series of Segregated Secured N&C Securities where the Issuer determines that:

- (a) the Segregated Charged Assets in relation to such Series are or fall due to be redeemed or accelerated in part or in whole pursuant to an early redemption or acceleration of such Segregated Charged Assets prior to their stated maturity (other than by reason of a payment default); or
- (b) the terms and conditions of the Segregated Charged Assets in relation to such Series are amended such that the issuer thereof or any obligor thereunder shall no longer be obliged to pay the same amounts on the same days as originally contemplated in the terms and conditions of the Segregated Charged Assets as of the Issue Date of the Segregated Secured N&C Securities,

the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent and, in accordance with N&C Securities Condition 14 (*Notices*), the Securityholders, and the Segregated Secured N&C Securities will then be redeemed at their Segregated Early Redemption Amount together (if appropriate and if Accrued Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as determined by the Issuer in its sole discretion on which the Segregated Secured N&C Securities of such Series shall be redeemed.

(D) *Illegality*

N&C Securities Condition 7(D)(*Illegality*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 7(D) shall be deemed to be references to this Segregated Condition 7(D).

In the event that the Issuer determines in good faith that the performance of the Issuer's or the Segregated Security Provider's obligations in respect of a Series of Segregated Secured N&C Securities or that any arrangements made by the Segregated Security Provider to hedge its obligations in respect of the Segregated Secured N&C Securities have 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 shall give notice thereof to the Trustee, the Principal Paying Agent and, in accordance with N&C Securities Condition 14 (*Notices*), the Securityholders, and the Segregated Secured N&C Securities will then be redeemed at, their Segregated Early Redemption Amount together (if appropriate and if Accrued Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as

determined by the Issuer in its sole discretion on which the Segregated Secured N&C Securities of such Series shall be redeemed.

(E) *Segregated Early Redemption Amount*

Unless specified otherwise in the applicable Final Terms, the "**Segregated Early Redemption Amount**" of a Series of Segregated Secured N&C Security shall be determined as follows:

The Issuer shall calculate the sum of (i) the sale proceeds that it deems would have been received by a holder of the Segregated Charged Assets held by the Segregated Security Provider in respect of such Series were it to sell such Segregated Charged Assets (to the extent such Segregated Charged Assets have not redeemed) immediately subsequent to the occurrence of the Segregated Condition 7 redemption event in respect of the Series of Segregated Secured N&C Securities (less any costs, expenses and liabilities that the Issuer deems a holder would have incurred in selling such Segregated Charged Assets, if any) and (ii) any redemption or other proceeds that the Issuer determines that a holder of such Segregated Charged Assets would have received in respect of such Segregated Charged Assets.

(F) *Purchases*

N&C Securities Condition 7(I) (*Purchases*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 7(I) shall be deemed to be references to this Segregated Condition 7(F).

The Issuer, the Segregated Security Provider or any of their respective Affiliates may at any time purchase Segregated Secured N&C Securities (*provided, however, that*, in the case of Definitive Secured Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Segregated Secured N&C Securities may be held, reissued, resold or, at the option of the Issuer, the Segregated Security Provider or the Affiliate (as applicable), surrendered to any Paying Agent for cancellation.

8. Taxation

N&C Securities Condition 8 (*Taxation*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 6 shall be deemed to be references to this Segregated Condition 8.

Without prejudice to Condition 7(A)(a), all payments of principal and interest in respect of the Segregated Secured N&C Securities, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of a Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the relevant Paying Agent or the Trustee) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and the Issuer (or as the case may be, the relevant Paying Agent or the Trustee) shall not pay any additional amounts to the holders of the Segregated Secured N&C Securities, Receipts or Coupons.

9. Events of Default

(A) Occurrence of Events of Default

N&C Securities Condition 10 (*Events of Default*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 10 shall be deemed to be references to this Segregated Condition 9.

The Trustee at its discretion may, and if so requested in writing by Securityholders of at least one-fifth in principal amount or number of units of the Segregated Secured N&C Securities of a Series or if directed by an Extraordinary Resolution (as defined in the Principal Trust Deed), shall (in each case, provided that the Trustee is secured, indemnified, and/or pre-funded, to its satisfaction) give notice (an "**Acceleration Notice**") to the Issuer and the Segregated Security, providing that the Segregated Secured N&C Securities of such Series are, and they shall accordingly immediately become, due and payable, at their Segregated Acceleration Amount (each an "**Event of Default**"):

- (a) if default is made in the payment in the Specified Currency of any interest due in respect of the Segregated Secured N&C Securities and the default continues for a period of 14 days after the due date; or
- (b) if default is made in the payment of any principal or premium (if any) due in respect of the Segregated Secured N&C Securities or the delivery when due of the Entitlement in respect of the Segregated Secured N&C Securities (in each case whether at maturity or upon redemption or otherwise), and the default continues for a period of 7 days after the due date; or
- (c) if the Issuer or the Segregated Security Provider fails to perform or observe any of its other obligations under these Terms and Conditions, the Trust Deed or the Agency Agreement and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for the period of 30 days (or such longer period as the Trustee may permit) after the date on which the Trustee gives written notice of such failure, requiring the Issuer or the Segregated Security Provider to remedy the same, to the Issuer or the Segregated Security Provider (as the case may be); or
- (d) if: (i) any Indebtedness for Borrowed Money (as defined in the N&C Securities Conditions) of the Issuer becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer fails to make any payment in respect of any such Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period; (iii) any security given by the Issuer (excluding any Conduit Security Interest, as defined in N&C Securities Condition 3 (*Negative Pledge*)) for any Indebtedness for Borrowed Money becomes enforceable; (iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money; *provided, however, that* no event described in this Segregated Condition 9(A)(d) shall constitute an Event of Default where (A) the Issuer is taking action in good faith in appropriate legal proceedings to dispute the validity of the obligation alleged to arise by virtue of such event or the enforceability of the security, as the case may be; or (B) any such event arises solely because of inadvertence or mechanical failure or other failure in transmission; or (C) the relevant Indebtedness for Borrowed Money when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred and not been cured since the Issue Date shall not exceed US\$10,000,000 (or its equivalent in any other currency), and in respect of each of

- (A), (B) and (C) above, the Issuer has delivered a certificate to the Trustee signed by two Directors of the Issuer that (A), (B) or (C) above is applicable and provided reasonable details in respect thereof; or
- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the Segregated Security Provider save for the purposes of reorganisation on terms approved in writing by the Trustee or by Extraordinary Resolution; or
 - (f) if the Issuer or the Segregated Security Provider ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by Extraordinary Resolution, or the Issuer or the Segregated Security Provider stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
 - (g) (i) if proceedings are initiated against the Issuer or the Segregated Security Provider under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or the Segregated Security Provider or, as the case may be, in relation to the whole or a substantial part (in the opinion of the Trustee) of its undertaking or assets or an encumbrancer takes possession of the whole or a substantial part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of its undertaking or assets, and (ii) in any such case (other than the appointment of an administrator) is not discharged, dismissed, suspended or stayed within 28 days; or
 - (h) if the Issuer or the Segregated Security Provider initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
 - (i) if the validity of the Segregated Secured N&C Securities or the Segregated Security is contested by the Issuer or the Segregated Security Provider or the Issuer or the Segregated Security Provider denies any of its obligations under the Segregated Secured N&C Securities or the Segregated Security.

The Segregated Security of a Series of Segregated Secured N&C Securities shall become enforceable upon the Trustee giving an Acceleration Notice to the Issuer and the Segregated Security Provider in respect of such Series.

Subsequent to the expiry of the Segregated Acceleration Sale Period, the Trustee shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent), which notice shall be irrevocable, of the date on which the proceeds of the enforcement of the Segregated Security by the Trustee shall be applied as specified in the Trust Deed.

(B) *Definitions*

In these Segregated Conditions:

"Indebtedness for Borrowed Money" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) any borrowed money, (ii) any notes, bonds, debentures, debenture stock, loan stock or other securities or (iii) any liability under or in respect of any acceptance or acceptance credit other than liabilities in respect of deposits made by third parties in the ordinary course of the retail banking business of the VTB Group (being JSC VTB Bank together with its subsidiaries).

"Segregated Acceleration Amount" means, in respect of a Series of Segregated Secured N&C Securities, an amount in aggregate equal to the sale proceeds received by or on behalf of the Trustee on the sale of the Segregated Underlying Assets specified in the applicable Final Terms in respect of such Series and forming part of the Segregated Security in respect of such Series and sold during the Segregated Acceleration Sale Period (*less* any costs, expenses and liabilities that the Trustee, any selling agent or any person acting on their behalf incurs directly or indirectly in selling such Segregated Underlying Assets, if any).

"Segregated Acceleration Sale Period" means the period from and including the date on which the Acceleration Notice is delivered until such date as the Trustee determines to be necessary to effect the sale or otherwise realise the Segregated Underlying Assets of such Series of Segregated Secured N&C Securities.

10. Meetings of Securityholders, Modification, Waiver and Authorisation

(A) *Meetings of Securityholders, Modification and Waiver*

N&C Securities Condition 15(A) (*Meetings of Securityholders, Modification and Waiver*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 15(A) shall be deemed to be references to this Segregated Condition 10(A).

The Principal Trust Deed contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of the Segregated Secured N&C Securities, the Receipts, the Coupons or any of the provisions of these Conditions. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Issuer if required in writing by the Securityholders holding not less than five per cent. in principal amount or number of units of the Segregated Secured N&C Securities for the time being remaining outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in principal amount or number of units of the Segregated Secured N&C Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Securityholders whatever the principal amount or number of units of the Segregated Secured N&C Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Segregated Secured N&C Securities, the Receipts or the Coupons (including modifying the date of maturity of the Segregated Secured N&C Securities or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Segregated Secured N&C Securities or altering the currency of payment of the Segregated Secured N&C Securities, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount or number of units of the Segregated Secured N&C Securities

for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount or number of units of the Segregated Secured N&C Securities for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Securityholders of any Series shall be binding on all the Securityholders of such Series, whether or not they are present at the meeting, and on all Receiptholders and Couponholders in respect of such Series. An Extraordinary Resolution is a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or a resolution in writing signed by or on behalf of all the Securityholders, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Securityholders.

In addition, a resolution in writing signed by or on behalf of all Securityholders who for the time being are entitled to receive notice of a meeting of Securityholders under the Principal Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

The Trustee and the Issuer may agree, without the consent of the Securityholders, Receiptholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Segregated Secured N&C Securities, the Receipts, the Coupons, the Trust Deed, the Agency Agreement or any other document entered into in respect of the Segregated Secured N&C Securities or to any waiver or authorisation of any breach or proposed breach by the Issuer of any of the terms of the Segregated Secured N&C Securities, the Receipts, the Coupons, the Trust Deed, the Agency Agreement or any other document entered into in respect of the Segregated Secured N&C Securities or determine that any Event of Default (as defined in Segregated Condition 10) shall not be treated as such which is not materially prejudicial to the interests of the Securityholders; or
- (b) any modification of the Segregated Secured N&C Securities, the Receipts, the Coupons, the Trust Deed, the Agency Agreement or any other document entered into in respect of the Segregated Secured N&C Securities which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Securityholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Securityholders in accordance with N&C Securities Condition 14 (*Notices*) as soon as practicable thereafter.

(B) *Authorisation*

Prior to the occurrence of an Event of Default and the service of an Acceleration Notice, the Segregated Security Provider shall only be entitled to exercise any rights in its capacity as a holder of, or person beneficially entitled to or participating in the Segregated Charged Assets of any Series of Segregated Secured N&C Securities, in a manner directed by the Securityholders by way of Extraordinary Resolution.

If the Securityholders direct the Segregated Security Provider (by way of Extraordinary Resolution) to exercise any rights in its capacity as a holder of, or person beneficially entitled to or participating

in the Segregated Charged Assets, the Segregated Security Provider will act only in accordance with such directions.

Following the occurrence of an Event of Default and the service of an Acceleration Notice, the Trustee may, but shall not be obliged to, exercise any rights, (including voting rights) in respect of the Segregated Underlying Assets (and shall bear no liability for so exercising or electing not to exercise); **provided that** it shall nevertheless exercise any such rights if directed to do so by Extraordinary Resolutions from the Securityholders, subject to it being indemnified and/or secured and/or prefunded to its satisfaction and if the Trustee does exercise any such rights pursuant to such request, it will bear no liability for so doing.

(C) *Substitution of Issuer or Branch*

N&C Securities Condition 15(B) (*Substitution of Issuer or Branch*) shall not apply to any Series of Segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Segregated Secured N&C Securities to Condition 15(B) shall be deemed to be references to this Segregated Condition 10(C).

The Principal Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Securityholders, to the substitution of the Issuer for another company (the "**Substitute**") as principal debtor in respect of its obligations arising from or in connection with the Segregated Secured N&C Securities **provided that** certain conditions specified in the Trust Deed are fulfilled, including, *inter alia*, that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Segregated Secured N&C Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Segregated Secured N&C Securities and shall have become a party to the Trust Deed and the Agency Agreement, with any consequential amendments; (iii) each stock exchange or listing authority on which the Segregated Secured N&C Securities are listed (if any) shall have confirmed that following the proposed substitution of the Substitute the Segregated Secured N&C Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Securityholders in accordance with N&C Securities Condition 14 (*Notices*) (with a copy to the Trustee), including by providing notice of the substitution to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them to be published subsequently in accordance with N&C Securities Condition 14 (*Notices*).

The Issuer may, upon giving notice to the Securityholders in accordance with N&C Securities Condition 14 (*Notices*), and provided that it has obtained the prior written consent of the Trustee, change the branch through which the Issuer is acting for the purposes of the Segregated Secured N&C Securities, the date of such change to be specified in such notice *provided, however, that* no change may take place prior to the date of the giving of such notice. The Issuer shall provide notice of any such change of branch to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them (to be published subsequently in accordance with N&C Securities Condition 14 (*Notices*)).

(D) *Entitlement of the Trustee*

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for any individual Securityholder resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be

entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

11. Limited Recourse, Enforcement and Non-petition

(A) *Limited Recourse*

If the amounts realised from the Segregated Underlying Assets in respect of a Series of Segregated Secured N&C Securities are not sufficient to make payment of all amounts due in respect of the Segregated Secured N&C Securities of such Series, no other assets of the Segregated Security Provider will be available to meet that shortfall, although for the avoidance of doubt this provision will not prevent the Securityholder having recourse to assets of the Issuer. Any claim of the Securityholders of the relevant Series against the Segregated Security Provider (but not the Issuer) remaining after such application shall be extinguished and such Securityholders will have no further recourse to the Segregated Security Provider.

If the amounts realised from the Segregated Underlying Assets in respect of a Series of Segregated Secured N&C Securities are not sufficient to make payment of all amounts due in respect of the Segregated Secured N&C Securities of such Series, no other assets of the Segregated Security Provider will be available to meet that shortfall.

(B) *Enforcement*

- (a) The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) as it may think fit against or in relation to the Issuer or the Segregated Security Provider to enforce its obligations under these presents or otherwise.
- (b) The Trustee shall not be bound to take any steps, action or proceedings mentioned in Segregated Condition 9 (*Events of Default*) or any other steps or action in relation to the Trust Deed unless respectively directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least one-fifth in aggregate principal amount or number of units of the Segregated Secured N&C Securities outstanding and in each case only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities (as such term is defined in the Principal Trust Deed) to which it may thereby render itself liable or which it may incur by so doing.
- (c) Only the Trustee may pursue the remedies available under the Conditions and the Trust Deed and enforce the rights of the Securityholders in relation to the Segregated Underlying Assets of the relevant Series.
- (d) No Securityholder is entitled to proceed directly against the Issuer or the Segregated Security Provider or any of their assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed and any Supplementary Security Document or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the Segregated Security or pursue the remedies available under the Trust Deed or the Conditions (including under Segregated Condition 9(A) (Occurrence of Events of Default)) or otherwise take any action unless it is indemnified, secured and/or prefunded to its satisfaction.

(C) *Non-petition*

No Securityholder, nor the Trustee on its behalf, may institute against, or join any person in instituting against the Segregated Security Provider any bankruptcy, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver and manager pursuant to the terms of the Trust Deed) or other proceeding under any similar law until one year plus one day after the latest date on which any Segregated Secured N&C Security issued by the Issuer has redeemed in respect of which the same entity is specified as Segregated Security Subsidiary in the applicable Final Terms in respect of such Series.

12. Indemnification and Role of the Trustee

(A) *Trustee's indemnity: Trustee free to enter into transactions*

The Trust Deed contains provisions for indemnifying and/or securing and/or prefunding the Trustee of the Trustee and for its relief from responsibility, including provisions relieving it from taking any actions (including the giving of an Acceleration Notice pursuant to Segregated Condition 9(A) (*Occurrence of Events of Default*) and the taking of proceedings to enforce repayment) unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee or any of its affiliates is entitled to enter into business transactions with the Issuer, the Segregated Security Provider, any issuer or guarantor of (or other obligor in respect of) any of the securities or other assets, rights and/or benefits comprising the Segregated Underlying Assets or any of the Securityholders or any of their respective subsidiaries or associated companies without accounting to the Securityholders for any profit resulting therefrom.

(B) *Trustee and Principal Paying Agent not responsible for verifying determinations*

Where the Issuer or the Calculation Agent is granted, pursuant to these Conditions, the power to make any determination in respect of the Segregated Secured N&C Securities, neither the Trustee nor the Principal Paying Agent is responsible for verifying the accuracy of any such determination and accepts no liability to Securityholders should any such determination prove inaccurate and such determination shall be binding on all parties.

(C) *Exclusion of liability of Trustee*

The Trustee shall not be responsible for (nor shall it have any liability with respect to any loss, diminution in value or theft of all or any part of the Segregated Charged Assets in respect of a Series of Segregated Secured N&C Securities) insuring all or any part of such Segregated Charged Assets (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder) or procuring the same to be insured or monitoring the adequacy of any insurance arrangements and from any claim arising in each case if all or any part of such Segregated Charged Assets (or any such document aforesaid) are held in an account with Euroclear, Clearstream, Luxembourg or any similar clearing system in accordance with that system's rules or otherwise held in safe custody by a bank or custodian. The Trustee does not have any responsibility for monitoring the actions of any custodian and, in particular, the Trustee will incur no liability, vicarious or otherwise, for any actions or inactivity of any custodian.

ANNEX 11

ADDITIONAL TERMS AND CONDITIONS OF THE SECURED N&C SECURITIES – NON-SEGREGATED SECURED N&C SECURITIES

1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Non-segregated Secured N&C Securities shall comprise the terms and conditions of the N&C Securities (the "**N&C Securities Conditions**"), the Additional Terms and Conditions for Non-segregated Secured N&C Securities set out below (the "**Non-segregated Conditions**") and any other Additional Terms and Conditions specified as applicable in the applicable Final Terms, in each case subject to completion and/or amendment in the applicable Final Terms.

Any reference herein to the "**Conditions**" is a reference to the N&C Securities Conditions, the Non-segregated Conditions and any other Additional Terms and Conditions specified as applicable in the applicable Final Terms.

In the event of any inconsistency between the N&C Securities Conditions and the Non-segregated Conditions, the Non-segregated Conditions shall prevail. In the event of any inconsistency between (i) the N&C Securities Conditions and the Non-segregated Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

Any reference in the N&C Securities Conditions to a "Global N&C Security" or to a "definitive N&C Security" shall be deemed to be a reference to a Secured Global Security or a Definitive Secured Note (as applicable) for the purposes of the Non-segregated Secured N&C Securities.

References herein to the "Non-segregated Secured N&C Securities" shall be references to the Non-segregated Secured N&C Securities of this Series and shall mean:

- (a) in relation to any Non-segregated Secured N&C Securities represented by a secured global security (a "**Secured Global Security**"), units of each Specified Denomination in the Specified Currency;
- (b) any Secured Global Security; and
- (c) any definitive secured note (a "**Definitive Secured Note**") issued in exchange for a Secured Global Security.

Terms used herein and not defined shall have the meaning given to them in the N&C Securities Conditions.

2. Trust Deed

The Non-segregated Secured N&C Securities are constituted and secured by a principal trust deed dated on or about 27 June 2012 (as amended or supplemented from time to time, the "**Principal Trust Deed**") between, *inter alios*, the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Principal Trust Deed and the person identified in the relevant Supplemental Trust Deed as the Trustee for that Series) as supplemented by a supplemental trust deed (the "**Non-segregated Supplemental Trust Deed**" dated on or before the Issue Date (as defined in the relevant Final Terms) of the first Series of Non-segregated Secured N&C Securities to be issued in respect of a Non-segregated Security Subsidiary (as defined in Condition 5(A) below)) between, *inter alios*, the

Issuer and the Non-segregated Security Subsidiary. In respect of each Series of Non-segregated Secured N&C Securities, the Principal Trust Deed together with the applicable Non-segregated Supplemental Trust shall be referred to herein as the "**Trust Deed**".

Copies of the Trust Deed are available for inspection during normal business hours at the specified office of each of the Paying Agents. The Securityholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed which are applicable to them. The statements in these Non-segregated Conditions include summaries of, and are subject to, the detailed provisions appearing in the Trust Deed.

The Deed of Covenant shall not be applicable in respect of Non-segregated Secured N&C Securities and Securityholders, Receiptholders and Couponholders in respect of Non-segregated Secured N&C Securities are not entitled to the benefit of the Deed of Covenant.

3. **Agency Agreement**

The Non-segregated Secured N&C Securities have the benefit of an amended and restated agency agreement dated on or about 27 June 2012 (such agency agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") and made between, *inter alios*, the Issuer and The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**"), The Bank of New York Mellon (Luxembourg) SA as paying agent (together with the Principal Paying Agent, the "**Paying Agents**" which expression shall include any additional or successor paying agents) and the other agents named therein.

4. **Status of the Non-segregated Secured N&C Securities**

N&C Securities Condition 2 (*Status of the N&C Securities*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 2 shall be deemed to be references to this Non-segregated Condition 4.

The Non-segregated Secured N&C Securities and the Receipts and Coupons in respect of such N&C Securities constitute direct, unconditional and unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and secured in the manner provided in the Trust Deed.

5. **Security**

(A) *Security*

The obligations of the Issuer to the Securityholders of each Series of Non-segregated Secured N&C Securities shall be secured (the "**Non-segregated Security**") by Encumbrances granted in favour of the Trustee pursuant to the Non-segregated Supplemental Trust Deed by the Issuer over the entire issued share capital of the entity specified in the applicable Final Terms (the "**Charged Non-segregated Shares**" and the "**Non-segregated Security Subsidiary**", respectively). The Securityholders in respect of each Series of Non-segregated Secured N&C Securities shall share the benefit of the Non-segregated Security on a *pari passu* basis with the Securityholders of each other Series of Non-segregated Secured N&C Securities outstanding in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series.

In these Non-segregated Conditions:

"**outstanding**" has the meaning given to such term in the Trust Deed; and

"Encumbrance" means any mortgage, pledge, lien, hypothecation, security interest or other arrangement having similar effect.

(B) *Monies received by Trustee held on Trust*

All monies received by the Trustee in connection with the Non-segregated Secured N&C Securities will be held by the Trustee on trust to apply the same in accordance with the application of proceeds provisions of the Trust Deed.

6. Issuer Covenants

So long as any of the Non-segregated Secured N&C Securities remain outstanding (as defined in the Principal Trust Deed), the Issuer shall not, save to the extent permitted by the Final Terms, the Trust Deed or the Conditions:

- (a) sell, or otherwise dispose of, the shares the subject of the Non-segregated Security;
- (b) exercise any rights that it may have in its capacity as holder of the shares the subject of the Non-segregated Security;
- (c) create or permit to exist upon or affect any of the shares the subject of the Non-segregated Security, any Encumbrance or any other security interest whatsoever other than as contemplated by the Trust Deed;
- (d) permit the Trust Deed, the Non-segregated Supplemental Trust Deed or the priority of the Non-segregated Security created hereby or thereby to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such Non-segregated Security to be released from such obligations; or
- (e) issue a Series of Non-segregated Secured N&C Securities in respect of which the redemption amount following the redemption of such Series as a result of the occurrence of an Event of Default in respect of such Series is other than the Non-segregated Acceleration Amount, calculated in the manner set-out in these Conditions.

7. Redemption and Purchase

(A) *Redemption for Taxation and other Reasons*

N&C Securities Condition 7(B) (*Redemption for Tax Reasons*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 7(B) shall be deemed to be references to this Non-segregated Condition 7(A).

The Issuer may and, in respect of paragraph (a) below, shall redeem a Series of Non-segregated Secured N&C Securities, in whole, but not in part, at any time (if this Non-segregated Secured N&C Security is not a Floating Rate N&C Security, an Index Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Currency Linked Interest N&C Security, a Commodity Linked Interest N&C Security, a Fund Linked Interest N&C Security or a Synthetic Pass-Through N&C Security) or on any Interest Payment Date (if this Non-segregated Secured N&C Security is a Floating Rate N&C Security, an Index Linked Interest N&C Security, an Equity Linked Interest N&C Security, a Currency Linked Interest N&C Security, a Commodity Linked Interest N&C Security, a Fund Linked Interest N&C Security or a Synthetic Pass-Through N&C Security), if the Issuer determines in its sole discretion that:

- (a) on the occasion of the next payment of interest or other distribution, if any, due under the Non-segregated Secured N&C Securities, the Issuer would be required to make a withholding or deduction as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;
- (b) the cost to the Issuer of complying with its obligations under or in connection with the Non-segregated Secured N&C Securities would be materially increased;
- (c) the cost to the Non-segregated Security Subsidiary of meeting its operating or administrative expenses would be materially increased; or
- (d) the Non-segregated Security Subsidiary would suffer tax above and beyond those taxes of which it was aware at the time of issue of the relevant Series of Non-segregated Secured N&C Securities in respect of its income in respect of the Non-segregated Reference Assets relating to such Series.

Any Series of Non-segregated Secured N&C Securities redeemed pursuant to this Non-segregated Condition 7 will be redeemed at its Non-segregated Early Redemption Amount calculated in accordance with Non-segregated Condition 7(E) below together (if appropriate and if Accrued Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as determined by the Issuer (subject to the above) in its sole discretion on which the Non-segregated Secured N&C Securities of such Series shall be redeemed.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and providing reasonable details in respect thereof.

In these Non-segregated Conditions:

"Non-segregated Reference Assets" means, in relation to each series of Non-segregated Secured N&C Securities, the assets identified as such in the relevant Final Terms. Such Non-segregated Reference Assets may be, without limitation, bonds, certificates, derivatives, equities, loans, loan certificates, notes or schuldscheine.

"Tax Jurisdiction" means the United Kingdom, or any political subdivision or any authority thereof or therein having power to tax.

(B) *Redemption of Non-segregated Secured N&C Securities following Payment Default of Non-segregated Reference Assets*

In relation to a Series of Non-segregated Secured N&C Securities, where, in the determination of the Issuer, there has been a payment default in respect of the Non-segregated Reference Assets in relation to such Series, disregarding any applicable grace period, the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent and, in accordance with N&C Securities Condition 14 (*Notices*), the Securityholders, and the Non-segregated Secured N&C Securities will then be redeemed at, their Non-segregated Early Redemption Amount calculated in accordance with Non-

segregated Condition 7(E) below together (if appropriate and if Accrued Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as determined by the Issuer in its sole discretion on which the Non-segregated Secured N&C Securities of such Series shall be redeemed.

(C) *Redemption following Early Redemption or Restructuring of Non-segregated Reference Assets*

In relation to a Series of Non-segregated Secured N&C Securities where the Issuer determines that:

- (a) the Non-segregated Reference Assets in relation to such Series are or fall due to be redeemed or accelerated in part or in whole pursuant to an early redemption or acceleration of such Non-segregated Reference Assets prior to their stated maturity (other than by reason of a payment default); or
- (b) the terms and conditions of the Non-segregated Reference Assets in relation to such Series are amended such that the issuer thereof or any obligor thereunder shall no longer be obliged to pay the same amounts on the same days as originally contemplated in the terms and conditions of the Non-segregated Reference Assets as of the Issue Date of the Non-segregated Secured N&C Securities,

the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent and, in accordance with N&C Securities Condition 14 (*Notices*), the Securityholders, and the Non-segregated Secured N&C Securities will then be redeemed at, their Non-segregated Early Redemption Amount calculated in accordance with Non-segregated Condition 7(E) below together (if appropriate and if Accrued Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as determined by the Issuer in its sole discretion on which the Non-segregated Secured N&C Securities of such Series shall be redeemed.

(D) *Illegality*

N&C Securities Condition 7(H)(*Illegality*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 7(H) shall be deemed to be references to this Non-segregated Condition 7(D).

In the event that the Issuer determines in good faith that the performance of the Issuer's or the Non-segregated Security Subsidiary's obligations in respect of a Series of Non-segregated Secured N&C Securities or that any arrangements made by the Non-segregated Security Subsidiary to hedge its obligations in respect of the Non-segregated Secured N&C Securities have 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 shall give notice thereof to the Trustee, the Principal Paying Agent and, in accordance with N&C Securities Condition 14 (*Notices*), the Securityholders, and the Non-segregated Secured N&C Securities will then be redeemed at, their Non-segregated Early Redemption Amount calculated in accordance with Non-segregated Condition 7(E) below together (if appropriate and if Accrued

Interest Payable is specified in the Final Terms) with interest accrued to (but excluding) the date of redemption.

The Issuer shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent and the Trustee), which notice shall be irrevocable, of the date as determined by the Issuer in its sole discretion on which the Non-segregated Secured N&C Securities of such Series shall be redeemed.

(E) *Non-segregated Early Redemption Amount*

Unless specified otherwise in the applicable Final Terms, the "**Non-segregated Early Redemption Amount**" of a Series of Non-segregated Secured N&C Security shall be determined as follows:

The Issuer shall calculate the sum of (i) the sale proceeds that it deems would have been received by a holder of the Non-segregated Reference Assets held by the Non-segregated Security Subsidiary in respect of such Series were it to sell such Non-segregated Reference Assets (to the extent such Non-segregated Reference Assets have not redeemed) immediately subsequent to the occurrence of the Non-segregated Condition 7 redemption event in respect of the Series of Non-segregated Secured N&C Securities (*less* any costs, expenses and liabilities that the Issuer deems a holder would have incurred in selling such Non-segregated Reference Assets, if any) and (ii) any redemption or other proceeds that the Issuer determines that a holder of such Non-segregated Reference Assets would have received in respect of such Non-segregated Reference Assets.

(F) *Purchases*

N&C Securities Condition 7(I) (*Purchases*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 7(I) shall be deemed to be references to this Segregated Condition 7(F).

The Issuer, the Non-segregated Security Subsidiary or any of their respective Affiliates may at any time purchase Non-segregated Secured N&C Securities (*provided, however, that*, in the case of Definitive Secured Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Non-segregated Secured N&C Securities may be held, reissued, resold or, at the option of the Issuer, the Non-segregated Security Subsidiary or the Affiliate (as applicable), surrendered to any Paying Agent for cancellation.

8. **Taxation**

N&C Securities Condition 8 (*Taxation*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 8 shall be deemed to be references to this Non-segregated Condition 8.

Without prejudice to Condition 7(A)(a), all payments of principal and interest in respect of the Non-segregated Secured N&C Securities, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of a Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the relevant Paying Agent or the Trustee) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account to the relevant authorities for the amount required to be withheld or deducted and the Issuer shall not

pay any additional amounts to the holders of the Non-segregated Secured N&C Securities, Receipts or Coupons.

9. Events of Default

(A) *Occurrence of Events of Default*

N&C Securities Condition 10 (*Events of Default*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 10 shall be deemed to be references to this Non-segregated Condition 9.

The Trustee at its discretion may, and if so requested in writing by Securityholders of at least one-fifth in principal amount or number of units of the outstanding Non-segregated Secured N&C Securities of a Series or if directed by an Extraordinary Resolution (as defined in the Principal Trust Deed) of one or more Series of Non-segregated Secured N&C Securities, shall (in each case, provided that the Trustee is secured, indemnified, and/or pre-funded, to its satisfaction) give notice (an "**Acceleration Notice**") to the Issuer that the Non-segregated Secured N&C Securities of all Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series are, and they shall accordingly immediately become, due and payable, at their Non-segregated Acceleration Amount (each an "**Event of Default**"):

- (a) if default is made in the payment in the Specified Currency of any interest due in respect of the Non-segregated Secured N&C Securities and the default continues for a period of 14 days after the due date; or
- (b) if default is made in the payment of any principal or premium (if any) due in respect of the Non-segregated Secured N&C Securities or the delivery when due of the Entitlement in respect of the Non-segregated Secured N&C Securities (in each case whether at maturity or upon redemption or otherwise), and the default continues for a period of 7 days after the due date; or
- (c) if the Issuer or the Non-segregated Security Subsidiary fails to perform or observe any of its other obligations under these Terms and Conditions, the Trust Deed or the Agency Agreement and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for the period of 30 days (or such longer period as the Trustee may permit) after the date on which the Trustee gives written notice of such failure, requiring the Issuer or the Non-segregated Security Subsidiary to remedy the same, to the Issuer or the Non-segregated Security Subsidiary (as the case may be); or
- (d) if: (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer fails to make any payment in respect of any such Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period; (iii) any security given by the Issuer (excluding any Conduit Security Interest, as defined in N&C Securities Condition 3 (*Negative Pledge*)) for any Indebtedness for Borrowed Money becomes enforceable; (iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money; *provided, however, that* no event described in this Non-segregated Condition 9(A)(d) shall constitute an Event of Default where (A) the Issuer is taking action in good faith in appropriate legal proceedings to dispute the validity of the obligation alleged to arise by

virtue of such event or the enforceability of the security, as the case may be; or (B) any such event arises solely because of inadvertence or mechanical failure or other failure in transmission; or (C) the relevant Indebtedness for Borrowed Money when aggregated with other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred and not been cured since the Issue Date shall not exceed US\$10,000,000 (or its equivalent in any other currency), and in respect of each of (A), (B) and (C) above, the Issuer has delivered a certificate to the Trustee signed by two Directors of the Issuer that (A), (B) or (C) above is applicable and provided reasonable details in respect thereof or

- (e) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or the Non-segregated Security Subsidiary, save for the purposes of reorganisation on terms approved in writing by the Trustee; or by Extraordinary Resolution or
- (f) if the Issuer or the Non-segregated Security Subsidiary ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by Extraordinary Resolution, or the Issuer or the Non-segregated Security Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (g) (i) if proceedings are initiated against the Issuer or the Non-segregated Security Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or the Non-segregated Security Subsidiary or, as the case may be, in relation to the whole or a substantial part (in the opinion of the Trustee) of its undertaking or assets or an encumbrancer takes possession of the whole or a substantial part of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of its undertaking or assets, and (ii) in any such case (other than the appointment of an administrator) is not discharged, dismissed, suspended or stayed within 28 days; or
- (h) if the Issuer or the Non-segregated Security Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (i) if the validity of the Non-segregated Secured N&C Securities or the Non-segregated Security is contested by the Issuer or the Issuer denies any of its obligations under the Non-segregated Secured N&C Securities or the Non-segregated Security.

(B) *Redemption of all related Series*

If an Acceleration Notice is delivered pursuant to this Condition 9 (*Events of Default*) in respect of any Series of Non-segregated Secured N&C Securities, an Event of Default will be deemed to have occurred in respect of all Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms for

such Series and such Acceleration Notice will be deemed to be a valid Acceleration Notice sent in respect of all such Series of Non-segregated Secured N&C Securities.

(C) *Realisation of the Non-segregated Security*

The Non-segregated Security shall become enforceable upon the Trustee giving an Acceleration Notice to the Issuer. Upon the Non-segregated Security becoming enforceable and subject to (i) being indemnified and/or secured and/or prefunded to its satisfaction and (ii) all applicable laws, the Trustee shall without further notice appoint a Receiver of all of the Charged Non-segregated Shares. The Principal Trust Deed provides that it shall be a term of the appointment of any such Receiver that the Receiver shall enforce the Non-segregated Security by taking immediate possession of the Charged Non-segregated Shares and thereafter exercise its rights as sole holder of the Charged Non-segregated Shares to direct the Non-segregated Security Subsidiary to appoint a selling agent to procure the sale during the Non-segregated Acceleration Sale Period. of the Non-segregated Reference Assets held by such Non-segregated Security Subsidiary in respect of all Series in respect of which it has been specified as Non-segregated Security Subsidiary in the applicable Final Terms, in each case on the terms specified in the Principal Trust Deed and subject to all applicable laws and to any such actions being legally possible at that time.

Subsequent to the expiry of the Non-segregated Acceleration Sale Period, the Trustee shall give not more than 30 nor less than 15 days' notice to the Securityholders (with a copy to the Principal Paying Agent), which notice shall be irrevocable, of the date on which the proceeds of the enforcement of the Non-segregated Security by the Trustee shall be applied as specified in the Trust Deed.

(D) *Definitions*

In these Non-segregated Conditions:

"Indebtedness for Borrowed Money" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) any borrowed money, (ii) any notes, bonds, debentures, debenture stock, loan stock or other securities or (iii) any liability under or in respect of any acceptance or acceptance credit other than liabilities in respect of deposits made by third parties in the ordinary course of the retail banking business of the VTB Group (being JSC VTB Bank together with its subsidiaries).

"Non-segregated Acceleration Amount" means, in respect of a Series of Non-segregated Secured N&C Securities, an amount in aggregate equal to the sale proceeds received by or on behalf of the Trustee on the sale of the Non-segregated Reference Assets specified in the applicable Final Terms in respect of such Series held by the Non-segregated Security Subsidiary and sold during the Non-segregated Acceleration Sale Period (*less* any costs, expenses and liabilities that the Trustee, any selling agent or any person acting on their behalf incurs directly or indirectly in selling such Non-segregated Reference Assets, if any).

"Non-segregated Acceleration Sale Period" means the period from and including the date on which the Acceleration Notice is delivered until such date as the Receiver appointed by the Trustee in accordance with these Non-segregated Conditions determines to be necessary to effect the sale of the Non-segregated Reference Assets of all Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series.

"Receiver" has the meaning given to such term in the Principal Trust Deed.

10. Meetings of Securityholders, Modification, Waiver and Authorisation

(A) *Meetings of Securityholders, Modification and Waiver*

N&C Securities Condition 15(A)(*Meetings of Securityholders, Modification and Waiver*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 15(A) shall be deemed to be references to this Non-segregated Condition 10(A).

The Principal Trust Deed contains provisions for convening meetings of the Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of the Non-segregated Secured N&C Securities, the Receipts, the Coupons or any of the provisions of these Conditions. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Issuer if required in writing by the Securityholders holding not less than five per cent. in principal amount or number of units of the Non-segregated Secured N&C Securities for the time being remaining outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in principal amount or number of units of the Non-segregated Secured N&C Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Securityholders whatever the principal amount or number of units of the Non-segregated Secured N&C Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Non-segregated Secured N&C Securities, the Receipts or the Coupons (including modifying the date of maturity of the Non-segregated Secured N&C Securities or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Non-segregated Secured N&C Securities or altering the currency of payment of the Non-segregated Secured N&C Securities, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount or number of units of the Non-segregated Secured N&C Securities for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in principal amount or number of units of the Non-segregated Secured N&C Securities for the time being outstanding.

Any modification or amendment proposed to be made pursuant to an Extraordinary Resolution which would, in the opinion of the Trustee affect more than one Series of Non-segregated Secured N&C Securities shall not be effective unless passed by Extraordinary Resolutions of each affected Series of Non-segregated Secured N&C Securities. Without limitation, any amendment affecting the Non-segregated Security shall not be effective unless passed by Extraordinary Resolutions from each Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms in respect of such Series.

An Extraordinary Resolution passed at any meeting of the Securityholders of any Series shall be binding on all the Securityholders of such Series, whether or not they are present at the meeting, and on all Receiptholders and Couponholders in respect of such Series. An Extraordinary Resolution is a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting on the resolution upon a show of hands or, if a poll was duly demanded, by a majority consisting of not less than 75 per cent. of the votes given on the poll or a resolution in writing signed by or on behalf of all the Securityholders, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Securityholders.

In addition, a resolution in writing signed by or on behalf of all Securityholders who for the time being are entitled to receive notice of a meeting of Securityholders under the Principal Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

The Trustee and the Issuer may agree, without the consent of the Securityholders, Receiptholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Non-segregated Secured N&C Securities, the Receipts, the Coupons, the Trust Deed, the Agency Agreement or any other document entered into in respect of the Non-segregated Secured N&C Securities or to any waiver or authorisation of any breach or proposed breach by the Issuer of any of the terms of the Non-segregated Secured N&C Securities, the Receipts, the Coupons, the Trust Deed, the Agency Agreement or any other document entered into in respect of the Non-segregated Secured N&C Securities or determine that any Event of Default (as defined in Non-segregated Condition 10) shall not be treated as such which is not materially prejudicial to the interests of the Securityholders; or
- (b) any modification of the Non-segregated Secured N&C Securities, the Receipts, the Coupons, the Trust Deed, the Agency Agreement or any other document entered into in respect of the Non-segregated Secured N&C Securities which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Securityholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Securityholders in accordance with N&C Securities Condition 14 (*Notices*) as soon as practicable thereafter.

(B) *Substitution of Issuer or Branch*

N&C Securities Condition 15(B)(*Substitution of Issuer or Branch*) shall not apply to any Series of Non-segregated Secured N&C Securities. Any references in the N&C Securities Conditions or in any other document entered into in respect of the Non-segregated Secured N&C Securities to Condition 15(B) shall be deemed to be references to this Segregated Condition 10(C).

The Principal Trust Deed contains provisions permitting the Trustee to agree, without the consent of the Securityholders, to the substitution of the Issuer for another company (the "**Substitute**") as principal debtor in respect of its obligations arising from or in connection with the Non-segregated Secured N&C Securities **provided that** certain conditions specified in the Trust Deed are fulfilled, including, *inter alia*, that (i) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Non-segregated Secured N&C Securities represent valid, legally binding and enforceable obligations of the Substitute have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute shall have assumed all obligations arising from or in connection with the Non-segregated Secured N&C Securities and shall have become a party to the Trust Deed and the Agency Agreement, with any consequential amendments; (iii) each stock exchange or listing authority on which the Non-segregated Secured N&C Securities are listed (if any) shall have confirmed that following the proposed substitution of the Substitute the Non-segregated Secured N&C Securities would continue to be listed on such stock exchange; and (v) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the Securityholders in accordance with N&C Securities Condition 14 (*Notices*) (with a copy to the Trustee), including by providing notice of the substitution to the *Commission de*

Surveillance du Secteur Financier and the Luxembourg Stock Exchange in a form acceptable to them to be published subsequently in accordance with N&C Securities Condition 14 (*Notices*).

The Issuer may, upon giving notice to the Securityholders in accordance with N&C Securities Condition 14 (*Notices*), and provided that it has obtained the prior written consent of the Trustee, change the branch through which the Issuer is acting for the purposes of the Non-segregated Secured N&C Securities, the date of such change to be specified in such notice *provided, however*, that no change may take place prior to the date of the giving of such notice. The Issuer shall provide notice of any such change of branch to the *Commission de Surveillance du Secteur Financier* and the Luxembourg Stock Exchange in a form acceptable to them (to be published subsequently in accordance with N&C Securities Condition 14 (*Notices*)).

(C) *Entitlement of the Trustee*

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution as aforesaid) the Trustee shall not have regard to the consequences of such exercise for any individual Securityholder resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Securityholders.

11. Enforcement and Non-petition

(A) *Enforcement*

- (a) Subject to Non-Segregated Condition 9(C) (*Realisation of the Non-segregated Security*), the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) as it may think fit against or in relation to the Issuer or the Non-segregated Security Subsidiary to enforce its obligations under these presents or otherwise.
- (b) Subject to Non-Segregated Condition 9(C) (*Realisation of the Non-segregated Security*), the Trustee shall not be bound to take any steps, action or proceedings mentioned in Non-segregated Condition 9 (*Events of Default*) or any other steps or action in relation to the Trust Deed unless respectively directed or requested to do so (a) by an Extraordinary Resolution of or (b) in writing by the holders of at least one-fifth in aggregate principal amount or number of units of, each and all Series of the Non-Segregated Secured N&C Securities then outstanding in respect of which the same entity has been specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series, and in each case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities (as defined in the Principal Trust Deed) to which it may thereby render itself liable or which it may incur by so doing.
- (c) Only the Trustee may pursue the remedies available under the Conditions and the Trust Deed and enforce the rights of the Securityholders in relation to the Non-segregated Security.
- (d) No Securityholder is entitled to proceed directly against the Issuer or the Non-segregated Security Subsidiary or any of their assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the

Trustee shall not be bound to take any action to enforce the Non-segregated Security or pursue the remedies available under the Trust Deed or the Conditions (including under Non-segregated Condition 9(A) (Occurrence of Event of Default)) or otherwise take any action unless it is indemnified, secured and/or prefunded to its satisfaction.

(B) *Non-petition*

No Securityholder may institute against, or join any person in instituting against the Non-segregated Security Subsidiary any bankruptcy, winding-up, re-organisation, arrangement, insolvency or liquidation proceeding or other proceeding under any similar law until one year plus one day after the latest date on which any Non-segregated Secured N&C Security issued by the Issuer in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms in respect of such Series has redeemed.

12. Indemnification and Role of the Trustee

(A) *Indemnification*

The Trust Deed contains provisions for indemnifying and/or securing and/or prefunding the Trustee and for its relief from responsibility, including provisions relieving it from taking any actions (including the giving of an Acceleration Notice pursuant to Non-segregated Condition 9(A) (*Occurrence of Events of Default*)) and the taking of proceedings to enforce repayment) unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee or any of its affiliates is entitled to enter into business transactions with the Issuer, the Non-segregated Security Subsidiary, any issuer or guarantor of (or other obligor in respect of) any of the securities or other assets, rights and/or benefits comprising the Non-segregated Reference Assets, or any of the Securityholders or any of their respective subsidiaries or associated companies without accounting to the Securityholders for any profit resulting therefrom.

(B) *Trustee and Principal Paying Agent not responsible for verifying determinations*

Where the Issuer or the Calculation Agent is granted, pursuant to these Conditions, the power to make any determination in respect of the Non-segregated Secured N&C Securities, neither the Trustee nor the Principal Paying Agent is responsible for verifying the accuracy of any such determination and accepts no liability to Securityholders should any such determination prove inaccurate and such determinations shall be binding on all parties.

USE OF PROCEEDS

The net proceeds from each issue of Securities will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

CAPITALISATION OF THE ISSUER

The following table sets out the capitalisation of the Issuer at 31 December 2010 and 31 December 2011⁽¹⁾:

					31 December 2010	31 December 2011
					\$'000	\$'000
Capital stock.....					566,212	566,212
Currency translation reserve					(51,699)	(52,812)
Retained earnings					101,272	183,267
Statutory reserves					18,592	0
Asset revaluation reserve					22,496	2,785
Total shareholders' funds					656,873	699,452
Long term debt					600,000	600,000
Total capitalisation					1,256,873	1,299,452

Notes:

(1) Since 31 December 2011 there has been no material change in the capitalisation of the Issuer.

DESCRIPTION OF THE ISSUER

INTRODUCTION

VTB Capital plc (the "**Issuer**") is an English bank majority owned by CJSC VTB Capital Holding ("**VTBH**"), Russia. VTBH, together with its parent company JSC VTB Bank ("**VTB**") and all subsidiaries of VTB, is referred to as the "**VTB Group**" herein. It was incorporated with limited liability in England and Wales on 18 October 1919, and is a registered company under the Companies Act 1985 with registration number 00159752. The Issuer is a part of VTB Capital, the Investment Business of VTB Group, which has its headquarters in Moscow. The Issuer has significant business relationships with customers both in and outside Russia. The Issuer is an authorised person under the Financial Services and Markets Act 2000 ("**FSMA**") and is regulated pursuant to the FSMA by the Financial Services Authority (the "**FSA**").

The main operating centre of the Issuer is its head office in London, at 14 Cornhill, London, EC3V 3ND and its telephone number is +44 (0)20 3334 8000. The Issuer has branches in Singapore and Dubai International Financial Centre and a representative office in Moscow.

HISTORY

The Issuer was founded in London in 1919 and was originally called Moscow Narodny Bank Limited. Its initial activities were mainly assisting in the development of trade between the United Kingdom and the Union of Soviet Socialist Republics ("**USSR**").

In the early 1990s, the business of the Issuer was impacted by the break-up of the USSR, which also resulted in a recapitalisation of the Issuer and the Central Bank of the Russian Federation ("**CBR**") eventually becoming the majority shareholder. In the early to mid-1990s, the balance sheet and income of the Issuer remained relatively static.

The Issuer was affected by the events of August 1998 in Russia (the "**August 1998 Crisis**"), the impact of which was offset by an inflow of additional funds and other support provided by the CBR.

The improvement in Russia's political, financial and economic variables since the August 1998 Crisis brought about new business opportunities for the Issuer and renewed profitability. VTB purchased the CBR's shareholding in the Issuer on 28 December 2005 (see "*Shareholders and Share Capital*" below) and has since further increased its effective shareholding to 95.44 per cent. by purchasing new issues of Ordinary Shares. The Issuer now forms one of the two main platforms of VTB Group's investment business and product offering, the other being CJSC VTB Capital, which is registered in Russia.

Apart from its London office, the Issuer has branch offices in Singapore and Dubai. Their primary goal is to distribute Issuer's products in the Asia-Pacific and Middle East regions, respectively.

SHAREHOLDERS AND SHARE CAPITAL

Share Capital

As of 31 March 2012, the nominal value of the authorised and issued share capital of the Issuer was U.S.\$566,212,392 divided into 735,035,780 Ordinary A Shares of US\$0.4302 each and 250,000,000 Ordinary B Shares of U.S.\$1 each. The Ordinary A Shares and Ordinary B Shares rank *pari passu* in all respects but constitute separate classes of shares.

Shareholders and Group Structure

VTBH currently holds 95.44 per cent. of the Issuer's Ordinary Shares (comprising 91.83 per cent. of Ordinary A Shares and 100 per cent. of Ordinary B Shares). None of the remaining minority shareholders hold more than 0.5 per cent. of the Issuer's Ordinary Shares except VVO Novoeexport which holds 0.58 per cent. of the Issuer's Ordinary Shares. Currently, the legal title of certain of the minority shareholders is in doubt or in dispute, owing to Russian legal ambiguities arising from the transfer of USSR enterprises into the Russian public and private sectors following the break-up of the USSR. These ambiguities are gradually being clarified as the legal position of these minority shareholders becomes clearer.

The Russian State, acting through the Federal Property Agency, holds 75.5 per cent. of VTB's shares and is the controlling shareholder. VTB is the ultimate owner of VTB Capital plc.

CURRENT BUSINESS STRATEGY, MARKET TRENDS AND ACTIVITIES OF THE ISSUER

Strategic Focus

VTB Capital plc ("**VTBC**", the "**Issuer**") and together with its subsidiaries the "**VTBC Group**") is the UK banking subsidiary of CJSC VTB Capital Holdings and of its ultimate parent company, VTB Bank OJSC ("**VTB**", and together with its subsidiaries the "**VTB Group**"). The Issuer is also an integral part of its investment banking franchise, VTB Capital.

Over the last four years, through VTB Capital, VTB has implemented its strategy to develop an investment banking business. VTB Capital comprises a number of entities, principally VTB Capital CJSC, Moscow ("**VTBC CJSC**", a licensed broker dealer) and the Issuer VTBC. In addition, investment banking business is also undertaken on the statement of financial position of VTB.

VTB Capital has also established broker dealers in both the United States and Hong Kong and is also expanding its existing Asian and Middle East business and distribution capability through the Issuer's Singapore Branch and Dubai Branch respectively.

As a part of its overall core business model, the Issuer has commenced the build-out of a sustainable international client distribution platform which will:

- distribute a broad range of Russian/Commonwealth of Independent States ("**CIS**") cash and plain vanilla derivative products to international emerging market institutional and asset management investors in Europe, Middle East and Africa ("**EMEA**"), US and Asia;
- distribute existing VTB Russian/CIS risk to international emerging market institutional and asset management investors in EMEA, US and Asia; and
- opportunistically originate, syndicate and distribute credit deals in priority markets or in situations where the Issuer has specific industry knowledge.

The Issuer will be the core around which this international business strategy will be developed, complemented by other VTB Capital entities in other world financial centres such as New York and Hong Kong.

The international client distribution platform will comprise the following business units:

- Global Fixed Income Flow Sales;
- International Multi-Product Sales;

- Global Cash Equities & Equity Derivatives Sales; and
- Structuring.

To complement the investment in distribution, the Issuer will expand its global product offering by:

- the introduction of new local cash markets (Central and Eastern Europe ("CEE"), Turkey, Israel, Middle East and Asia ("MENA"));
- opportunistic origination of credit and equity deals from regions where the Issuer has key relationship advantages (Bulgaria, Turkey, MENA); and
- continued expansion of Russian/CIS products across credit, interest rates, foreign exchange, equities and commodities.

A substantial majority of VTBC's business involves Russian/CIS-related clients and/or markets.

The principal business activities in which the Issuer is involved are divided between investment banking and corporate banking.

Investment banking comprises a securities and derivatives trading business (within Global Markets) and an advisory and capital markets business (within Global Banking). These activities include both client business and a certain amount of own-account risk taking in fixed income, equity, foreign exchange, interest rates and commodities. The investment banking business also includes the management of loans for sale and distribution, as well as lending relating in respect of money market activity and repo related business which relate to current investment banking activities. The remaining loans, comprising mainly vanilla lending transactions to corporate customers and term lending to banks, which may be subject to disposals via sub-participations to other VTB group companies, are undertaken within the corporate banking segment (including Credit and Leveraged Finance under Global Markets and IC&PF under Global Banking).

Global Markets

Business Background

The Global Markets ("GM") division is predominantly a client-oriented business which transacts with customers across the Equities, Foreign Exchange ("FX") & Rates, Credit and Commodities asset classes. Currently transactions are mostly executed in Russian/CIS products and/or with Russian/CIS clients. Within the GM business the Issuer also takes risk for its own account as an integral part of the Issuer's day-to-day trading activities. The Issuer's risk appetite could best be described as moderate. In addition to these traditional market-based activities, the GM division also contains specialist lending groups (Credit, Leveraged Finance and Investments ("CLFI") and Investment, Credit & Project Finance ("ICPF")) which focus on originating and executing structured loans and loans suitable for international syndication from the core Russian and regional client base of the VTBC Group.

Fixed Income

FX & Rates

The FX & Interest Rates business conducts both proprietary and client-driven business. The business is divided into Vanilla FX & Interest Rate products and Local Market Derivatives (primarily FX Options). It is focused on providing solutions for enhanced asset and liability management and hedging strategies for Russian and international corporations, financial institutions and asset management companies. The FX Cash business focuses primarily on hedge fund and real money accounts in Europe and Asia.

Credit Trading

The Credit Trading business undertakes customer and own account trading in bonds, single-name credit default swaps and associated interest rate hedging instruments. The Issuer's business conducts both proprietary and client business. The Issuer's customers are typically international and Russian domestic customers active in the bond markets and counterparties, especially for credit default swaps.

The client base broadly covers hedge funds, private banks, asset management companies, commercial banks and family offices. An active client business is being established in American and Asian markets.

The Structured Credit Trading business focuses on "bespoke" credit transactions tailored to customer requirements.

Credit and Leveraged Finance

The Credit and Leveraged Finance business focuses on structured single-name loans and credit exposure, including exposures that have a linkage to Russia/Russian business and exposures that are originated and distributed on a purely international basis. Specific products range from relatively low leverage/structured transactions such as pre-export finance and lease-back structures, to leveraged and mezzanine loans, unfunded credit exposure and international project finance, where the main sources of repayment are generally considered to originate within a single borrower group.

Commodities

The Commodities desk provides risk management solutions for Russia/CIS based clients, typically large producers and consumers of commodities. The business also provides an investment channel for international investors who want access to the Russian market.

Over the past two years the focus of the business has been on developing its risk-taking capabilities from its original back-to-back mandate. The desk can now take risk across the majority of commodity asset classes both in linear and option form.

The principal markets in which the business currently operates are Oil & Oil products, Coal, Freight and Precious Metals. VTBC's customer base is quite diversified and includes producers, consumers and commodity trading companies.

Equities

Cash Equities

Cash Equities is a predominantly client-driven business servicing Russian and CIS Corporate clients plus an expanding range of international clients consisting of hedge funds, private banks, asset management companies and commercial banks.

Its primary focus is to facilitate the raising of capital for Russian and CIS Corporate clients through listings on the International exchanges and to provide specialist brokerage services to International clients on Russian/CIS Equities and Depository Receipts backed up by VTB Capital research.

Research

As mentioned in the foregoing paragraphs, VTBC has pursued a research-led strategy in the development of its cash equity business, based around Russian companies, the Russian economy, products that are vital to those doing business in or investing in Russia, and also a more global macro research service.

The majority of the research utilised in the Issuer's business activity is produced by research staff employed by the Issuer's ultimate parent company, VTBC CJSC, located in Moscow.

Equity Derivatives

Client facilitation is at the core of the Equity Derivatives business. The target client base is hedge funds, institutional investors, private banks, family offices and sovereign wealth funds.

Following an initial focus on trading vanilla products, the business is in the process of expanding its product range, in particular looking to quote prices and manage risk on a variety of pay-offs that are more complex in nature.

Its primary focus is on Russian/CIS, with measured expansion into Brazil, India and China.

Global Banking

Introduction

The Global Banking ("**GB**") division incorporates four component businesses, Investment Banking ("**IB**"), Equity Capital Markets ("**ECM**"), Debt Capital Markets ("**DCM**") and Infrastructure Capital & Project Finance ("**IC&PF**").

IC&PF is a specialist group dedicated to the development of and raising financing for new and existing assets and businesses in the infrastructure sector, primarily aimed at large, public-private initiatives in the Russian Federation and its neighbouring region.

The other Global Banking businesses are focused on providing advice, arranging, structuring and executing client derived mandates without assuming any proprietary risk or deploying capital.

Infrastructure Capital & Project Finance

The IC&PF team provides structuring and project finance advisory services to companies, organisations and governments looking to structure project solutions and assist them in raising limited recourse finance from various sources. The team also analyses potential projects with a view of recommending them for proprietary investment or lending with the Issuer and the VTB Group more generally.

This includes:

- concession or Public Private Partnership ("**PPP**") agreements;
- developing contractual structures for projects to improve bankability;
- raising limited recourse debt financing from a range of sources; and
- attracting additional investor capital (equity, mezzanine, subordinated loans).

The focus of the IC&PF team is primarily on opportunities in Russia and the surrounding region.

The Issuer (and the VTB Group more generally) will contemplate acting as lender to projects which meet its risk appetite and lending criteria and will also consider providing financing to bid vehicles in which the Issuer is a shareholder.

Investment Banking

The IB business has experience of structuring, advising on and executing a wide range of public and private mergers and acquisitions ("**M&A**"), Advisory group restructuring, ECM and DCM transactions. The business is organised around core sector specialisation and expertise (Financial Institutions; Food, Consumer & Retail; General Industrials; Metals & Mining; Oil & Gas; Power & Utilities; Telecoms, Media & Technology).

The IB business revenue model is based solely on fee income. Should the Issuer decide to act in an additional capacity (e.g. lender) in a transaction in which it is providing Advisory services, such additional business will be executed by the relevant part of the wider VTB Group.

Equity Capital Markets

The ECM team provides capital markets advice and delivers the marketing strategy and market input for equity raisings for clients across the business. The main focus of the business is to attain a leading position in Russia on the majority of high quality transactions, to seek to attain the leading position by volume of deals, to increase market share and to continue to focus on maintaining a leading position in CIS capital markets. Increasingly, ECM also takes advantage of the Issuer's equity sales capabilities and Research product to participate in block trades, convertibles and other similar transactions. The ECM team actively seeks to exploit opportunities to utilise the international platform of the Issuer to access new market venues for its core issuer base. The recent creation of VTB Capital broker dealers in Hong Kong and New York will further enhance the Issuer's capabilities in this area.

Debt Capital Markets

The Issuer's DCM business focuses on fee-based advisory, origination and execution utilising a range of public and private debt capital markets instruments.

The team focuses on providing advice relating to, and also the structuring and distribution of, the following funding instruments: Eurobonds; Convertible Bonds (joint-venture with ECM); Euro-Commercial Paper; Liability Management; and Islamic Financing.

The Issuer's DCM team works in collaboration with the domestic Russian DCM team of VTB Capital which specialises in executing Rouble denominated domestic bond issuance in Russia.

Treasury

The Treasury function of the Issuer does not operate as a business in as much as it does not have a revenue budget and does not take a trading approach to its daily activity. Rather, Treasury is charged with managing the liquidity and liquidity risk of the Issuer's business, managing the structural foreign exchange and interest rate risks of the balance sheet, maintaining relationships with Financial Institutions, and Rating Agencies developing and implementing the Issuer's liquidity pricing models and managing the Issuer's interest rate risk at the short end of the yield curve.

The Issuer does not seek to take interest rate risk on its banking book and, therefore, all loans are match-funded or, in the case of fixed-rate loans, the subject of interest rate hedges, with funding costs charged directly to the business.

Support and Control

Support and Control functions include: Risk Management; Finance; Information Technology; Human Resources; Business Support Services; Compliance; Internal Audit; Legal; Corporate & Real Estate Services and Global Communications & Marketing.

The Support and Control function is structured and managed on both a global (VTB Capital) and local (VTBC and VTBC CJSC) basis.

In 2011, as in previous years, in addition to the normal scope of work, the Support and Control function had an involvement in a number of major projects. These included the ongoing enhancement of VTBC infrastructure, both physical and human resources, to support the investment banking business. This will continue in 2012.

DIRECTORS AND SENIOR MANAGEMENT

Chairman of the Board

Herbert Moos

Executive Directors

Atanas Stefanov Bostandjiev
Chief Executive Officer

Nicholas Jonnathan Marc Hutt
Chief Financial Officer, UK and International

Roger Poindexter Munger
Global Head of Legal and Compliance and Company Secretary

Oleg Pankratov
Co Head of Global Banking

Vladimir Sokolov
Deputy CEO and Head of Europe

Non-Executive Directors

David Mark Brawn

Sergey Dubinin

Anthony David Loehnis

Julian M Simmonds

Senior Management

David Patrick Campbell
Global Head of Internal Audit

David Patrick Fortune
Global Co-head of Business Support Services

Roy Linnell
Global Head of Treasury
Sue Maple
Global Head of Human Resources

Nicholas Joseph
Global Chief Risk Officer

Peter Mark Richardson
*Global Head of Equity Derivatives and
Head of Global Markets, International*

Stephen Graham Rice
Chief Operating Officer, UK and International

Singapore Branch

Judy Lim
Chief Executive Officer

Chief Operating Officer

Dubai Branch

Makram Abboud
CEO Middle East & Africa

Kenneth Tan Wong
Chief Operating Officer

The business address for each of the directors and senior management listed above is VTB Capital plc, 14 Cornhill, London EC3V 3ND, United Kingdom.

There are no potential conflicts of interest between any duties to the Issuer and their private interests or other duties of the directors and senior management of the Issuer.

DESCRIPTION OF THE EPN SECURITY, SEGREGATED SECURITY AND NON-SEGREGATED SECURITY

Secured Equity Participation Notes – EPN Security

The obligations of the Issuer to the Securityholders of each Series of Secured EPNs are secured pursuant to the English law governed Trust Deed by a first fixed charge granted in favour of the Trustee by the Issuer over the entire issued share capital of the EPN Security Subsidiary. The Securityholders in respect of each Series of Secured EPNs shall share the benefit of such security on a *pari passu* basis with the Securityholders of each other Series of Secured EPNs outstanding.

EPN Security Subsidiary

Angle Capital Limited (the "**EPN Security Subsidiary**") was incorporated in The British Virgin Islands as a company with limited liability under the laws of the British Virgin Islands on 12 June 2012 with business company number 1717428 for an unlimited duration. The EPN Security Subsidiary has no subsidiaries.

Pursuant to the Articles of Association of the EPN Security Subsidiary, there are no limitations on the businesses or activities that may be carried on, or undertaken, the acts that may be done, or the transactions that may be entered into by the EPN Security Subsidiary.

The sole shareholder of the EPN Security Subsidiary is VTB Capital plc.

The EPN Security Subsidiary is authorised to issue a maximum of 50,000 shares of no par value of one class and has issued one share to VTB Capital plc for a consideration of US\$1.00.

(a) Registered Office

The registered office of the EPN Security Subsidiary is at Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands. The telephone number of the registered office is +1 284 494 2616.

(b) Management

F.M.C. Limited is the sole director of the EPN Security Subsidiary and is responsible for the management of the EPN Security Subsidiary pursuant to the agreement for the provision of registered agent/office and directorship services dated on or about 27 June 2012 between VTB Capital plc, TMF (B.V.I.) Ltd., F.M.C. Limited and the EPN Security Subsidiary (the "**EPN Security Subsidiary Administration Agreement**") and the laws of the British Virgin Islands. The principal activity of F.M.C. Limited is the provision of corporate directorship services. The EPN Security Subsidiary Administration Agreement may be terminated:

- (i) by VTB Capital plc, TMF (B.V.I.) Ltd. or F.M.C. Limited (giving at least three months' notice);
- (ii) by TMF (B.V.I.) Ltd. with immediate effect if and when the course of affairs of the EPN Security Subsidiary is such that TMF (B.V.I.) Ltd. cannot reasonably be expected to continue to act as the registered agent or provide the EPN Security Subsidiary with a registered office;
- (iii) by F.M.C. Limited with immediate effect if and when the course of affairs of the EPN Security Subsidiary is such that F.M.C. Limited cannot reasonably be expected to continue to act as director; or

- (iv) by VTB Capital plc with immediate effect by notice in writing to TMF (B.V.I.) Ltd. and F.M.C. Limited and in the case of a material breach by TMF (B.V.I.) Ltd. or F.M.C. Limited of the terms of the EPN Security Subsidiary Administration Agreement, not remedied within 30 days after VTB Capital plc has given notice in writing to TMF (B.V.I.) Ltd. and F.M.C. Limited requiring remedy of such breach.

F.M.C. Limited has a place of business at Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands. In the event that F.M.C. Limited ceases to act as director (for whatever reason), an appropriate replacement will need to be put in place at the relevant time.

(c) Sole director

The sole director of the EPN Security Subsidiary is as follows:

Name	Address
F.M.C. Limited	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands

The sole director of the EPN Security Subsidiary may engage in other activities and have other interests which may conflict with the interests of the EPN Security Subsidiary.

(d) Management of the sole director

The directors of F.M.C. Limited, their respective business addresses and other principal activities as at the date hereof are:

Name	Business Address	Principal Activities
Nicholas Lane	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	Director
Linda Romney-Leue	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	Director
Selina O'Neal	Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands	Director

(e) Financial Statements and Auditors

Since its date of incorporation, the EPN Security Subsidiary has not commenced operations or undertaken any activities (other than those incidental to its incorporation and the authorisation, execution, delivery and performance of the other documents to which it is or will be a party relating to the Secured EPNs and matters which are incidental or ancillary to the foregoing) and no financial statements of the EPN Security Subsidiary have been prepared. The EPN Security Subsidiary will prepare annually and publish audited financial statements, with explanatory notes. These financial statements will be available at the EPN Security Subsidiary's registered office for inspection by Noteholders. The first financial year of the EPN Security Subsidiary ends on 31 December 2012.

The EPN Security Subsidiary will not prepare interim financial statements unless required to do so under applicable law.

The auditors of the EPN Security Subsidiary are Ernst & Young.

(f) Business of the EPN Security Subsidiary

Subject as provided below, the sole business of the EPN Security Subsidiary is to purchase the share(s) or global depositary receipt(s) in relation to each Series of Secured EPNs as specified in the Final Terms in respect of each Series.

The EPN Security Subsidiary may also purchase and hold Secured EPNs from the Issuer as part of the distribution process of Secured EPNs prior to their onward sale to third parties. The Issuer shall provide the EPN Security Subsidiary with the funds to purchase such Secured EPNs pursuant to the EPN TRS. In consideration for such funding, the EPN Security Subsidiary shall make the payments and deliveries to the Issuer specified in the EPN TRS. See "*Description of the EPN & Non-segregated TRS*".

The EPN Security Subsidiary shall use the funds received by it on the sale of the Secured EPNs to the Dealers, pursuant to their onward sale to third party purchasers, to purchase the share(s) or global depositary receipt(s) linked to such Series of Secured EPNs.

The EPN Security Subsidiary shall enter into arrangements with the Issuer pursuant to which, prior to the occurrence of an Event of Default in respect of the Secured EPNs, the Issuer shall assist the EPN Security Subsidiary in respect of the discharge of its obligation to purchase and sell Shares and GDRs pursuant to the terms of the Principal Trust Deed.

(g) Covenants in the Principal Trust Deed

The EPN Security Subsidiary has covenanted in the Principal Trust Deed for the benefit of the Trustee that it shall, *inter alia*:

- (i) not make any payment nor transfer any asset, save in respect of (a) the purchase or sale of any Secured EPN, (b) subject to (iii) below, the purchase or sale of any Share or GDR or (c) as otherwise provided in the EPN TRS;
- (ii) not create or permit to exist upon or affect any of its assets, any encumbrance or any other security interest whatsoever other than as contemplated by the Principal Trust Deed;
- (iii) in respect of each Series of Secured EPNs, hold the legal or beneficial ownership in respect of the Shares or Number of GDRs specified in the relevant Final Terms in relation to such Series multiplied by a fraction equal to:

(A)

- I. the aggregate principal amount outstanding of such Series of Secured EPNs that are VTB Secured Notes Held;
- II. the aggregate principal amount outstanding of such Series of Secured EPNs;
minus

divided by

- (B) the aggregate principal amount outstanding of such Series of Secured EPNs;

- (iv) procure that the assets held by it are at all times held in safe custody; and
- (v) not, without the prior written consent of the Trustee, give any guarantee or indemnity.

"VTB Secured Notes Held" means, in respect of any Series, those Secured Notes of such Series held by or on behalf of the Issuer, any Affiliate of the Issuer, the EPN Security Subsidiary, the Non-segregated Security Subsidiary or the Segregated Security Provider (as applicable) other than those held by the Issuer or any Affiliate of the Issuer from time to time (i) on behalf of an entity other than the Issuer or an Affiliate of the Issuer or (ii) for the purpose of proprietary trading.

Segregated Secured N&C Securities – Segregated Security

The obligations of the Issuer to the Securityholders of a Series of Segregated Secured N&C Securities shall be, unless otherwise specified in the relevant Final Terms, secured by the Segregated Security Provider pursuant to the Segregated Supplemental Trust Deed in respect of such Series by encumbrances governed by English law, and such further encumbrances as may be created in respect of a Series of Segregated Secured N&C Securities and which are governed by the law of any other relevant jurisdiction, granted in favour of the Trustee over the assets specified in the Final Terms.

The Issuer has covenanted in the Principal Trust Deed for the benefit of the Trustee that it shall procure that the Segregated Security Provider shall, *inter alia*:

- (a) not make any payment nor transfer any asset, save in respect of (i) the purchase or sale of any Segregated Secured N&C Security or (ii) subject to (c) below, the purchase or sale of any Segregated Charged Asset;
- (b) not create or permit to exist upon or affect any of its assets, any encumbrance or any other security interest whatsoever other than as contemplated by the Trust Deed or any Segregated Security Documents;
- (c) in respect of each Series of Segregated Secured N&C Securities, hold the legal and beneficial ownership in respect of the Number of Segregated Charged Assets specified in the relevant Final Terms in relation to such Series multiplied by a fraction equal to:

(A)

- (i) the aggregate principal amount outstanding of such Series of Segregated Secured N&C Securities; *minus*
- (ii) the aggregate principal amount outstanding of such Series of Segregated Secured N&C Securities that are VTB Secured Notes Held;

divided by

(B) the aggregate principal amount outstanding of such Series of Segregated Secured N&C Securities;

- (d) procure that the assets held by it are at all times held in safe custody; and
- (e) not, without the prior written consent of the Trustee, give any guarantee or indemnity.

Segregated Security Provider

The Segregated Security Provider in respect of each Series of Segregated Secured N&C Securities will be specified in the applicable Final Terms. Disclosure in respect of the Segregated Security Provider equivalent to that provided in this Base Prospectus in respect of the EPN Security Subsidiary shall be provided in a supplement to this Base Prospectus on or prior to the issuance of any Series of Segregated Secured N&C Securities in respect of which such entity is specified as Segregated Security Provider.

Non-segregated Secured N&C Securities – Non-Segregated Security

The obligations of the Issuer to the Securityholders of each Series of Non-segregated Secured N&C Securities will be secured by Encumbrances granted in favour of the Trustee pursuant to the Non-segregated Supplemental Trust Deed by the Issuer over the entire issued share capital of the Non-segregated Security Subsidiary. The Securityholders in respect of each Series of Non-segregated Secured N&C Securities shall share the benefit of the Non-segregated Security on a *pari passu* basis with the Securityholders of each other Series of Non-segregated Secured N&C Securities outstanding in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series.

Non-segregated Security Subsidiary

The Non-segregated Security Subsidiary in respect of each series of Non-segregated Secured N&C Securities will be specified in the applicable Final Terms. Disclosure in respect of the Non-segregated Security Subsidiary equivalent to that provided in this Base Prospectus in respect of the EPN Security Subsidiary shall be provided in a supplement to this Base Prospectus on or prior to the issuance of any Series of Non-segregated Secured N&C Securities in respect of which such entity is specified as Non-segregated Security Subsidiary.

Subject as provided below, the sole business of the Non-segregated Security Subsidiary will be to purchase Non-segregated Reference Assets in relation to each Series of Non-segregated Secured N&C Securities in the quantity per Non-segregated Secured N&C Security specified in the Final Terms in respect of each Series.

The Non-segregated Security Subsidiary may also purchase and hold Non-segregated Secured N&C Securities from the Issuer as part of the distribution process of Non-segregated Secured N&C Securities prior to their onward sale to third parties. The Issuer shall provide the Non-segregated Security Subsidiary with the funds to purchase such Non-segregated Secured N&C Securities pursuant to the Non-segregated TRS. In consideration for such funding, the Non-segregated Security Subsidiary shall make the payments and deliveries to the Issuer specified in the Non-segregated TRS. See "*Description of the EPN TRS & Non-segregated TRS*".

The Non-segregated Security Subsidiary shall use the funds received by it on the sale of the Non-segregated Secured N&C Securities to the Dealers, pursuant to their onward sale to third party purchasers, to purchase the Non-segregated Reference Assets linked to such Series of Non-segregated Secured N&C Securities, in the quantity per Non-segregated Secured N&C Security specified in the Final Terms. If the Non-segregated Security Subsidiary does not purchase a Series of Non-segregated Secured N&C Securities from the Issuer as part of the distribution process, the Issuer shall be required pursuant to the Non-segregated TRS to fund the Non-segregated Security Subsidiary in respect of its purchase of the Non-segregated Reference Assets of such Series.

The Non-segregated Security Subsidiary shall enter into arrangements with the Issuer pursuant to which, prior to the occurrence of an Event of Default in respect of the Non-segregated Secured N&C Securities, the Issuer shall assist the Non-segregated Security Subsidiary in respect of the discharge of its obligation to purchase and sell Non-segregated Reference Assets pursuant to the terms of the Principal Trust Deed.

The Issuer has covenanted in the Principal Trust Deed for the benefit of the Trustee that it shall procure that the Non-segregated Security Subsidiary shall, *inter alia*:

- (i) not make any payment nor transfer any asset, save in respect of (a) the purchase or sale of any Non-segregated Secured N&C Security, (b) subject to (iii) below, the purchase or sale of any Non-segregated Reference Asset or (c) or as otherwise provided in the relevant Non-segregated TRS;
- (ii) not create or permit to exist upon or affect any of its assets, any encumbrance or any other security interest whatsoever other than as contemplated by the Trust Deed;
- (iii) in respect of each Series of Non-segregated Secured N&C Securities, hold legal or beneficial ownership in respect of the Number of Non-segregated Reference Assets specified in the relevant Final Terms in relation to such Series multiplied by a fraction equal to:

(A)

- I. the aggregate principal amount outstanding of such Series of Non-segregated Secured N&C Securities; *minus*
- II. the aggregate principal amount outstanding of such Series of Non-segregated Secured N&C Securities that are VTB Secured Notes Held;

divided by

- (B) the aggregate principal amount outstanding of such Series of Non-segregated Secured N&C Securities;

- (iv) procure that the assets held by it are at all times held in safe custody; and
- (v) not, without the prior written consent of the Trustee, give any guarantee or indemnity.

Enforcement of the EPN Security, the Segregated Security and the Non-segregated Security

The EPN Security, the Segregated Security and the Non-segregated Security (as applicable) in relation to any Series shall become enforceable upon the Trustee giving an Acceleration Notice to the Issuer subsequent to an Event of Default.

If an Acceleration Notice is delivered in respect of any Series of Secured EPNs or Non-segregated Secured N&C Securities (as applicable), an Event of Default will be deemed to have occurred (i) in respect of Secured EPNs, in respect of all Series of Secured EPNs and (ii) in respect of Non-segregated Secured N&C Securities, in respect of all Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as a Non-segregated Security Subsidiary in the applicable Final Terms for such Series, and such Acceleration Notice will be a valid Acceleration Notice sent in respect of all such Series of Secured EPNs or Non-segregated Secured N&C Securities (as applicable).

The Trustee shall not be bound to give any Acceleration Notice, or take any steps or institute any proceedings to enforce the EPN Security, the Segregated Security or the Non-segregated Security (as applicable) or to enforce payment of any amount due and payable in respect of the Secured Equity EPNs, or the Secured N&C Securities of any Series unless it has been indemnified, secured and/or prefunded to its satisfaction or unless respectively directed or requested to do so (a) by an Extraordinary Resolution of or (b) in writing by the holders of at least one-fifth in aggregate principal amount or the number of units of:

- (a) in respect of the Secured EPNs, each and all Series of Secured EPNs then outstanding;

- (b) in respect of the Non-segregated Secured N&C Securities, each and all Series of the Non-Segregated Secured N&C Securities then outstanding in respect of which the same entity has been specified as Non-segregated Security Subsidiary in the applicable Final Terms for such Series; and
- (c) in respect of the Segregated Secured N&C Securities, the Segregated Secured N&C Securities outstanding of such Series,

and in each case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing.

Only the Trustee may enforce the provisions of the Secured EPNs and the Secured N&C Securities and no Securityholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

Following delivery of an Acceleration Notice, a Series of Secured Notes shall redeem at an amount equal to the sale proceeds of the Share(s) and/or GDR(s) (in respect of a Series of Secured EPNs), Segregated Underlying Assets (in respect of a Series of Segregated Secured N&C Securities) or Non-segregated Reference Assets (in respect of a Series of Non-segregated Secured N&C Securities) held by the EPN Security Subsidiary, Segregated Security Provider or Non-segregated Security Subsidiary (as applicable) in respect of such Series (less any costs, expenses and liabilities that the Trustee, any selling agent or any person acting on their behalf incurs in respect of such sale).

Such sale proceeds shall be applied by the Trustee in the following manner:

- (a) *firstly*, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Trustee or any appointee or receiver in preparing and executing the trusts under the Principal Trust Deed (including any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);
- (b) *secondly, pro-rata and pari passu*, in payment or satisfaction of the due but unpaid fees, costs, charges, expenses of the Principal Paying Agent, any Paying Agent and the Calculation Agent;
- (c) *thirdly, pro-rata and pari passu* in meeting the claims (if any) of:
 - (i) in respect of the Secured EPNs, the holders of the outstanding Secured EPNs of all Series;
 - (ii) in respect of the Segregated Secured N&C Securities, the holders of the outstanding Segregated Secured N&C Securities of the relevant Series; and
 - (iii) in respect of the Non-segregated Secured N&C Securities, the holders of outstanding Non-segregated Secured N&C Securities of all Series of Non-segregated Secured N&C Securities in respect of which the same entity is specified as Non-segregated Security Subsidiary in the applicable Final Terms; and
- (d) *fourthly*, in payment of the balance (if any) to the Issuer.

For the purposes of (c) above, any Secured Notes that are VTB Secured Notes Held are not outstanding and therefore the holder of any such VTB Secured Note Held shall not receive payment in respect of such Secured Note following the delivery of an Acceleration Notice as the EPN Security Subsidiary, the

Segregated Security Provider and the Non-segregated Security Provider are not required, pursuant to the Principal Trust Deed, to hold any Shares, GDRs, Segregated Charged Assets or Non-segregated Reference Assets (as applicable) in respect of any Secured Notes that are VTB Secured Notes Held.

DESCRIPTION OF THE EPN TRS & NON-SEGREGATED TRS

EPN TRS

In relation to the Secured EPNs, the Issuer has entered into a 2002 ISDA Master Agreement dated on or about 27 June 2012 and a swap transaction thereunder documented by a confirmation dated on or about 27 June 2012 with the EPN Security Subsidiary (together, the "EPN TRS").

The EPN TRS provides for the following payments and deliveries to be made by the Issuer and the EPN Security Subsidiary:

Payments by the Issuer

Pursuant to the terms of the EPN TRS, the Issuer shall pay to the EPN Security Subsidiary an amount equal to the issue price of any Secured EPNs to be subscribed for by the EPN Security Subsidiary.

Payments and deliveries by the EPN Security Subsidiary

Pursuant to the terms of the EPN TRS, the EPN Security Subsidiary shall make the following payments and deliveries:

- (a) The EPN Security Subsidiary shall pay and/or deliver to the Issuer an amount equal to (i) any dividends or distributions received by the EPN Security Subsidiary in respect of the Shares and/or GDRs held by it on any day in respect of a Series of Secured EPNs and (ii) any payment or delivery received by the EPN Security Subsidiary on such day in respect of any Secured EPNs held by the EPN Security Subsidiary.
- (b) The EPN Security Subsidiary shall deliver to the Issuer on the Early Redemption Date or Maturity Date in respect of a Series of Secured EPNs, the Share(s) or GDR(s) specified in any Secured EPN Physical Settlement Notice received by Party A from a Securityholder and provided to Party B by Party A or, if Physical Settlement is applicable in respect of all Secured EPNs of a Series, all of the Shares and GDRs held by the EPN Security Subsidiary in respect of such Series.
- (c) The EPN Security Subsidiary shall pay to the Principal Paying Agent on the direction of the Issuer on the Early Redemption Date or Maturity Date in respect of a Series of Secured EPNs, an amount equal to the aggregate Early Redemption Amount or Final Redemption Amount payable in respect of any outstanding Secured EPNs of such Series to be settled by Cash Settlement.

The core provisions of the EPN TRS are as follows:

- (a) In the event that any deduction or withholding is required to be made in respect of any payment to be made under the EPN TRS pursuant to any applicable law, then, if such payment is to be made by the Issuer, the Issuer shall pay to the EPN Security Subsidiary such additional amount as is necessary to ensure that the net amount actually received by the EPN Security Subsidiary will equal the full amount that the EPN Security Subsidiary would have received had no such deduction or withholding been required. If such payment is to be made by the EPN Security Subsidiary, the EPN Security Subsidiary shall not be required to gross-up any such payment to the Issuer.
- (b) The EPN TRS is capable of termination at the option of the Issuer or the EPN Security Subsidiary upon the occurrence of (i) a failure to pay or deliver or bankruptcy event of default or (ii) the delivery by the Trustee to the Issuer of an Acceleration Notice in respect of a Series of Secured EPNs. The occurrence of a bankruptcy event of default in respect of the Issuer or the delivery of an Acceleration Notice shall lead to the automatic early termination of the EPN TRS. The other

standard events of default and termination events applicable in respect of a 2002 ISDA Master Agreement have been disappplied for the purposes of the EPN TRS.

- (c) Following the occurrence of an event of default or a termination event under the EPN TRS (as described above), all payment obligations under the EPN TRS shall cease and shall be replaced by a single payment obligation from the EPN Security Subsidiary to the Issuer which represents the potential cost to the Issuer of replacing the economic value of the EPN TRS. It shall be a condition precedent to the payment of any such early termination amount to the Issuer upon the early termination of the EPN TRS that one year and one day shall have passed since the date on which the last outstanding Series of Secured EPNs has redeemed in full and no amounts remain outstanding in respect thereof.
- (d) The EPN TRS is governed by English law.

The Issuer has covenanted in the Principal Trust Deed not to make any amendment to the terms of the EPN TRS without the prior written consent of the Trustee if such amendment would be materially prejudicial to the interests of the Securityholders.

Non-segregated TRS

On or prior to the issuance of the Non-segregated Secured N&C Securities, the Issuer shall enter into a 2002 ISDA Master Agreement and a swap transaction thereunder documented by a confirmation with the Non-segregated Security Subsidiary in respect of the Non-segregated Secured N&C Securities substantially in the form of the EPN TRS described above and which shall provide for the Non-segregated Security Subsidiary to be funded in respect of its purchase of the Non-segregated Reference Assets.

TAXATION

The following comments are of a general nature, are based on the Issuer's understanding of current law and practice and are included in this document solely for information purposes. These comments are not intended to be, nor should they be regarded as, legal or tax advice. The precise tax treatment of a holder of a Security will depend for each issue on the terms of the Securities as specified in the Terms and Conditions, as amended and supplemented by the applicable Final Terms under the law and practice at the relevant time. Prospective holders of Securities should consult their own tax advisers in all relevant jurisdictions to obtain advice about their particular tax treatment in relation to such Securities.

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of Securities and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of the Securities. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Securities. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The UK tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. Prospective holders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

N&C Securities

Payment of Interest on the N&C Securities

The Issuer, Provided That it continues to be a bank for the purposes of section 991 of the Income Tax Act 2007 ("ITA 2007") and Provided That the interest on the N&C Securities is paid in the ordinary course of its business within the meaning of section 878 of ITA 2007, will be entitled to make payments of interest without withholding or deduction for or on account of United Kingdom income tax. Interest will not be regarded as being paid in the ordinary course of business where the borrowing relates to the capital structure of the Bank. The borrowing will be regarded as relating to the capital structure of the Bank if it conforms to any of the definitions of tier 1, 2 or 3 capital adopted by the UK Financial Services Authority, whether or not the borrowing actually counts towards tier 1, 2 or 3 capital for regulatory purposes.

Payments of interest on the N&C Securities may be made without deduction of or withholding on account of United Kingdom income tax Provided That the N&C Securities continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of ITA 2007. The Luxembourg Stock Exchange is a recognised stock exchange. The N&C Securities will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Provided, therefore, that the N&C Securities remain so listed, interest on the N&C Securities will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the N&C Securities may also be paid without withholding or deduction on account of United Kingdom tax where interest on the N&C Securities is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the N&C Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; Provided That HM Revenue and Customs ("HMRC") has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not

available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the N&C Securities may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the N&C Securities is less than 365 days and these N&C Securities do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days. HMRC issued a consultation document on 27 March 2012 entitled "*Possible changes to income tax rules on interest*", in which the United Kingdom Government has invited views on repealing this exemption from the obligation to withhold or deduct for or on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the N&C Securities on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a holder of N&C Securities, HMRC can issue a notice to the Issuer to pay interest to the holder of N&C Securities without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

W&C Securities

Payments in respect of the W&C Securities

Payments made in respect of the W&C Securities may be made without deduction or withholding for or on account of United Kingdom income tax where such payments are not regarded either as interest or as annual payments for United Kingdom tax purposes.

Reporting of information in respect of the Securities

Securityholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Securityholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Securities which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC's published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2013. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**Directive**") on the taxation of savings income (which has been implemented into UK law), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

LUXEMBOURG TAXATION

The following summary is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Securities should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(a) Non-resident holders of the Securities

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the "**Laws**") mentioned below, there is no withholding tax on payments of principal, premium, any additional amounts or interest made to non-resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by non-resident holders of Securities.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "**Territories**"), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Securities coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

(b) Resident holders of the Securities

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the "**Law**"), there is no withholding tax on payments of principal, premium, any additional amounts or interest made to Luxembourg resident holders of Securities, nor on accrued but unpaid interest in respect of Securities, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Securities held by Luxembourg resident holders of Securities.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime) will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Payments of interest under the Securities coming within the scope of the Law would be subject to withholding tax of 10 per cent.

NOTICE TO PURCHASERS AND HOLDERS OF SECURITIES AND TRANSFER RESTRICTIONS

Each purchaser of Securities of any series, or interests therein or Entitlement with respect thereto, will, by its purchase of such Securities of any series, or interests therein or Entitlement with respect thereto, be deemed to acknowledge, represent and agree as follows:

- (a) it is not a U.S. Person (as defined below) and it is not located in the United States (as defined below) and was not solicited to purchase the any Securities of any series, or interests therein or Entitlement with respect thereto, as applicable, while present in the United States;
- (b) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Securities of any series, or interests therein or Entitlement with respect thereto, as applicable, of such series so purchased in the United States or to, or for the account or benefit of, any U.S. Person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any, U.S. Person;
- (c) it is not purchasing any Securities of any series, or interests therein or Entitlement with respect thereto, as applicable, of such series for the account or benefit of any U.S. Person;
- (d) it will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of any Securities of any series, or interests therein or Entitlement with respect thereto, as applicable, of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person;
- (e) that trading in the Securities has not been and will not be approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act, as amended (the "**Commodity Exchange Act**");
- (f) that it will send each person who purchases any Securities of any series, or interests therein or Entitlement with respect thereto, from it a written confirmation (which shall include the definitions of "United States" and "U.S. Person" set forth below) stating that the Securities have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), that trading in the Securities has not been approved by the CFTC under the Commodity Exchange Act and stating that such purchaser agrees that it will not at any time offer, sell, resell or deliver any of such Securities of any series, or interests therein or Entitlement with respect thereto, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person;
- (g) that no U.S. Person or person in the United States may at any time trade or maintain a position in the Securities of any series, or interests therein or Entitlement with respect thereto, and that a person entitled to receive an interim payment or exercising (or entitled to receive any amount at maturity or exercise under) the Securities of any series, or interests therein or Entitlement with respect thereto, will be required to certify that neither it nor the beneficial owner of the Securities, or interests therein or Entitlement with respect thereto, is a U.S. Person or is located in the United States;
- (h) that any person redeeming or exercising Securities of any series, or interests therein or Entitlement with respect thereto, as applicable, will be required to represent that neither it nor the beneficial owner of the instrument on whose behalf it is acting is a U.S. Person; and

- (i) that Securities will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"Neither the Securities nor the Entitlement, if any, have been or will be registered under the United States Securities Act of 1933, as amended ("**Securities Act**") or any state securities laws, and the Securities may not be exercised, offered, sold, transferred or delivered within the United States or to, or for the account or benefit of, any U.S. Person as defined in Rule 902(k) of Regulation S under the Securities Act. Furthermore, trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act, as amended (the "**CEA**") and no person that does not meet the definition of "non-United States person" in CFTC Rule 4.7 promulgated under the CEA may at any time trade or maintain a position in the Securities.

THIS SECURITY MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FINAL TERMS REFERRED TO HEREIN AND A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND SHALL BE DELIVERED TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED.

THE HOLDER OF THIS SECURITY SHALL BE DEEMED TO HAVE REPRESENTED WITH RESPECT TO ITSELF AND ANY ACCOUNT FOR WHICH IT IS PURCHASING THAT IT AND ANY HOLDER OF SUCH ACCOUNT IS NOT A U.S. PERSON AS DEFINED IN RULE 902(k) OF REGULATION S UNDER THE SECURITIES ACT AND IS A "NON-UNITED STATES PERSON" AS DEFINED IN CFTC RULE 4.7 PROMULGATED UNDER THE CEA. IF AT ANY TIME THE ISSUER SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED THAT THE HOLDER OF ANY INTEREST IN THIS SECURITY WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT GIVEN BY SUCH HOLDER, THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID *AB INITIO* AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A **DISQUALIFIED TRANSFEREE**) AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF TRANSFER OF SUCH INTEREST BY SUCH HOLDER.

IF REQUESTED BY THE ISSUER, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS SECURITIES IS PERMISSIBLE.

THIS SECURITY AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFER OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS SECURITY, THE PURCHASER THEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT."

and

- (j) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Securities of any series, or interests therein or Entitlement with respect thereto as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with

respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

As used herein:

"United States" 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.

"U.S. Person" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons; or (vii) any other "U.S. Person" as such term may be defined in Rule 902 (k) of Regulation S under the Securities Act or in regulations adopted under the Commodity Exchange Act.

OFFERING AND SALE

The Initial Dealer has entered into an amended and restated programme agreement dated on or about 27 June 2012 (as the same may be amended or supplemented, from time to time, in accordance with the terms thereof, the "**Programme Agreement**"), with the Issuer which sets forth a basis upon which it may from time to time agree to purchase the Securities. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of Securities under the Programme. In addition, the Issuer may, from time to time, issue Securities to parties other than a Dealer, on terms as it may agree from time to time.

In order to facilitate the offering of any Tranche of the Securities, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Securities during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Securities for their own account by selling more Securities than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Securities in the open market. In addition, such persons may stabilise or maintain the price of the Securities by bidding for or purchasing Securities in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Securities are reclaimed if Securities previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Securities at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Securities to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under U.K. laws and regulations stabilising activities may only be carried on by the Stabilising Manager named in the applicable Final Terms (or persons acting on its behalf) and only for a limited period following the Issue Date of the relevant Tranche of Securities.

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

SELLING RESTRICTIONS

UNITED STATES

Neither the Securities of any series nor the Entitlement (if any), have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws, and trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act, as amended (the "**Commodity Exchange Act**"). The Issuer has not been nor will be registered as an investment company pursuant to an exemption from the registration requirements of the United States Investment Company Act of 1940, as amended and the rules thereunder.

No Securities of any series, or interests therein or Entitlement with respect thereto, may at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction (the "**United States**") or directly or indirectly offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered to, or for the account or benefit

of, any person who is (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being non-U.S. Persons; or (vii) any other "U.S. Person" as such term may be defined in Rule 902 (k) of Regulation S under the Securities Act or in regulations adopted under the Commodity Exchange Act (a "**U.S. Person**").

Offers, sales, resales or deliveries of Securities of any series, or interests therein or Entitlement with respect thereto, directly or indirectly, in the United States or to, or for the account or benefit of U.S. Persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. In addition, in the absence of relief from the CFTC, offers, sales, resales, trades or deliveries of Securities of any series, or interests therein or Entitlement with respect thereto, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons, may constitute a violation of United States law governing commodities trading. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery of any Securities of any series, or interests therein or Entitlement with respect thereto, made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person will not be recognised.

The Initial Dealer has further agreed and each further Dealer in respect of an issue of Securities will be required to agree that they will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Securities of any series, or interests therein or Entitlement with respect thereto, in the United States or to, or for the account or benefit of, any U.S. Person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. Person. The Issuer will also be required to notify all initial Holders, and require that such notice be repeated to all subsequent Holders, that every person exercising such Securities of any series, or interests therein or Entitlement with respect thereto, will be required to represent that neither it nor any person on whose behalf it is acting is a U.S. Person.

The Initial Dealer has further agreed and each further Dealer in respect of an issue of Securities will be required to agree that it, its affiliates, and any person acting on its or their behalf will not offer or sell the Securities at any time except in accordance with Rule 903 of Regulation S under the Securities Act, and that neither it, its affiliates, nor any persons acting on its or their behalf will engage in any directed selling efforts with respect to the Securities and it and they will comply with the offering restrictions requirements of Regulation S under the Securities Act. The terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Any person purchasing Securities of any series must agree with the relevant Dealer or the seller of such Securities that, *inter alia*, (i) it is not a U.S. Person and it is not located in the United States and was not solicited to purchase the Securities, as applicable, while present in the United States, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Securities, as applicable, of such series so purchased in the United States or to, or for the account or benefit of, any U.S. Person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of any, U.S. Person, (iii) it is not purchasing any Securities, as applicable, of such series for the account or benefit of any U.S. Person and (iv) it will not make offers, sales, resales, trades, pledges, exercises, redemptions, transfers or deliveries of any Securities, as applicable, of such series (otherwise acquired), directly or indirectly, in the

United States or to, or for the account or benefit of, any U.S. Person (see "*Notice to Purchasers and Holders of Securities and Transfer Restrictions*").

The Initial Dealer has agreed and each further Dealer in respect of an issue of Securities will also be required to agree, and any person purchasing Securities of any series must agree, to send each person who purchases any Securities of such series from it at or prior to confirmation of sale of any Securities, a written confirmation (which shall include the definitions of "United States" and "U.S. Persons" set forth herein) stating that the Securities have not been registered under the Securities Act or any state securities laws, and trading in the Securities has not been approved by the CFTC under the Commodity Exchange Act and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver Securities directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person.

Prior to the delivery of the Entitlement in respect of a Physical Delivery Security the holder thereof will be required to represent that, inter alia, he is not a U.S. Person, the Security was not exercised on behalf of a U.S. Person and no cash, and in the case of Physical Delivery Securities, no securities or other property have been or will be delivered within the United States or to, or the account or benefit of, a U.S. Person in connection with any exercise thereof (see "Terms and Conditions of the W&C Securities" and "Annex 9 to the Terms and Conditions – *Additional Terms and Conditions for Physical Delivery N&C Securities*").

Securities in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US Treasury regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and US Treasury regulations promulgated thereunder.

PUBLIC OFFER SELLING RESTRICTION UNDER THE PROSPECTUS DIRECTIVE

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (a) if the final terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, Provided That any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

Provided That no such offer of Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **"offer of Securities to the public"** in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU.

UNITED KINGDOM

The Initial Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

RUSSIAN FEDERATION

The Initial Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold or transferred or otherwise disposed of, and will not offer or sell or transfer or otherwise dispose of, any Securities (as part of their initial distribution or at any time thereafter) to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

As neither the issue of the Securities nor a securities prospectus in respect of the Securities has been, or is intended to be, registered with the Federal Service for Financial Markets of the Russian Federation, the Securities are not eligible for initial offering or public circulation in the Russian Federation and may not be offered in the Russian Federation in any way other than to Russian "qualified investors" (as defined under Russian law) in a manner that does not constitute "advertisement", "placement" or "public circulation" of the Securities in the Russian Federation.

Information set forth in this Base Prospectus is not an offer, advertisement or invitation to make offers, to sell, exchange or otherwise transfer the Securities in the Russian Federation or to or for the benefit of any Russian person or entity.

HONG KONG

Each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities (except for Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

SINGAPORE

Each Dealer has represented and agreed that, as this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Securities may not be circulated or distributed, nor may Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor (in the case of shares or debentures or units of shares or debentures) under Section 274 of the SFA, or (in the case of a business trust) Section 282Y of the SFA or (in the case of units of a real estate investment trust) Section 304 of the SFA; or
- (b) to a relevant person or any person pursuant to (in the case of shares or debentures or units of shares or debentures) Section 275(1A) of the SFA or (in the case of a business trust) Section 282Z(2) of the SFA, and in accordance with the conditions specified in (in the case of shares or debentures or units of shares or debentures) Section 275 of the SFA or (in the case of a business trust) Section 282Z of the SFA; or
- (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA; or
- (d) otherwise in accordance with any applicable provision of Singapore law.

Where the Securities are subscribed or purchased pursuant to an exemption under (in the case of shares or debentures or units of shares or debentures) Section 275 or (in the case of a business trust) Section 282Z of the SFA by:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interests in that trust shall not be transferable for six months after that corporation or that trust has acquired the Securities pursuant to an exemption under (in the case of shares or debentures or units of shares or debentures) Section 275 or (in the case of a business trust) Section 282Z of the SFA except:

- (I) (1) to an institutional investor under (in the case of shares or debentures or units of shares or debentures) Section 274 or (in the case of a business trust) Section 282Z of the SFA, or (2) to a relevant person pursuant to Section 275 or 282Z of the SFA or any person pursuant to (in the case of shares or debentures or units of shares or debentures) Section 275(1A) or (in the case of a business trust) Section 282Z(2) of the SFA, respectively and in accordance with the conditions, specified in Section 275 or (in the case of a business trust) Section 282Z of the SFA; or
- (II) where no consideration is or will be given for the transfer; or
- (III) where the transfer is by operation of law; or
- (IV) otherwise in accordance with any applicable provision of Singapore law.

GENERAL

The Initial Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes this Base Prospectus or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or delivery and neither the Issuer nor any of the other Dealers shall have no responsibility therefor.

Neither the Issuer nor the Dealers represent that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, nor assume any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

AUTHORISATION

The establishment of the Programme and the issue of Securities have been duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 20 August 2009.

The update of the Programme has been duly authorised by a resolution of the Board of Managing Directors of the Issuer dated 24 June 2012.

LISTING OF SECURITIES AND ADMISSION TO TRADING

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Securities (other than Secured Notes) issued under the Programme as described in this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

DOCUMENTS AVAILABLE

For the life of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of each Agent for the time being in London and Luxembourg:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2010 and 31 December 2011, in each case together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated accounts together with an unconsolidated balance sheet and associated notes on an annual basis in one consolidated document;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer together with the audit reports prepared in connection therewith. The Issuer does not currently prepare interim accounts;
- (iv) the Programme Agreement, the Agency Agreement, the Principal Trust Deed, each Supplemental Trust Deed, as the case may be, and the forms of the Global Securities, the Secured Global Securities, the Securities in definitive form, the Receipts, the Coupons and the Talons;
- (v) a copy of this Base Prospectus; and
- (vi) any future prospectuses, supplements, Final Terms (save that a Final Terms relating to a Security which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer and the Principal Paying Agent (in the case of N&C Securities) or Principal Security Agent (in the case of W&C Securities) as to its holding of Securities and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, each Final Terms relating to Securities which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at www.bourse.lu.

CLEARING SYSTEMS

The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Securities allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Securities are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

CONDITIONS FOR DETERMINING PRICE

The price and amount of Securities to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position, and no material adverse change in the financial position or prospects, of the Issuer since 31 December 2011.

LITIGATION

The Issuer is not, nor has been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the consolidated financial position or profitability of the Issuer.

AUDITORS

The auditors of the Issuer are Ernst & Young LLP of 1 More London Place, London SE1 2AF (a member of the Institute of Chartered Accountants), who have audited the Issuer's accounts without qualification, in accordance with the International Financial Reporting Standards for each of the two financial years ended on 31 December 2011. The auditors of the Issuer have no material interest in the Issuer.

POST-ISSUANCE INFORMATION

The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

DEALERS TRANSACTING WITH THE ISSUER AND OTHERS

Any further Dealer(s) appointed under the Programme (other than the Initial Dealer) and their affiliates may have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Segregated Security Provider, the Non-segregated Security Subsidiary or the EPN Security Subsidiary and their affiliates in the ordinary course of business.

ISSUER

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London EC3V 3ND
United Kingdom

INITIAL DEALER

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14 Cornhill
London EC3V 3ND
United Kingdom

TRUSTEE

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Listing Agent and Paying Agent/Security Agent

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