



## Base Prospectus

**CITIGROUP FUNDING INC.**  
(incorporated in Delaware)

**U.S.\$30,000,000,000 Euro Medium Term Note and Certificate Programme**  
**unconditionally and irrevocably guaranteed by**

**CITIGROUP INC.**  
(incorporated in Delaware)

Under the Euro Medium Term Note and Certificate Programme (the **Programme**) described in this Base Prospectus, Citigroup Funding Inc. (the **Issuer**) may from time to time issue notes (the **Notes**) and certificates (the **Certificates** and, together with the Notes, the **Securities**), subject to compliance with all relevant laws, regulations and directives. The aggregate principal amount of Notes outstanding will not at any time exceed U.S.\$30,000,000,000 (or the equivalent in other currencies), subject to any increase described herein. The payment and delivery of all amounts due in respect of the Securities will be unconditionally and irrevocably guaranteed by Citigroup Inc. (the **Guarantor**).

Unless the Final Terms in respect of any Notes specify that such Notes are guaranteed by the U.S. Federal Deposit Insurance Corporation (**FDIC**), such Notes will not be insured or guaranteed by FDIC or any other governmental agency or instrumentality.

Each of the Issuer and the Guarantor has a right of substitution as set out in the Terms and Conditions of the Securities set out herein.

Securities may be issued on a continuing basis to the Dealer specified under the "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**) which appointment may be for a specific issue or on an ongoing basis. In relation to each issue of Securities the Dealer(s) will be specified in the applicable Final Terms. However, the Issuer reserves the right to sell Securities directly on its own behalf to other entities and to offer Securities in specified jurisdictions directly to the public through distributors, in accordance with all applicable rules and regulations. The Securities may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Issuer or the relevant Dealer. The Certificates may also be sold by the Issuer through the Dealer(s), acting as agent of the Issuer.

Securities may be issued whose return (whether, in the case of Notes, in respect of any interest payable on such Notes and/or their redemption amount or, in the case of Certificates, in respect of any amount payable thereunder) is linked to one or more share indices (**Share Index Linked Notes** and **Index Linked Certificates**) or one or more inflation indices (**Inflation Index Linked Notes** and **Inflation Linked Certificates**) or one or more commodities (**Commodity Linked Notes** and **Commodity Linked Certificates**) or one or more shares (**Share Linked Notes** and **Share Linked Certificates**) or Notes may be issued whose return (whether in respect of any interest payable on such Notes and/or their redemption amount) is linked to one or more commodity indices (**Commodity Index Linked Notes**) one or more depositary receipts (**Depositary Receipt Linked Notes**) or one or more exchange traded fund (ETF) shares (**ETF Linked Notes**) or one or more mutual funds (**Mutual Fund Linked Notes**), together, **Underlying Linked Securities**, as more fully described herein. Securities may provide that settlement will be by way of cash settlement (**Cash Settled Securities**) or physical delivery (**Physical Delivery Securities**) as provided in the applicable Final Terms.

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

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the **CSSF**), which is the Luxembourg competent authority (the **Competent Authority**) for the purpose of Directive 2003/71/EC (the **Prospectus Directive**) and relevant implementing measures in Luxembourg, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with regard to the issue of Securities issued under the Programme during the period of twelve months after the date hereof. Applications have been made for such Securities to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. Application may be made for (1) Certificates issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Securitized Derivatives Market" organised and managed by Borsa Italiana S.p.A. (the **SeDeX**) and (2) Notes issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Bond Market" organised and managed by Borsa Italiana S.p.A. (the **MoT**) or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on or prior to the date of issue of any Certificates or Notes, as the case may be, or at all. The Issuer may make applications for a certificate of approval to be issued by the CSSF to the competent authority in one or more Member States.

References in this Base Prospectus to Securities being listed (and all related references) shall mean that such Securities are intended to be admitted to trading on the Luxembourg Stock Exchange's regulated market and are intended to be listed on the Official List of the Luxembourg Stock Exchange and/or listed on the Italian Stock Exchange and admitted to trading on SeDeX or on the MoT or on any other relevant market organised and managed by Borsa Italiana S.p.A. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC. As specified in the applicable Final Terms, an issue of Securities may or may not be listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange and/or the Italian Stock Exchange and/or any other stock exchange or market as may be agreed between the Issuer, the Guarantor and the relevant Dealer.

Each of the respective forms of the Final Terms is set out herein and will specify with respect to the issue of Securities to which it relates, *inter alia*, the specific designation of the Securities, the aggregate amount or number and type of the Securities, the date of issue of the Securities, the issue price, in the case of Notes, the interest provisions, (if any) and the redemption amount and, in the case of Certificates, the exercise price (if any) and the exercise period or exercise date and, in all cases as relevant, the underlying asset, index or other item(s) to which the Securities relate and certain other terms relating to the offering and sale of the Securities. The Final Terms supplements the Terms and Conditions of the relevant Securities and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions of the relevant Securities, supplement, replace and/or modify such Terms and Conditions. In respect of Securities to be listed on the Luxembourg Stock Exchange, the Final Terms will be filed with the CSSF and will be published on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

AN ISSUE OF SECURITIES MAY BE OF A SPECIALIST NATURE AND SHOULD ONLY BE BOUGHT AND TRADED BY INVESTORS WHO ARE PARTICULARLY KNOWLEDGEABLE IN INVESTMENT MATTERS.

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 may involve a high degree of risk, including, in the case of Notes, the principal not being protected or, in the case of Certificates,

the risk of their expiring worthless. Potential investors may sustain a total loss of the purchase price of their Securities. See "*Risk Factors*" set out herein.

Each Tranche of Notes in bearer form (**Bearer Notes**) will initially be represented by a temporary Global Note in bearer form (a **temporary Global Note**) which: (i) if the relevant temporary Global Note is intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and (ii) if the relevant temporary Global Note is not intended to be issued in NGN form, will be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or as otherwise agreed between the Issuer, the Guarantor and the relevant Dealer. Interests in a temporary Global Note will be exchangeable for, as indicated in the relevant Final Terms either interests in a permanent Global Note in bearer form (a **permanent Global Note**) or for definitive Bearer Notes, in any case on or after the date (the **Exchange Date**) which is the first day following the later of (x) 40 days after the later of the commencement of the offering of Notes of the relevant Tranche and the date of issue thereof (or, if later, the first day after the expiration of the "restricted period" within the meaning of the relevant U.S. Treasury regulations) (the **Initial Restricted Period**) and (y) if either the commencement of the offering of Notes of any other Tranche of the same Series or the date of issue thereof falls within the Initial Restricted Period, 40 days after the later of the commencement of the offering of such Tranche and the date of issue thereof, upon certification as to non-U.S. beneficial ownership. No interest will be payable in respect of a temporary Global Note except as described under "*Form of the Notes*" set out herein. Interests in a permanent Global Note will be exchangeable for definitive Bearer Notes as described in "*Form of the Notes*" set out herein.

Notes in registered form (**Registered Notes**) will be represented by registered note certificates (**Registered Note Certificates**), one Registered Note Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear and/or Clearstream, Luxembourg will be represented by a global Registered Note Certificate (a **Global Registered Note Certificate**) registered in the name of a nominee for Euroclear and/or Clearstream, Luxembourg and the Global Registered Note Certificate will be delivered to the appropriate depositary. Interests in a Global Registered Note Certificate will be exchangeable for definitive Registered Note Certificates as described under "*Form of the Notes*" set out herein.

Notwithstanding the foregoing, Notes denominated in Australian dollars and issued in the domestic Australian capital markets (**Australian Domestic Notes**) will be issued in registered uncertificated (or inscribed) form. Australian Domestic Notes may or may not be listed on the stock exchange operated by ASX Limited (ABN 98 008 624 691) (**ASX**) and will be constituted by a Deed Poll to be executed by the Issuer and governed by the laws of New South Wales, Australia (the **Deed Poll**) and will take the form of entries on a register to be maintained by an Australian registrar to be appointed by the Issuer and the Guarantor and specified in the applicable Final Terms (the **Australian Registrar**) all as more fully described in the applicable Final Terms.

**None of the Securities, the Deeds of Guarantee and any Entitlements to be delivered in respect of any Physical Delivery Securities has been nor will be registered under the United States Securities Act of 1933, as amended (the Securities Act), or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Notes in bearer form that are subject to U.S. tax law requirements. Notes may not be offered, sold or, in the case of bearer Notes, delivered within the United States or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act), except in certain transactions exempt from the registration requirements of the Securities Act. Certificates may not be offered, sold or delivered within the United States or to U.S. persons. Hedging transactions involving Physical Delivery Securities which are Share Linked Notes or Share Linked Certificates, as the case may be, may not be conducted unless in compliance with the Securities Act. For a description of certain restrictions on offers and sales of Securities, see "*Plan of Distribution for Notes*" or "*Plan of Distribution for Certificates*", as applicable.**

The Certificates will be sold exclusively outside the United States to non-U.S. persons and will be represented by a permanent global Certificate (a **Global Certificate**) which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. Definitive Certificates will not be issued.

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 the Base Prospectus only if the Issuer is acting in association with, or has authorised, 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, or is authorised by, the Issuer. If the Offeror is not acting in association with, or authorised by, the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Base Prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each EEA Member State 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 the Base Prospectus and/or who is responsible for its contents it should take legal advice.

Arranger of the Programme  
**Citi**

Dealer  
**Citi**

The date of this Base Prospectus is 19 August 2009

*This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.*

***As at the date of this Base Prospectus, the Issuer is making public offers of Notes in Austria, Belgium, the Czech Republic, Germany, Greece, Hungary, Italy and Spain. Any investor in any such public offers should note that, if it has indicated acceptance of any such offer prior to the date of publication of this Base Prospectus, it has the right, within not less than two working days of the date of such publication, to withdraw such acceptance.***

*The Issuer and the Guarantor (the **Responsible Persons**) accept responsibility for the information contained in this Base Prospectus, subject as provided below. To the best of the knowledge of the Issuer and Guarantor (each 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. This paragraph should be read in conjunction with (i) the third paragraph on page vi and (ii) the first paragraph on page 243 and the final paragraph on page 244 in the section entitled "Description of the FDIC".*

*The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the Issuer and the Guarantor for the information relating to the underlying asset, commodity, index or other item(s) to which the Securities relate (the **Underlyings** and each an **Underlying**) which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, any information contained therein relating to the Underlying(s), will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Underlying(s). Unless otherwise expressly stated in the applicable Final Terms, each of the Issuer and the Guarantor accepts responsibility for accurately reproducing such extracts or summaries (insofar as it is applicable) and, as far as each of the Issuer and the Guarantor is aware and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlying(s), no facts have been omitted which would render the reproduced information inaccurate or misleading.*

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

*No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of any Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and/or the Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer and/or Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Securities.*

*The distribution of this Base Prospectus and the offering or sale of Securities in certain jurisdictions may be restricted by law. None of the Issuer, the Guarantor and the Dealers represents 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 assumes any responsibility for facilitating any such distribution or offering. 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 comes are required by the Issuer, the Guarantor and the Dealers to inform themselves about and to observe any such restriction.

Further restrictions on the offering, sale and distribution of Securities and this document are set out under the headings "Plan of Distribution for Notes" and "Plan of Distribution for Certificates" below.

The price and amount or number, as the case may be, of Securities to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

The Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus.

Neither this Base Prospectus nor any other financial statements or other information supplied in connection with the Programme or any Securities are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or a statement of opinion, or a report of either of those things, by the Issuer, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other financial statements or any other information supplied in connection with the Programme or any Securities should purchase any Securities. Each potential purchaser of any Securities should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of any Securities should be based upon such investigation as it deems necessary. Each potential purchaser is authorised to use this Base Prospectus solely for the purpose of considering the purchase of Securities described in this Base Prospectus; any other usage of this Base Prospectus is unauthorised. None of the Dealers undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in any Securities of any information coming to the attention of any of the Dealers.

For convenience, the website addresses of certain third parties have been provided in this Base Prospectus. Except as expressly set forth in this Base Prospectus, no information in such websites should be deemed to be incorporated in, or form a part of, this Base Prospectus and neither the Issuer nor the Dealers take responsibility for the information contained in such websites.

In connection with any Series (as defined below) of Notes, one of the Dealers may act as a stabilising manager (the **Stabilising Manager**). The identity of the Stabilising Manager, if any, will be disclosed in the applicable Final Terms.

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

*Certificates create options which are either exercisable by the relevant holder or, if not so exercised will be automatically exercised as provided herein. Except in the case of automatically exercised cash settled Certificates, there is no obligation upon the Issuer to pay any amount or deliver any asset to any holder of a Certificate unless the relevant holder duly exercises such Certificate or such Certificates are automatically exercised and an Exercise Notice is duly delivered. The Certificates will be exercised or will be exercisable in the manner set forth herein and in the applicable Final Terms.*

*In any EEA Member State that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, except to the extent sub-paragraph (ii) below may apply.*

*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 a placement contemplated in this Base Prospectus as completed by the 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, the Guarantor 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 and 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. Except to the extent sub-paragraph (ii) above may apply, none of the Issuer, the Guarantor and any Dealer has authorised, nor does any of them authorise, the making of any offer of Securities in circumstances in which an obligation arises for the Issuer, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.*

*Subject as provided in the relevant 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 from the relevant 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 Notes 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 relevant Dealer or the Managers) in connection with the offer or sale of 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.*

*Except to the extent sub-paragraph (ii) above may apply, each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in the Base Prospectus in Luxembourg who receive any communication in respect of, or who acquire any Securities under, the offers contemplated in this Base Prospectus will be deemed to have represented, warranted agreed to and with each Dealer, the Issuer and the Guarantor that:*

- (a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and*

- (b) *in the case of any Securities acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Securities acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the relevant Dealers has been given to the offer or resale; or (ii) where Securities have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Securities to it is not treated under the Prospectus Directive as having been made to such persons.*

*For the purposes of this representation, the expression an "offer" 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 any Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.*

*In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to **Euro** or **euro** are to the single currency introduced at the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended (the **Treaty**), references to **U.S. dollars** and **U.S.\$** are to the currency of the United States of America, references to **Yen** are to the currency of Japan, references to **Sterling** are to the currency of the United Kingdom, and references to **A\$** and **Australian dollars** are to the currency of Australia.*

## **KINGDOM OF SAUDI ARABIA NOTICE**

This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the **Capital Market Authority**).

The Capital Market Authority does not make any representations as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Securities issued under the Programme should conduct their own due diligence on the accuracy of the information relating to the Securities. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.

## **NOTICE TO BAHRAIN RESIDENTS**

The Central Bank of Bahrain and the Bahrain Stock Exchange assume no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaim any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Base Prospectus. Each potential investor resident in Bahrain intending to subscribe for Notes (each, a **potential investor**) may be required to provide satisfactory evidence of identity and, if so required, the source of funds to purchase Notes within a reasonable time period determined by the Issuer, the Guarantor and the relevant Dealers. Pending the provision of such evidence, an application to subscribe for Notes will be postponed. If a potential investor fails to provide satisfactory evidence within the time specified, or if a potential investor provides evidence but none of the Issuer, the Guarantor or the relevant Dealers are satisfied therewith, its application to subscribe for Notes may be rejected in which event any money received by way of application will be returned to the potential investor (without any additional amount added thereto and at the risk and expense of such potential investor). In respect of any potential investors, the Issuer and the Guarantor will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition and Combating of Money Laundering and various Ministerial Orders issued thereunder including, but not limited to, Ministerial Order No. (7) of 2001 with respect to Institutions' Obligations Concerning the Prohibition and Combating of Money Laundering.



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## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Securities should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State solely on the basis 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, including any information incorporated by reference. Where a claim relating to the 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 this Base Prospectus before the legal proceedings are initiated.

*Words and expressions defined in "Terms and Conditions of the Notes" or in the Underlying Schedules thereto or in "Terms and Conditions of the Certificates" or in the Annexes thereto and in the relevant Final Terms shall have the same meanings herein.*

Issuer:	Citigroup Funding Inc.
Description:	Citigroup Funding Inc. (the <b>Issuer</b> ) is a wholly-owned subsidiary of Citigroup Inc. (the <b>Guarantor</b> ). It was incorporated as a Stock Company on 13 January 2005, and is organised under the laws of the State of Delaware with file number 3912224. Its principal executive offices are located at 399 Park Avenue, New York, NY 10043, and its telephone number is (212) 559-1000.
Business:	Its business activities consist primarily of providing funds to the Guarantor and its subsidiaries for general corporate purposes.
Guarantor:	Citigroup Inc.
Description:	The Guarantor is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries. The principal offices for the Guarantor are located at 399 Park Avenue, New York, NY 10043, and its telephone number is (212) 559-1000. The Guarantor was established as a corporation incorporated in Delaware on 8 March 1988 with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254.
Business:	The Guarantor is a global diversified financial services holding company whose businesses provide a broad range of financial services to consumer and corporate customers. The Guarantor has more than 200 million customer accounts and does business in more than 100 countries. The Guarantor's businesses are aligned in three reporting segments: (i) Citicorp, which consists of Regional Consumer Banking (in North America, Europe, the Middle East and Africa, Asia and Latin America) and the Institutional Clients Group (Securities and Banking, including the Private Bank, and Transaction Services); (ii) Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool; and (iii) Corporate/Other.

Arranger and Dealer: Citigroup Global Markets Limited

Issuing and Fiscal Agent: Citibank, N.A., London Branch

Principal Paying Agent in respect of Notes other than FDIC Guaranteed Notes: Citibank, N.A., London branch

Representative and Principal Paying Agent in respect of FDIC Guaranteed Notes: The Bank of New York Mellon

Risk Factors: The following paragraphs do not describe all the risks of an investment in any Securities. Prospective purchasers should consult their own financial and legal advisers about risks associated with investment in any Securities and the suitability of investing in any Securities in light of their particular circumstances.

There are certain factors that may affect the Issuer's ability to fulfil its obligations under any Securities and the Guarantor's ability to fulfil its obligations under the Deed of Guarantee in respect thereof, including that such ability is dependent on the earnings of the Guarantor's subsidiaries, that the Guarantor may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than fulfil its obligations under the Securities, that the Guarantor's business may be affected by economic conditions, credit, market and market liquidity risk, by competition, country risk, operational risk, fiscal and monetary policies adopted by relevant regulatory authorities, reputational and legal risks and certain regulatory considerations.

Notes which have the benefit of the Federal Deposit Insurance Corporation (FDIC) guarantee will be subject to the FDIC's regulations.

The Issuer will have the option to vary settlement in relation to certain Securities if so indicated in the applicable Final Terms.

An investment in Securities the payments and/or deliveries in respect of which is/are determined by reference to one or more values of currencies, commodities, interest rates, shares, depositary receipts, exchange traded funds, mutual funds or other securities, intangibles, goods, articles, share indices, inflation indices, commodity indices or other bases of reference or formulae (the **Underlying(s)**), either directly or inversely, or which may be exercisable for or payable in certain assets may entail significant risks and, in the case of Notes, risks that are not associated with an investment in a debt instrument with a fixed principal amount and which bears interest at either a fixed rate or at a floating rate determined by reference to published interest rate references. The risks of a particular Security will depend on the terms of such Security, but may include, without limitation, the possibility of significant changes in the prices of the relevant Underlying(s). Such risks generally depend on factors over

which neither the Issuer nor the Guarantor has control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant Underlying(s). In recent years, currency exchange rates and prices for various Underlying(s) have been highly volatile, and such volatility may be expected in the future. Fluctuations in any such rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Security.

In considering whether to purchase any Securities, investors should be aware that the calculation of amounts payable in respect of any Securities may involve reference to an index determined by an affiliate of the Issuer and/or the Guarantor or to prices which are published solely by third parties or entities which are not subject to regulation under the laws of the United States or the European Economic Area. The risk of loss as a result of the linkage to the relevant Underlying(s) can be substantial.

In relation to Certificates, there may be a time lag between exercise and valuation.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT UNDERLYING(S) ARE AND TO SEE HOW ANY AMOUNTS PAYABLE AND/OR DELIVERABLE ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY SECURITIES. NOTES MAY NOT BE PRINCIPAL PROTECTED AND CERTIFICATES MAY EXPIRE WORTHLESS.**

*Note only provisions*

Size: Up to U.S.\$30,000,000,000 (or its equivalent).

Type: Notes may (i) bear interest at a fixed rate or a floating rate; (ii) not bear interest; and (iii) bear interest and/or provide that the redemption amount is calculated by reference to one or more Underlying(s). In addition, Notes which have any combination of the foregoing features may also be issued.

Interest periods, rates of interest and the terms of and/or amounts payable or deliverable on redemption will be specified in the applicable Final Terms.

Maturities: Any maturity as specified in the applicable Final Terms.

Denominations: Such denominations specified in the applicable Final Terms.

Although there is no minimum denomination for Australian Domestic Notes, the minimum subscription price for Australian Domestic Notes will be A\$500,000 disregarding monies lent by the Issuer or its associates to the purchaser.

Form: Notes may be issued in bearer form or in registered form.

Bearer Notes will initially be represented by a temporary Global Note which, as specified in the applicable Final Terms, will either be exchangeable for interests in a permanent Global Note or for definitive Bearer Notes, in each case, on or after the Exchange Date. Registered Notes will initially either be represented by a Global Registered Note Certificate which, in the case of Registered Notes held in Euroclear and/or Clearstream, Luxembourg, will initially be registered in the name of a nominee for Euroclear and Clearstream, Luxembourg, or will be represented by definitive Registered Note Certificates.

Interests in a Global Note held on behalf of one or more clearing systems and interests in a Global Registered Note Certificate registered in the name of a nominee for one or more clearing system(s) will be transferable through the relevant clearing system(s). Global Notes and Global Registered Note Certificates will be exchangeable for definitive Bearer Notes or definitive Registered Note Certificates as described under "*Form of Notes*" below.

Notwithstanding the foregoing, Australian Domestic Notes will take the form of entries on a register to be maintained by an Australian registrar and specified in the applicable Final Terms and will be eligible for lodgement into the Austraclear System operated by Austraclear Limited (ABN 94 002 060 773).

Withholding Tax: Payments will be made free and clear of withholding taxes of the United States, subject to certain exceptions, all as described in "*Terms and Conditions of the Notes – Taxation*".

Redemption: The applicable Final Terms will specify the redemption amount or the basis for its calculation and will indicate whether the Notes can be redeemed prior to their stated maturity (other than Notes redeemable in instalments or following an Event of Default or on an illegality or for taxation reasons or, in the case of Notes, the payments and/or deliveries in respect of which is/are determined by reference to an Underlying, following an Early Redemption Event) or that such Notes will be redeemable prior to such stated maturity at the option of the Issuer and/or the Noteholders upon giving notice on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

If "Mandatory Early Redemption Event" is specified as applicable in the applicable Final Terms, then the applicable Final Terms will specify what constitutes a "Mandatory Early Redemption Event" and, following the occurrence of a Mandatory Early Redemption Event the Notes will be redeemed and the Mandatory Early Redemption Amount will become payable.

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

Disrupted Days, Market Disruption Events and Adjustments:

In the case of Notes Linked to one or more Underlying(s), the General Conditions and the Underlying Schedule(s) applicable to the relevant Underlying(s) contain provisions relating to events affecting the relevant Underlying(s), modification or cessation of the relevant Underlying(s), settlement disruption and market disruption provisions and provisions relating to subsequent corrections of the level of an Underlying (including, without limitation and where necessary, appropriate definitions of Disrupted Day, Market Disruption Event, Adjustment Event, Early Redemption Event or equivalent provisions) and details of the consequences of such events. Such provisions may permit the Issuer either to require the Calculation Agent to determine what adjustments should be made following the occurrence of the relevant event (which may include deferment of any required valuation or the substitution of another Underlying) or to cancel the Notes and to pay an amount determined as provided in "Illegality" below.

FDIC guarantee:

Registered Notes issued until 31 October 2009 may, if so specified in the applicable Final Terms, be guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program (the **TLG Program**) and be backed by the full faith and credit of the United States. The details of the FDIC guarantee are provided in the FDIC's regulations, 12 CFR Part 370, and at the FDIC's website, [www.fdic.gov/tlgp](http://www.fdic.gov/tlgp). The expiration date of the FDIC's guarantee for such Registered Notes is the earlier of the maturity date of the debt or 31 December 2012.

The Bank of New York Mellon has agreed to act as representative of the Noteholders (the **Representative**) in connection with claims and other matters arising under the FDIC guarantee. A Noteholder may elect not to be represented by the Representative, in which case such Noteholder must individually undertake the actions required to make claims under the FDIC guarantee.

#### *Certificate only provisions*

Type:

Any kind including, but not limited to, Index Linked, Inflation Linked, Commodity Linked or Share Linked.

The Cash Settlement Amount payable or the Entitlement deliverable on exercise will be determined by reference to an index or formula, to changes in the prices or levels of one or more Underlying(s) or to such other factors as specified in the applicable Final Terms.

Form:

Certificates will be sold exclusively outside the United States to persons that are not U.S. persons and will be represented by a permanent Global Certificate in registered form which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg or as otherwise specified in the applicable

Final Terms. Certificates will be transferable through accounts in Euroclear and/or Clearstream, Luxembourg or such other additional or alternative clearing system specified in the applicable Final Terms. Definitive Certificates will not be issued.

**Exercise Style:**

Certificates will either be exercisable on any Business Day during a specified period (**American Style**), on a specific date (**European Style**) or on such other date or dates, in each case, as specified in the applicable Final Terms.

Certificates will be exercised automatically but there is no obligation upon the Issuer to pay any amount (in respect of American Style Certificates other than American Style Certificates which are automatically exercised on the relevant Expiration Date) or deliver any asset (in respect of Physical Delivery Certificates) unless the holder duly exercises such Certificate or such Certificate is automatically exercised and an Exercise Notice is duly delivered.

No Exercise Notice will be required to be delivered in respect of Cash Settled European Style Certificates or Cash Settled American Style Certificates automatically exercised on the Expiration Date.

In relation to Certificates listed on the Italian Stock Exchange which are automatically exercised, a Certificateholder may renounce automatic exercise by delivering a duly completed Renouncement Notice to the clearing systems, copied to the Principal Certificate Agent.

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then the applicable Final Terms will specify what constitutes a "Mandatory Early Repayment Event" and, following the occurrence of a "Mandatory Early Repayment Event" the Certificates will become cancellable and the Mandatory Early Repayment Amount will become payable.

**Minimum or Maximum Exercise Number:**

The number of Certificates exercisable on any Actual Exercise Date or the Exercise Date, as the case may be, must not be less than any Minimum Exercise Number specified in the applicable Final Terms.

In relation to American Style Certificates, if the number of Certificates being exercised on any Actual Exercise Date exceeds the Maximum Exercise Number the number of Certificates Exercised in excess of such Maximum Exercise Number may be deemed by the Issuer to be exercised on the succeeding Business Days until all such Certificates have been attributed with an Actual Exercise Date up to and including the Expiration Date.

**Exercise Expenses and Taxation:**

A Certificateholder shall pay all Exercise Expenses.

Neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate by any person and all payments and/or deliveries made by the Issuer or the Guarantor shall be made

subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Disrupted Days, Market Disruption Events and Adjustments: In the case of Index Linked Certificates, Inflation Linked Certificates, Commodity Linked Certificates and Share Linked Certificates, the applicable Final Terms will specify the applicable Annex to the General Conditions of such Certificates which contains provisions relating to events affecting the relevant Underlying(s), modification or cessation of the relevant Underlying(s), settlement disruption and market disruption provisions and provisions relating to subsequent corrections of the level of an Underlying (including, without limitation and where necessary, appropriate definitions of Index Adjustment Event, Market Disruption Event, Adjustment Event, Additional Disruption Event or equivalent provisions) and details of the consequences of such events. Such provisions may permit the Issuer either to require the Calculation Agent to determine what adjustments should be made following the occurrence of the relevant event (which may include deferment of any required valuation or the substitution of another Underlying) or to cancel the Certificates and to pay an amount determined as provided in "Illegality" below.

Certificates listed on the Italian Stock Exchange: Only European Style Cash Settled Certificates will be listed on the Italian Stock Exchange.

#### *Note and Certificate Provisions*

Issue Price: Such Issue Price as specified in the applicable Final Terms.

Underlying Linked Securities: To the extent specified in the applicable Final Terms, payments will be calculated by reference to one or more Underlying(s) and/or formulae as specified in the applicable Final Terms.

Physical Delivery Securities: To the extent specified in the applicable Final Terms, settlement may be by way of physical delivery of certain assets as specified in the applicable Final Terms.

In the case of Physical Delivery, if a Settlement Disruption Event occurs or exists on any due date for delivery of such assets, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances may elect to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or may pay the Disruption Cash Redemption Amount (in respect of Notes) or the Disruption Cash Settlement Price (in respect of Certificates) *in lieu* of delivering the Entitlement.

If, "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and, at the relevant time, it is impossible or impracticable, to deliver, when due, some or all of the assets otherwise due to be delivered, where such failure to deliver is due to illiquidity in the market for such assets, the Issuer may pay the Failure to Deliver Redemption Amount (in respect of Notes) or the Failure to Deliver Settlement Price (in respect of Certificates) *in lieu*



of delivering some or all of such assets so affected.

In respect of Physical Delivery Notes, the Issuer may, if the Calculation Agent determines that an Underlying comprises shares which are not freely tradeable, elect to substitute a substitute asset for the Underlying or not to deliver or procure the delivery of the relevant Underlying or the relevant substitute asset, but in lieu thereof to make a cash payment to the Noteholders equal to the fair market value of such Underlying or substitute asset not delivered.

**Illegality:**

If the Issuer determines that performance of its obligations of an issue of Securities or the Guarantor determines that the performance of its obligations under the relevant Deed of Guarantee in respect of Securities or that any arrangements made to hedge the Issuer's and/or the Guarantor's obligations under the Securities and/or the relevant Deed of Guarantee, as the case may be, has or will become illegal in whole or in part for any reason the Issuer may terminate the Securities early and, if and to the extent permitted by applicable law, will pay, in respect of each Security, an amount equal to the fair market value of such Security notwithstanding such illegality less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements or such other amount specified in the applicable Final Terms.

**Status of Securities:**

Securities will constitute unsubordinated and unsecured obligations of the Issuer.

**Guarantee:**

Securities will be unconditionally and irrevocably guaranteed by the Guarantor pursuant to the Deed of Guarantee and the Deed of Guarantee will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding, unsecured and unsubordinated obligations of the Guarantor.

**Events of Default:**

Notes will contain certain events of default relating to, *inter alia*, non-payment, non-performance and certain insolvency events relating to the Issuer or the Guarantor. Certificates will contain no events of default.

**Substitution:**

In relation to any Securities, either of the Issuer and the Guarantor may, without consent of the holders, substitute for itself in respect of such Securities or the relevant Guarantee any company which is, on the date of such substitution, in the opinion of the Issuer or the Guarantor, as the case may be, of at least equivalent standing and creditworthiness to it unless otherwise specified in the applicable Final Terms in relation to Certificates listed on the Italian Stock Exchange.

**Governing Law:**

English law, except that Australian Domestic Notes will be governed by, and construed in accordance with, the laws of New South Wales, Australia.

Although the provisions of Condition 19 and the Fiscal Agency Agreement are governed by English law, all matters relating to the validity and enforceability of claims under the FDIC Guarantee will be governed by and construed in accordance with the United States Code of Federal Regulations and the laws of the State of New York.

Passporting, Listing and Trading:

Applications have been made for Securities to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange. Application may be made for (1) Certificates issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Securitized Derivatives Market" organised and managed by Borsa Italiana S.p.A. and (2) Notes issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the electronic "Bond Market" organised and managed by Borsa Italiana S.p.A. or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on or prior to the date of issue of any Notes or at all.

The Issuer may make applications for a certificate of approval under Article 18 of the Prospectus Directive as implemented in Luxembourg to be issued by the CSSF to the competent authority in one or more Member States.

Securities may also be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as the Issuer decides.

Australian Domestic Notes may be listed and admitted to trading on the ASX.

In relation to any Certificates which are listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing PROVIDED THAT if it becomes impracticable, unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list such Certificates PROVIDED THAT it shall use all reasonable endeavours to obtain as soon as practicable after such de-listing, an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide. If such an alternative admission is not available or is, in the Issuer's opinion, impracticable or unduly burdensome, an alternative admission will not be obtained.

Selling Restrictions:

In relation to Notes: United States, European Economic Area, United Kingdom, Australia, Bahrain, Dubai International Financial Centre, Hong Kong, Hungary, Ireland, Italy, Japan, Kuwait, The Grand Duchy of Luxembourg, Oman, Poland, Portugal, Qatar, Russian Federation, Kingdom of Saudi Arabia, Singapore, Taiwan, Republic of Turkey and United Arab Emirates. See "*Plan of Distribution for Notes*".

In relation to Certificates: United States, European Economic Area, United Kingdom and Italy. See "*Plan of Distribution for Certificates*".

## **RISK FACTORS**

***EACH OF THE ISSUER AND THE GUARANTOR BELIEVES THAT THE FOLLOWING FACTORS MAY AFFECT ITS ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES ISSUED UNDER THE PROGRAMME. ALL THESE FACTORS ARE CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND NEITHER THE ISSUER NOR THE GUARANTOR IS IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCY OCCURRING. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NEITHER THE ISSUER NOR THE GUARANTOR REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING THE ISSUER AND THE GUARANTOR.***

### **RISKS RELATING TO THE ISSUER AND GUARANTOR**

***The ability of the Issuer and the Guarantor to fulfil their obligations under the Notes is dependent on the earnings of the Guarantor's subsidiaries.***

The Guarantor is a holding company that does not engage in any material amount of business activities that generate revenues. The Guarantor services its obligations primarily with dividends and advances from its subsidiaries. Its subsidiaries that operate in the banking, insurance and securities businesses can only pay dividends if they are in compliance with applicable regulatory requirements imposed on them by federal and state regulatory authorities. Its subsidiaries may also be subject to credit agreements that also may restrict their ability to pay dividends. If such subsidiaries did not realise sufficient earnings to satisfy applicable regulatory requirements, or if such requirements were changed to further restrict the ability of such subsidiaries to pay dividends to the Guarantor, the Guarantor's ability to fulfil its obligations under the Securities may be adversely affected.

***Under U.S. banking law, the Guarantor may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than to fulfil its obligations under the Notes.***

Under longstanding policy of The Board of Governors of the U.S. Federal Reserve System, a bank holding company (such as the Guarantor) is expected to act as a source of financial strength for its subsidiary banks and to commit resources to support such banks. As a result of that policy, the Guarantor may be required to commit resources (in the form of investments or loans) to its subsidiary banks in amounts or at times that could adversely affect its ability to also fulfil its obligations under the Securities.

***Risk Factors extracted from the Annual Report on Form 10-K filed by the Guarantor with the SEC on 27 February 2009 for the fiscal year ended 31 December 2008 and reproduced without material amendment***

***Disruptions in the global financial markets have adversely affected, and may continue to adversely affect, the Guarantor's business and results of operations.***

Dramatic declines in the housing market during 2008, with falling home prices and increasing foreclosures and unemployment, have resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks. These write-downs, initially of mortgage-backed securities but spreading to credit default swaps and other derivatives, have caused many financial institutions to seek additional capital and to merge with other financial institutions. Disruptions in the global financial markets have also adversely affected the corporate bond markets, debt and equity underwriting and other elements of the financial markets.

Reflecting concern about the stability of the financial markets generally and the strength of counterparties, some lenders and institutional investors have reduced and, in some cases, ceased to provide funding to certain borrowers, including other financial institutions. The impact on available credit (even where the

Guarantor and other Troubled Asset Relief Program (TARP) participants are making credit available), increased volatility in the financial markets and reduced business activity has adversely affected, and may continue to adversely affect, the Guarantor's businesses, capital, liquidity or other financial condition and results of operations, access to credit and the trading price of the Guarantor's common stock, preferred stock or debt securities.

***Market disruptions may increase the risk of customer or counterparty delinquency or default.***

The current market and economic disruptions have affected, and may continue to affect, consumer confidence levels, consumer spending, personal bankruptcy rates and home prices, among other factors, which provide a greater likelihood that more of the Guarantor's customers or counterparties could use credit cards less frequently or become delinquent in their loans or other obligations to the Guarantor. This, in turn, could result in a higher level of charge-offs and provision for credit losses, all of which could adversely affect the Guarantor's earnings. Policies of the Federal Reserve Board or other governmental institutions can also adversely affect the Guarantor's customers or counterparties, potentially increasing the risk that they may fail to repay their loans. Additionally, the Guarantor may incur significant credit risk exposure which may arise, for example, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Guarantor. Recent market conditions, including decreased liquidity and pricing transparency along with increased market volatility, have negatively impacted the Guarantor's credit risk exposure. Although the Guarantor regularly reviews its credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

***The Guarantor may experience further write-downs of its financial instruments and other losses related to volatile and illiquid market conditions.***

Market volatility, illiquid market conditions and disruptions in the credit markets have made it extremely difficult to value certain of the Guarantor's assets. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these assets in future periods. In addition, at the time of any sales of these assets, the price the Guarantor ultimately realises will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could require the Guarantor to take further write-downs in respect of these assets, which may have an adverse effect on the Guarantor's results of operations and financial condition in future periods.

In addition, the Guarantor finances and acquires principal positions in a number of real estate and real estate-related products for its own account, for investment vehicles managed by affiliates in which it also may have a significant investment, for separate accounts managed by affiliates and for major participants in the commercial and residential real estate markets, and originates loans secured by commercial and residential properties. The Guarantor also securitises and trades in a wide range of commercial and residential real estate and real estate-related whole loans, mortgages and other real estate and commercial assets and products, including residential and commercial mortgage-backed securities. These businesses have been, and may continue to be, adversely affected by the downturn in the real estate sector.

Furthermore, in the past, the Guarantor has provided financial support to certain of its investment products and vehicles in difficult market conditions and the Guarantor may decide to do so again in the future for contractual reasons or, at its discretion, for reputational or business reasons, including through equity investments or cash infusions.

***Liquidity is essential to the Guarantor's businesses, and the Guarantor relies on external sources, including governmental agencies, to finance a significant portion of its operations.***

Adequate liquidity is essential to the Guarantor's businesses. The Guarantor's liquidity could be materially adversely affected by factors the Guarantor cannot control, such as the continued general disruption of the financial markets or negative views about the financial services industry in general. In addition, the Guarantor's ability to raise funding could be impaired if lenders develop a negative perception of the

Guarantor's short-term or long-term financial prospects, or a perception that the Guarantor is experiencing greater liquidity risk. Recent regulatory measures, such as the FDIC's temporary guarantee of newly issued senior debt of financial institutions as well as deposits in non-interest bearing deposit transaction accounts, and the commercial paper funding facility of the Federal Reserve Board, are designed to stabilise the financial markets and the liquidity position of financial institutions such as the Guarantor. While much of the Guarantor's recent long-term unsecured funding has been issued pursuant to these government-sponsored funding programmes, it is unclear whether, or for how long, these facilities will be extended and what impact termination of any of these facilities could have on the Guarantor's ability to access funding in the future. It is also unclear when the Guarantor will be able to regain access to the public long-term unsecured debt markets on historically customary terms.

Further, the Guarantor's cost of obtaining long-term unsecured funding is directly related to its credit spreads in both the cash bond and derivatives markets. Increases in the Guarantor's credit qualifying spreads can significantly increase the cost of this funding. Credit spreads are influenced by market perceptions of the Guarantor's creditworthiness and may be influenced by movements in the costs to purchasers of credit default swaps referenced to the Guarantor's long-term debt.

The Guarantor's credit ratings are also important to its liquidity. A reduction in the Guarantor's credit ratings could adversely affect its liquidity, widen its credit spreads or otherwise increase its borrowing costs, limit its access to the capital markets or trigger obligations under certain bilateral provisions in some of the Guarantor's trading and collateralised financing contracts. Under these provisions, counterparties could be permitted to terminate certain contracts with the Guarantor or require the Guarantor to post additional collateral. Termination of the Guarantor's trading and collateralised financing contracts could cause the Guarantor to sustain losses and impair its liquidity by requiring the Guarantor to find other sources of financing or to make significant cash payments or securities transfers.

***Recently enacted legislation authorising the U.S. government to take direct action within the financial services industry, and other legislation and regulation currently under consideration, may not stabilise the U.S. financial system in the near term.***

On 3 October 2008, the Emergency Economic Stabilization Act of 2008 (EESA) was signed into law. In addition, on 17 February 2009, the American Recovery and Reinvestment Act of 2009 (ARRA) was signed by President Obama. The purpose of these U.S. government actions is to stabilise and provide liquidity to the U.S. financial markets and jumpstart the U.S. economy. The U.S. government is currently considering, and may consider in the future, additional legislation and regulations with similar purposes. The EESA, ARRA and other governmental programmes may not have their intended impact of stabilising, providing liquidity to or restoring confidence in the financial markets. Further, the discontinuation and/or expiration of these or other governmental programmes could result in a worsening of current market conditions.

***The Guarantor may fail to realise all of the anticipated benefits of the proposed realignment of its businesses.***

On 16 January 2009, the Guarantor announced that it would realign into two businesses, Citicorp and Citi Holdings, for management and reporting purposes, effective second quarter of 2009. The realignment is part of the Guarantor's strategy to focus on its core businesses, reduce its balance sheet and simplify its assets. The Guarantor believes this structure will allow it to enhance the capabilities and performance of the Guarantor's core assets, through Citicorp, as well as realise value from its non-core assets, through Citi Holdings. Citi Holdings will also include the Guarantor's 49 per cent. interest in the recently announced Morgan Stanley Smith Barney joint venture, a transaction which is also intended to simplify and streamline the Guarantor on a going-forward basis. Despite these efforts, given the rapidly changing and uncertain financial environment, there can be no assurance that the realignment of the Guarantor's businesses will achieve the Guarantor's desired objectives or benefits.

***The elimination of QSPEs from the guidance in SFAS 140 and changes in FIN 46(R) may significantly impact the Guarantor's consolidated financial statements.***

The Financial Accounting Standards Board (FASB) has issued an Exposure Draft of a proposed standard that would eliminate qualified SPEs (QSPEs) from the guidance in SFAS 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, and a separate Exposure Draft of a proposed standard that proposes three key changes to the consolidation model in FIN 46(R). Such changes include the following: (i) former QSPEs would be included in the scope of FIN 46(R); (ii) FIN 46(R) would be amended to change the method of analysing which party to a variable interest entity (VIE) should consolidate the VIE to a qualitative determination of power combined with benefits and losses; and (iii) the analysis of primary beneficiaries would have to be re-evaluated whenever circumstances change.

While these proposed standards have not been finalised, they may have a significant impact on the Guarantor's consolidated financial statements as the Guarantor may lose sales treatment for assets previously sold to a QSPE, as well as for future sales, and for transfers of a portion of an asset, and the Guarantor will be required to bring a portion of assets that are not currently on its balance sheet onto its balance sheet.

***The Guarantor's financial statements are based in part on assumptions and estimates, which, if wrong, could cause unexpected losses in the future.***

Pursuant to U.S. GAAP, the Guarantor is required to use certain assumptions and estimates in preparing its financial statements, including in determining credit loss reserves, reserves related to litigations and the fair value of certain assets and liabilities, among other items. If assumptions or estimates underlying the Guarantor's financial statements are incorrect, the Guarantor may experience material losses. For example, the Guarantor makes judgments in connection with its consolidation analysis of its SPEs. If it is later determined that non-consolidated SPEs should be consolidated, this could adversely affect the Guarantor's consolidated balance sheet, related funding requirements and capital ratios, and, if the SPE assets include unrealised losses, could require the Guarantor to recognise those losses.

***Changes in accounting standards can be difficult to predict and can materially impact how the Guarantor records and reports its financial condition and results of operations.***

The Guarantor's accounting policies and methods are fundamental to how it records and reports its financial condition and results of operations. From time to time, the FASB changes the financial accounting and reporting standards that govern the preparation of the Guarantor's financial statements. These changes can be hard to predict and can materially impact how the Guarantor records and reports its financial condition and results of operations.

***Defaults by another large financial institution could adversely affect the Guarantor and the financial markets generally.***

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between institutions. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Guarantor interacts on a daily basis and, therefore, could adversely affect the Guarantor.

***The Guarantor may incur significant losses as a result of ineffective risk management processes and strategies and concentration of risk increases the potential for such losses.***

The Guarantor seeks to monitor and control its risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance and legal

reporting systems, internal controls, management review processes and other mechanisms. While the Guarantor employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes. Recent market conditions, particularly during the latter part of 2007 and 2008, have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

These market movements can, and have, limited the effectiveness of the Guarantor's hedging strategies and have caused the Guarantor to incur significant losses, and they may do so again in the future. In addition, concentration of risk increases the potential for significant losses in certain of the Guarantor's businesses. For example, the Guarantor extends large commitments as part of its credit origination activities. The Guarantor's inability to reduce its credit risk by selling, syndicating or securitising these positions, including during periods of market dislocation, could negatively affect its results of operations due to a decrease in the fair value of the positions, as well as the loss of revenues associated with selling such securities or loans.

In addition, the Guarantor routinely executes a high volume of transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks and investment funds. This has resulted in significant credit concentration with respect to this industry.

***The Guarantor's businesses are subject to extensive and pervasive regulation around the world.***

As a participant in the financial services industry, the Guarantor is subject to extensive regulation, including fiscal and monetary policies, in jurisdictions around the world. For example, the actions of the Federal Reserve Board and international central banking authorities directly impact the Guarantor's cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments the Guarantor holds. This level of regulation is expected to increase significantly in all jurisdictions in which the Guarantor conducts business in response to the current financial crisis. Among other things, the Guarantor could be fined, prohibited from engaging in some of its business activities or subject to limitations or conditions on its business activities, including increased capital or liquidity requirements, each of which could lead to reputational harm.

***The financial services industry faces substantial legal liability and regulatory risks, and the Guarantor may face damage to its reputation and legal liability.***

The Guarantor faces significant legal risks in its businesses, and the volume of claims and amount of damages and penalties claimed in litigation and regulatory proceedings against financial institutions remain high. The Guarantor's experience has been that legal claims by customers and clients increase in a market downturn. In addition, employment-related claims typically increase in periods when the Guarantor has reduced the total number of employees, such as during the last fiscal year.

In addition, there have been a number of highly publicised cases involving fraud or other misconduct by employees in the financial services industry in recent years, and the Guarantor runs the risk that employee misconduct could occur. It is not always possible to deter or prevent employee misconduct and the extensive precautions the Guarantor takes to prevent and detect this activity may not be effective in all cases.

***The Guarantor's businesses may be materially adversely affected if it is unable to hire and retain qualified employees.***

The Guarantor's performance is largely dependent on the talents and efforts of highly skilled individuals. The Guarantor's continued ability to compete effectively in its businesses, to manage its businesses effectively and to expand into new businesses and geographic regions depends on the Guarantor's ability to attract new employees and to retain and motivate its existing employees. Competition from within the financial services industry and from businesses outside of the financial services industry for qualified employees has often been intense. This is particularly the case in emerging markets, where the Guarantor is often competing for



qualified employees with entities that have a significantly greater presence or more extensive experience in the region. In addition, in 2008 the market price of the Guarantor's common stock declined significantly during the year. A substantial portion of the Guarantor's annual bonus compensation paid to its senior employees has been paid in the form of equity, meaning that such awards are not as valuable from a compensatory or retention perspective.

Moreover, the Guarantor is subject to certain significant compensation restrictions applicable to a broad group of its senior management as a result of its receipt of TARP funding in December 2008 as well as other recently-adopted governmental programmes and legislation. Such restrictions include restricted executive incentives, deferral of some executive compensation, equity awards with performance-vesting features, "clawback" provisions and elimination or restriction of severance pay to senior executives.

These restrictions, alone or in combination with the other factors described above, could adversely affect the Guarantor's ability to hire and retain qualified employees.

***A failure in the Guarantor's operational systems or infrastructure, or those of third parties, could impair the Guarantor's liquidity, disrupt its businesses, result in the disclosure of confidential information, damage the Guarantor's reputation and cause losses.***

The Guarantor's businesses are highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. These transactions, as well as the information technology services the Guarantor provides to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards. Due to the breadth of the Guarantor's client base and its geographical reach, developing and maintaining the Guarantor's operational systems and infrastructure has become increasingly challenging. The Guarantor's financial, account, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond the Guarantor's control, such as a spike in transaction volume or unforeseen catastrophic events, adversely affecting the Guarantor's ability to process these transactions or provide these services.

The Guarantor also faces the risk of operational failure, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other financial intermediaries the Guarantor uses to facilitate its transactions, and as the Guarantor's interconnectivity with its clients grows, the Guarantor increasingly faces the risk of operational failure with respect to its clients' systems. Implementation of the Morgan Stanley Smith Barney joint venture may, at least temporarily, exacerbate these risks insofar as the activities of the joint venture are concerned.

In addition, the Guarantor's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Although the Guarantor takes protective measures and endeavours to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code, and other events that could have a security impact. Given the high volume of transactions at the Guarantor, certain errors may be repeated or compounded before they are discovered and rectified. If one or more of such events occurs, this could potentially jeopardise the Guarantor's, its clients', counterparties' or third parties' confidential and other information processed and stored in, and transmitted through, the Guarantor's computer systems and networks, or otherwise cause interruptions or malfunctions in the Guarantor's, its clients', its counterparties' or third parties' operations, which could result in significant losses or reputational damage.

## **RISKS RELATING TO NOTES**

***SET OUT BELOW ARE RISK FACTORS THAT THE ISSUER AND THE GUARANTOR BELIEVE REPRESENT THE PRINCIPAL RISKS INVOLVED IN INVESTING IN THE NOTES. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NEITHER THE ISSUER NOR THE GUARANTOR REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING INVESTING IN ANY NOTES. FURTHER RISK FACTORS RELATING TO A SPECIFIC ISSUE OF NOTES MAY BE SET OUT IN THE APPLICABLE FINAL TERMS.***

Prospective investors in Notes should determine whether an investment in Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in Notes and to arrive at their own evaluation of the investment.

An investment in Notes is only suitable for investors who:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in Notes;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
- (c) are capable of bearing the economic risk of an investment in Notes for an indefinite period of time; and
- (d) recognise that it may not be possible to dispose of Notes for a substantial period of time, if at all.

Prospective investors in Notes should make their own independent decision to invest in Notes and as to whether the investment in Notes is appropriate or proper for them based upon their own judgement and upon advice from such advisers as they may deem necessary. Prospective investors in Notes should not rely on any communication (written or oral) of the Issuer, any Dealer or any of their affiliates or their respective officers or agents as investment advice or as a recommendation to invest in Notes, it being understood that information and explanations related to Notes shall not be considered to be investment advice or a recommendation to invest in Notes. No communication (written or oral) received from the Issuer, any Dealer or any of their affiliates or their respective officers or agents shall be deemed to be an assurance or guarantee as to the expected results of an investment in Notes.

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

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

### **General risks and risks relating to Underlying(s)**

Notes linked to Underlying(s) involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of such Notes should recognise that their Notes, other than any Notes having a minimum expiration value, may be worthless on redemption. Purchasers should be prepared to sustain a total loss of the purchase price of their Notes, except, if so indicated in the applicable Final Terms, to the extent of any minimum expiration value attributable to such Notes. This risk reflects the nature of a Note as an asset which, other factors held constant, may tend to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "*Certain factors affecting the value and trading price of Notes*" below.

Prospective purchasers of such Notes should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Notes and the particular Underlying(s), as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Note linked to Underlying(s) upon redemption means that, in order to recover and realise a return upon his or her investment, a purchaser of a Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Underlying(s). Assuming all other factors are held constant, the more a Note is "out-of-the-money" and the shorter its remaining term to maturity, the greater the risk that purchasers of such Notes will lose all or part of their investment. The only means through which a Noteholder can realise value from a Note prior to the maturity date in relation to such Note is to sell it at its then market price in an available secondary market. See "*The secondary market generally*" below.

Fluctuations in the value or the yield (if applicable) or the relevant rates of exchange (if applicable) of the relevant Underlying(s) will affect the value of the relevant Notes. Purchasers of Notes risk losing their entire investment if the value of the relevant Underlying(s) does not move in the anticipated direction.

The Issuer may issue several issues of Notes relating to particular Underlying(s). However, no assurance can be given that the Issuer will issue any Notes other than the Notes to which the applicable Final Terms relate. At any given time, the number of Notes outstanding may be substantial. Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Underlying(s). In general, certain of the risks associated with Notes linked to Underlying(s) are similar to those generally applicable to options or warrants of private corporate issuers. Options or warrants on equities (including shares, depositary receipts, exchange traded fund shares and mutual funds) are priced primarily on the basis of the value of underlying securities whilst Notes linked to commodities and/or indices are priced primarily on the basis of present and expected values of the commodity (or basket of commodities) or the index (or basket of indices) specified in the applicable Final Terms.

#### **Certain factors affecting the value and trading price of Notes linked to Underlying(s)**

The aggregate Redemption Amount(s) to be paid (the **Cash Settlement Value**) (in the case of Cash Settled Notes) or the value of the Entitlements to be delivered at any time prior to expiration is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and the Cash Settlement Value or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Notes. The "time value" of the Notes will depend partly upon the length of the period remaining to maturity and expectations concerning the value of the Underlying(s). Notes offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of Notes varies as the price or level of the Underlying(s) varies, as well as due to a number of other interrelated factors, including those specified herein.

Before selling Notes, Noteholders should carefully consider, among other things, (i) the trading price of the relevant Notes, (ii) the value and volatility of the Underlying(s), (iii) the time remaining to expiration, (iv) in the case of Cash Settled Notes, the probable range of any Redemption Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the Underlying(s) and (viii) any related transaction costs.

An investment in Notes linked to Underlying(s) may have significant risks that are not associated with a similar investment in a conventional security such as a debt instrument that:

- has a pre-determined specified principal amount;
- is denominated in the investor's currency; and

- bears interest at either a fixed or a floating rate based on nationally published interest rate references.

The risks associated with a particular Note linked to Underlying(s) will generally depend on factors over which the Issuer and/or the Guarantor have no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, any relevant Underlying(s).

In recent years, prices for various Underlying(s) have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates, levels or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Notes linked to Underlying(s).

The risk of loss as a result of linking principal and/or interest payments on Notes linked to Underlying(s) can be substantial. Each Investor should consult their own financial and legal advisors as to the risks of an investment in Notes linked to Underlying(s).

**Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments thereof in relation to the currency of the jurisdiction of an investor**

An investment in Notes denominated in a Specified Currency other than the currency of the jurisdiction of a particular investor (the **investor's currency**), entails significant risks that are not associated with a similar investment in a security denominated in the investor's currency. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the investor's currency and the Specified Currency;
- the possibility of significant changes in rates of exchange between the investor's currency and the Specified Currency resulting from the official redenomination or revaluation of the Specified Currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the investor's or foreign governments.

These risks generally depend on factors over which the Responsible Persons have no control and which cannot be readily foreseen, such as:

- economic events;
- political events; and
- the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between some foreign currencies in which the Notes may be denominated, have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Depreciation of the Specified Currency of a Note against an investor's currency would result in a decrease in the effective yield of such Note below its coupon rate and could result in a substantial loss to the investor in terms of the investor's currency.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Specified Currency at the time of payment of principal,

any premium, or interest on any Note. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest denominated in any such Specified Currency.

Even if there are no actual exchange controls, it is possible that a Specified Currency would not be available to the Issuer and/or Guarantor when payments on a Note are due because of circumstances beyond the control of the Issuer and/or Guarantor. Each investor should consult their own financial and legal advisors as to the risks of an investment in Notes denominated in a currency other than the investor's currency.

The above risks may be increased if any Specified Currency and/or an investor's currency is the currency of an emerging market jurisdiction.

### **The unavailability of currencies could result in a loss of value of the Notes and payments thereunder**

Except as set forth below, if payment on a Note is required to be made in a Specified Currency and that currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's and/or the Guarantor's control;
- no longer used by the government of the country issuing the currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community

then, if the Specified Currency of a Note is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any Specified Currency that is a composite currency, then the payment obligations of the Issuer and/or Guarantor on such Note will be the amount of redenominated currency that represents the amount of the Issuer and/or Guarantor's obligations immediately before the redenomination. The Notes will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the Specified Currency of those Notes relative to any other currency due solely to fluctuations in exchange rates; or
- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

### **Certain considerations associated with Notes relating to share indices**

Investors in Notes relating to share indices should be familiar with investments in global capital markets and with indices generally. The level of a share index is generally based on the value of the component securities of that index although investors should note that the level of a share index at any time may not include the reinvestment of the yield on the component securities of such share index. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the component securities of a share index and/or the performance of a share index.

The risks of a particular Note linked to a share index will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the component securities of the relevant index or indices (**component securities**);
- another objective price; and
- economic or other measures making up the relevant share index or indices.

Investors should note that dividends paid to holders of the component securities will not be paid to the Issuer, the Guarantor or to the holders of Notes. The return on Notes will thus not reflect any dividends which would be paid to investors that have made a direct investment in any such component securities. Consequently, the return on Notes may be less than the return from a direct investment in any such component securities.

Market volatility reflects the degree of instability and expected instability of the performance of a share index and the component securities. The level of market volatility is largely determined by the prices for financial instruments supposed to protect investors against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, economic factors and speculation. In recent years, currency exchange rates and prices for component securities have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Note relating to share indices.

In considering whether to purchase Notes relating to share indices, each investor should be aware that the calculation of amounts payable on Notes relating to share indices may involve reference to:

- an index determined by an affiliate of the Issuer and/or the Guarantor; or
- prices that are published solely by third parties or entities which are not regulated by the laws of the United States, European Economic Area or the jurisdiction of the particular investor.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to share indices*

As the terms and conditions of Notes relating to share indices include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any share index (being (a) the occurrence at any time of an illegality in relation to any underlying hedging position in relation to the Notes; (b) such share index (i) not being calculated and announced by or on behalf of the relevant index sponsor but instead being calculated and announced by or on behalf of a successor to the relevant index sponsor or (ii) being replaced by a successor index; or (c) any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If a Share Index Adjustment Event occurs (being, in respect of a share index, the relevant index sponsor announcing that it will make a material change to a relevant share index, the index sponsor permanently cancelling the index and no successor index existing or the index sponsor or any other person or entity acting on its behalf failing to calculate and announce the relevant index), then the Calculation Agent may determine whether such Share Index Adjustment Event has a material effect on the relevant Notes and, if so, shall calculate the relevant level of such share index in accordance with the formula for and method of calculating the relevant share index last in effect prior to the applicable change, cancellation or failure or may substitute the affected share index with a replacement index and determine any adjustment necessary to the terms of the Notes to account for such substitution. Any such calculation, substitution and/or adjustment may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no calculation or substitution can reasonably so be made, such Share Index Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment or substitution can reasonably be made following an Adjustment Event or no calculation or substitution can be made following a Share Index Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent, or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to share indices should read "*Underlying Schedule 1 – Share Index Conditions*" starting at page 113 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to inflation indices**

Investors in Notes relating to inflation indices should be familiar with investments in global capital markets and with indices generally.

The risks of a Note relating to inflation indices will depend on the terms of that Note. Many economic and market factors may influence an inflation index and consequently Notes relating to inflation indices, including:

- general economic, financial, political or regulatory conditions and/or events;
- fluctuations in the prices of various assets, goods, services and energy resources (including in response to supply of, and demand for, any of them); and/or
- the level of inflation in the economy of the relevant country and expectations of inflation.

In particular, the level of an inflation index may be affected by factors unconnected with the financial markets.

Any such factor may either offset or magnify one or more of the other factors.

### *Adjustment Events and Early Redemption in relation to Notes linked to inflation indices*

If an underlying closing level for an inflation index for a specified reference month has not been published or announced by five business days prior to the relevant payment date, then the Calculation Agent shall determine a substitute index level. Any such substitution may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any inflation index (being (a) the occurrence at any time of an illegality in relation to any underlying hedging position in relation to the Notes, or (b) the imposition of increased or unexpected fees and costs for the use of such index on the Issuer and/or any of its affiliates by the relevant index sponsor which the Calculation Agent deems material), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If "Revision" is specified as applicable for an inflation index in the applicable Final Terms, then any revision to an underlying closing level of an inflation index occurring before the relevant revision cut-off date shall be considered final and conclusive for the purpose of any determination made in respect of the Notes. If "No Revision" is specified as applicable in the applicable Final Terms (or if "Revision" is not specified as

applicable) then the first publication and announcement of an underlying closing level for such inflation index shall be final and conclusive. Further, if the Calculation Agent determines that the index sponsor of an inflation index has corrected an underlying closing level for such index to correct a manifest error no later than the earlier to occur of the relevant manifest error cut-off date and thirty calendar days following the first publication and announcement of such level, then the Calculation Agent may use the corrected level of such inflation index for the purposes of any calculation in respect of the relevant payment date. In the event of inconsistency between a revision and a manifest error correction, the manifest error correction shall prevail. Any such adjustment (or absence of an adjustment, for the purpose of the Notes) to any level of an inflation index may have an adverse effect on the value of the Notes.

If the Calculation Agent determines that either (a) a level for an inflation index has not been published or announced for two consecutive months and/or (b) the relevant index sponsor announces that it will no longer continue to publish or announce such inflation index and/or (c) the relevant index sponsor cancels such inflation index then the Calculation Agent may replace the originally-designated inflation index with a successor index. Any such adjustment may have an adverse effect on the value of the Notes and, if no successor index can be determined, then an Early Redemption Event shall occur with respect to the Notes.

If an index sponsor announces, in respect of an inflation index, that it will make a material change to a relevant inflation index then the Calculation Agent shall make such consequential adjustments to the terms of the Notes as are consistent with any adjustment made to any relevant fallback bond or as are necessary for such modified inflation index to continue as an inflation index for the purpose of the Notes. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, then an Early Redemption Event shall occur with respect to the Notes.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment can reasonably be made following an Adjustment Event or no successor index can be determined or no adjustment can reasonably be made following a material change to a relevant inflation index), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent, or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to inflation indices should read "*Underlying Schedule 2 – Inflation Index Conditions*" starting at page 205 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to commodity indices**

Investors in Notes relating to commodity indices should be familiar with investments in global capital markets and with indices and commodities generally. The level of a commodity index is generally based on the value of the commodities and/or other securities comprised in that commodity index and, as such, investors in Notes relating to commodity indices should also read "*certain considerations associated with Notes relating to commodities*" below. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the commodities and/or futures contracts comprising a commodity index and/or the performance of such index.

The risks of a particular Note relating to a commodity index will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the commodities and/or futures underlying the relevant index or indices;



- another objective price; and
- economic or other measures making up the relevant index or indices.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to commodity indices*

The terms and conditions of Notes relating to commodity indices include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any commodity index (being (a) the occurrence at any time of an illegality in relation to any underlying hedging position in relation to the Notes, (b) the substitution of a commodity index with a substitute commodity index due to the originally designated commodity index being either (i) not calculated and announced by or on behalf of the relevant index sponsor but instead being calculated and announced by or on behalf of a successor to the relevant index sponsor acceptable to the Calculation Agent or (ii) replaced by a successor index, (c) the imposition of increased or unexpected fees and costs for the use of such index on the Issuer and/or any of its affiliates by the relevant index sponsor which the Calculation Agent deems material, or (d) the imposition of, change in or removal of any tax relating to any component of such commodity index or commodity relating to such component (if specified as applicable in the applicable Final Terms) which the Calculation Agent deems material), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If a Commodity Index Adjustment Event occurs (being, in respect of a commodity index, the relevant index sponsor announcing that it will make a material change to a relevant commodity index, the index sponsor permanently cancelling the index and no successor index existing or the index sponsor or any other person or entity on its behalf failing to calculate and announce the relevant index), then the Calculation Agent may determine whether such Commodity Index Adjustment Event has a material effect on the relevant Notes and, if so, shall calculate the relevant level of such commodity index in accordance with the formula for and method of calculating the relevant commodity index last in effect prior to the applicable change, cancellation or failure or may substitute the affected commodity index with a replacement index and determine any adjustment necessary to the terms of the Notes to account for such substitution. Any such calculation, substitution and/or adjustment may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no calculation or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment or substitution can reasonably be made following an Adjustment Event or no calculation or substitution can reasonably be made following a Commodity Index Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to commodity indices should read "*Underlying Schedule 3 – Commodity Index Conditions*" starting at page 126 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

## **Certain considerations associated with Notes linked to commodities**

Investors should note that the movements in the price of any relevant commodities 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 a commodity or commodities may affect the actual yield of the Notes, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of the commodities, the greater the effect on yield of the Notes.

Commodity futures markets are highly volatile. Commodity markets are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually a percentage of the face value of the contract and exposure can be nearly unlimited). A holder of a futures position may find such position becomes illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the liquidation of unfavourable positions and subject an investor in a Note relating to commodities to such contract prices to substantial losses.

### *Risk related to the possible rolling mechanism of commodity futures contracts*

The yield on Notes relating to commodities may not perfectly correlate to the trend in the price of the underlying commodities as the use of such future commodity contracts generally involves a rolling mechanism. This means that the commodity futures contracts which expire prior to the relevant payment date under the relevant Notes are replaced with future commodity contracts that have a later expiry date. Investors may therefore only marginally benefit from any rise/fall in prices on such commodities.

Moreover, investors should consider that the commodity futures contracts could have a trend which differs significantly from that of the commodity spot markets. The trend in the price of a commodity futures contracts compared to the underlying commodity is closely linked to the present and future level of the production of the underlying commodity or to the level of estimated natural reserves, particularly in the case of energy commodities. In addition, the price of the relevant commodity futures contract may not be considered an accurate prediction of a market price, since it also includes the so-called "carrying costs" (such as, for example, warehouse costs, insurance covering the goods, transportation etc.), which also contribute toward the determination of the price of the commodity futures contracts. These factors which directly influence the commodities prices substantially explain the imperfect correlation between the commodity spot markets and the commodity futures contracts.

### *Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to commodities*

As the terms and conditions of Notes relating to commodities include alternative provisions for valuation and/or provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such alternative provisions for valuation or postponement may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of any commodity (being the occurrence at any time of an illegality in relation to any underlying hedging position in relation to the Notes), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent

determines necessary to account for the effect of such Adjustment Event. Any such adjustments may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances in which the Calculation Agent determines that no adjustment can reasonably be made following an Adjustment Event or the occurrence of a disruption event and any relevant disruption fallbacks fail (or are deemed to fail) to provide a relevant price in respect of a commodity and a valuation date), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to commodities should read "*Underlying Schedule 4 – Commodity Conditions*" starting at page 130 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to shares**

Investors in Notes relating to shares should be familiar with investments in global capital markets and with shares generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of shares by reference to which amounts payable under the relevant Notes are calculated.

The Notes will give rise to obligations of the Issuer and will not give rise to any obligations of any share company. No offer is made by any share company and no offer is made of other securities supported by or convertible into shares or other securities of any share company.

No issuer of such shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of the Issuer, the Guarantor and any Dealer will make any investigation or enquiry in connection with such offering with respect to the 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 documents described in this paragraph or in any applicable 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 shares and therefore the trading price of the relevant Notes.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders 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 Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the relevant shares. The return on such Notes may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in the relevant shares. Consequently, the return on Notes linked to shares may be less than the return from a direct investment in the relevant shares.

The risks of a Note relating to shares will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the shares. The value of shares may go down as well as up and the value of any share on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any share or of the continued existence of any

share or share company. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant shares – see "*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to shares*" below. Accordingly, before making an investment decision with respect to Notes, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of shares, is suitable for them.

In considering whether to purchase Notes relating to shares, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more shares over a period of time and to shares, the issuer(s) of which are incorporated outside the United States and the European Economic Area.

#### *Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to shares*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a share (being a corporate action, de-listing, insolvency, merger event, nationalisation, tender offer and/or any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) or substitution to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the share the subject of the Adjustment Event with a new share selected by the Calculation Agent from an applicable reference index. Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. Any such adjustment may have an adverse effect on the value of such Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to shares should read "*Underlying Schedule 5 – Share Conditions*" starting at page 135 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

#### **Certain considerations associated with Notes relating to depositary receipts**

Investors in Notes relating to depositary receipts should be familiar with investments in global capital markets and with depositary receipts generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of depositary receipts and relevant underlying shares by reference to which amounts payable under the relevant Notes are calculated.

The Notes will give rise to obligations of the Issuer and will not give rise to any obligations of any depositary or any underlying share company. No offer is made by any depositary or any underlying share company and no offer is made of other securities supported by or convertible into depositary receipts, underlying shares or other securities of any depositary or any underlying share company.

No issuer of such depositary receipts or any underlying shares related to such depositary receipts will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of the Issuer, the Guarantor and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any depositary or any related underlying share company 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 documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the depositary receipt or the underlying 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 depositary or underlying share company could affect the trading price of the depositary receipts and therefore the trading price of the relevant Notes.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant depositary receipts and/or underlying shares to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the relevant depositary receipts and/or underlying shares. The return on such Notes may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in the relevant depositary receipts and/or underlying shares. Consequently, the return on Notes linked to depositary receipts may be less than the return from a direct investment in the relevant depositary receipts and/or underlying shares.

The risks of a Note relating to depositary receipts will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the depositary receipts. The value of depositary receipts may go down as well as up and the value of any depositary receipt on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any depositary receipts or of the continued existence of any depositary and/or underlying share company. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant depositary receipts – see "*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to depositary receipts*" below. Accordingly, before making an investment decision with respect to Notes, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of the depositary receipts and the underlying shares related to such depositary receipts, is suitable for them.

In considering whether to purchase Notes relating to depositary receipts, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more depositary receipts and the related underlying shares over a period of time and to depositary receipts and/or underlying shares, the issuer(s) of which are incorporated outside the United States and the European Economic Area.

#### *Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to depositary receipts*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a depositary receipt and/or an underlying share (being a corporate action, delisting, insolvency, merger event, nationalisation, tender offer, written instructions being given by an underlying share company to the relevant depositary to withdraw or surrender underlying shares or the termination of a relevant deposit agreement and/or any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make

such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the depositary receipt and/or the underlying share the subject of the Adjustment Event with a new depositary receipt and/or a new share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms. Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. Any such adjustment may have an adverse effect on the value of such Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to depositary receipts should read "*Underlying Schedule 6 – Depositary Receipt Conditions*" starting at page 142 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

#### **Certain considerations associated with Notes relating to ETF shares**

Investors in Notes relating to exchange traded fund shares (**ETF shares**) should be familiar with investments in global capital markets and with ETF shares generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of ETF shares by reference to which amounts payable under the relevant Notes are calculated.

The Notes will give rise to obligations of the Issuer and will not give rise to any obligations of the issuer of any ETF shares. No offer is made by any issuer of ETF shares and no offer is made of other securities supported by or convertible into ETF shares or other securities of any fund or other issuer of securities.

No issuer of ETF shares will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of the Issuer, the Guarantor and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such issuer of ETF 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 documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the ETF 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 ETF shares could affect the trading price of the ETF share and therefore the trading price of the relevant Notes.

Investors should note that whilst ETF shares are traded on an exchange and are therefore valued in a similar manner as a share traded on an exchange, the Adjustment Events in relation to Notes linked to ETF shares include certain adjustments which would be applicable to Notes linked to an underlying fund.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant ETF shares to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the relevant ETF shares. The return on such Notes may thus not reflect any dividends or other distributions which would be paid to investors that

have made a direct investment in relevant ETF shares. Consequently, the return on Notes linked to ETF shares may be less than the return from a direct investment in the relevant ETF shares.

The risks of a Note relating to ETF shares will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the ETF shares. The value of ETF shares may go down as well as up and the value of any ETF share on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any ETF share or of the continued existence of any ETF share or the issuer of such ETF share. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant ETF shares – see "*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to ETF shares*" below. Accordingly, before making an investment decision with respect to Notes, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of ETF shares, is suitable for them.

In considering whether to purchase Notes relating to ETF shares, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more ETF shares over a period of time and to ETF shares, the issuer(s) of which are established outside the United States and the European Economic Area.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to ETF shares*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of an ETF share (being a corporate action, de-listing, insolvency, merger event, nationalisation, tender offer, fund modification, strategy breach, regulatory action, cross-contamination and/or any Additional Disruption Event specified in the applicable Final Terms), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the ETF share the subject of the Adjustment Event with a new exchange traded fund share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms. Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. Any such adjustment may have an adverse effect on the value of such Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to ETF Shares should read "*Underlying Schedule 7 – Exchange Traded Fund (ETF) Share Conditions*" starting at page 153 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

### **Certain considerations associated with Notes relating to mutual fund interests**

Investors in Notes relating to mutual fund interests should be familiar with investments in global capital markets and with mutual funds generally. Before purchasing Notes, investors should carefully consider, among other matters, the value and price volatility of mutual fund interests by reference to which amounts payable under the relevant Notes are calculated.

No mutual fund administrator, adviser or manager in respect of a mutual fund will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Notes and none of the Issuer, the Guarantor and any Dealer will make any investigation or enquiry in connection with such offering with respect to the information concerning any such mutual fund 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 documents described in this paragraph or in any applicable Final Terms) that would affect the value of the mutual fund interest will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such mutual fund could affect the value of the mutual fund interest and therefore the trading price of the Notes.

Mutual funds may trade and invest in a broad range of investments such as debt and equity securities, commodities and foreign exchange and may enter into derivative transactions, including, without limitation, futures and options. Mutual fund interests may be illiquid and may only be traded on an infrequent basis. Investors should review the applicable Final Terms to ascertain the characteristics of any relevant mutual fund interest. The trading strategies of mutual funds are often opaque. Mutual funds, as well as the markets and instruments in which they invest, are often not subject to review by governmental authorities, self-regulatory organisations or other supervisory authorities.

For all the above reasons, investing directly or indirectly in mutual funds is generally considered to be risky. If the underlying mutual fund does not perform sufficiently well, the value of the Notes will fall, and may in certain circumstances be zero.

The value of mutual fund interests may be affected by the performance of the relevant fund service providers and in particular the relevant fund adviser.

Except as provided in the applicable Final Terms in relation to Physical Delivery Notes, Noteholders will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant mutual fund interests to which such Notes relate notwithstanding that, if so specified in the applicable Final Terms, Noteholders may be entitled to receive payments calculated by reference to the amount of dividends, distributions or other payments that would be received by a holder of the mutual fund interests. The return on such Notes may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in relevant mutual fund interests. Consequently, the return on Notes linked to mutual fund interests may be less than the return from a direct investment in the relevant mutual fund interests.

The risks of a Note relating to mutual fund interests will depend on the terms of that Note. Such risks may include, but are not limited to, the possibility of significant changes in the value(s) of the mutual fund interests. The value of mutual fund interests may go down as well as up and the value of any mutual fund interest on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any mutual fund interest or of the continued existence of any mutual fund interest or the issuer of such mutual fund interest. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant mutual fund interest – see *"Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to mutual fund interests"* below. Accordingly, before making an investment decision with respect to Notes, prospective



investors should carefully consider whether an investment, the return on which will depend on the performance of mutual fund interests, is suitable for them.

In considering whether to purchase Notes relating to mutual fund interests, each investor should be aware that the calculation of amounts payable on such Notes may involve reference to the performance of one or more mutual fund interests over a period of time and to mutual fund interests, the issuer(s) of which are established outside the United States and the European Economic Area.

*Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to mutual fund interests*

As the terms and conditions of the Notes include provisions dealing with the postponement of a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Notes may have an adverse effect on the value of such Notes.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a mutual fund interest (being a corporate action, insolvency, merger event, nationalisation, adviser resignation event, fund modification, strategy breach, regulatory action, reporting disruption, cross-contamination, failure by a fund service provider), then the Calculation Agent shall make such adjustment(s) to the terms of the Notes as the Calculation Agent determines necessary to account for the effect of such Adjustment Event or the Calculation Agent may replace the mutual fund interest the subject of the Adjustment Event with a new mutual fund share or unit selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms. Any such adjustment(s) or substitution may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) or substitution can reasonably so be made, such Adjustment Event shall be an Early Redemption Event.

If an Early Redemption Event occurs (being circumstances where the Calculation Agent determines that no adjustment(s) or substitution can reasonably be made following an Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the relevant Notes. Any such adjustment may have an adverse effect on the value of such Notes. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Note an amount equal to the fair market value of such Note less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent or such other amount as is specified in the applicable Final Terms. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Notes.

Investors in Notes relating to mutual fund interests should read "*Underlying Schedule 8 – Mutual Fund Conditions*" starting at page 161 of this Base Prospectus and the applicable Final Terms in order to fully understand the provisions relating to such Notes.

**Mandatory early redemption of Notes**

If "Mandatory Early Redemption Provisions" are specified as applicable in the applicable Final Terms relating to an issue of Notes, then such Final Terms will specify what constitutes a "Mandatory Early Redemption Event" and, following the occurrence of a Mandatory Early Redemption Event, the Notes will be redeemed on a day selected by the Calculation Agent and the relevant Mandatory Early Redemption Amount specified in the applicable Final Terms will become payable and no further amount shall be payable in respect of such Notes. In this case, investors are subject to a reinvestment risk, as they may not be able to replace their investment in such Notes with an investment that has a similar profile of chances and risks as the relevant Notes.

If any Notes are redeemed early in accordance with the above, the amount received by the relevant holders will be limited to the Mandatory Early Redemption Amount irrespective of the price of the relevant

Underlying(s) or any other reference factor(s) applicable to such Underlying(s). Furthermore, investors will not benefit from any movement in the price of relevant Underlying(s) that may occur during the period between the relevant date of early redemption and the maturity date.

### **Settlement disruption event and failure to deliver**

In the case of Physical Delivery Notes, if a Settlement Disruption Event occurs or exists on any date specified for the delivery of the relevant Entitlement, redemption will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances may select to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or it may pay the Disruption Cash Redemption Amount *in lieu* of delivering the Entitlement.

If, in relation to Physical Delivery Notes, "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and it is impossible or impracticable, in the opinion of the Calculation Agent, to deliver, when due, some or all of the Relevant Assets where such failure to deliver is due to illiquidity in the market for such Relevant Assets or Substitute Assets, the Issuer has the right to pay the Failure to Deliver Redemption Amount *in lieu* of delivering some or all of such Relevant Assets which are affected by such illiquidity.

Physical Delivery Notes which are held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes. Such aggregate Entitlements will be rounded down to the nearest Tradeable Amount of the Relevant Asset(s), in such manner as the Calculation Agent shall determine and amounts of the Relevant Asset less than the Tradeable Amount shall not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applying in the applicable Final Terms, in which case, the Issuer shall pay to the relevant Noteholder a cash amount equal to the value of any such lesser amount.

### **Certain considerations regarding hedging**

Prospective purchasers intending to purchase Notes to hedge against the market risk associated with investing in the particular Underlying(s) should recognise the complexities of utilising Notes in this manner. For example, the value of the relevant Notes may not exactly correlate with the value of the relevant Underlying(s). Due to fluctuating supply and demand for Notes, there is no assurance that their value will correlate with movements of the Underlying(s). For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index, share or basket.

### **Variation of settlement**

If the applicable Final Terms in respect of any Notes indicate that the Issuer has an option to vary settlement in respect of such Notes, the Issuer may elect not to pay the relevant Noteholders the relevant Redemption Amount or to deliver or procure delivery of the relevant Entitlement, as the case may be, but, in lieu thereof to deliver or procure delivery of the relevant Entitlement or make payment of the Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be.

### **Issuer's option to substitute assets or to pay the alternate cash redemption amount**

If the Notes are Physical Delivery Notes, the Issuer may, if the Calculation Agent determines that the Relevant Asset or Relevant Assets, as the case may be, comprises shares which are not freely tradeable, elect either (i) to substitute a Substitute Asset or Substitute Assets, as the case may be, for the Relevant Asset or Relevant Assets, or (ii) not to deliver or procure the delivery of the relevant Entitlement or the relevant Substitute Asset or Substitute Assets, as the case may be, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholders on the maturity date of the Alternate Cash Redemption Amount.

## **Expenses**

All Expenses arising from the delivery of the Entitlement in respect of Physical Delivery Notes shall be for the account of the relevant Noteholder.

Expenses in respect of Physical Delivery Notes shall be deducted by the Issuer from any cash amount owing to such Noteholder and paid by the Issuer on behalf of the Noteholder or paid by the Issuer on behalf of such Noteholder by converting such amount of the Entitlement as necessary to pay the Expenses, as specified by the Noteholder in the relevant Asset Transfer Notice. If any Expenses are not so paid, the relevant Noteholder shall be deemed to authorise the Issuer to convert and the Issuer may convert such amount of the Entitlement into cash sufficient to cover the Expenses in respect of the relevant Note from which the Issuer shall deduct such Expenses.

## **Illegality in relation to Notes**

If the Issuer determines that the performance of its obligations under an issue of Notes or the Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of such Notes or that any arrangements made to hedge the Issuer's and/or the Guarantor's obligations under such Notes and/or the Deed of Guarantee, as the case may be, has become illegal in whole or in part for any reason, the Issuer may redeem the Notes early and, if and to the extent permitted by applicable law, will pay to each Noteholder in respect of each Calculation Amount held by such holder, an amount equal to the fair market value of each such Calculation Amount notwithstanding such illegality less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements.

## **Modification, waivers and substitution**

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters which may have a general or specific effect upon their interests. These provisions permit defined majorities to bind all Noteholders, including those Noteholders who did not attend and vote at the relevant meeting, and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Issuer and the Guarantor may make, without the consent of the Noteholders, (i) any modification to the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the Deed of Covenant, the Registry Services Agreement and/or the Deed of Guarantee which is not prejudicial to the interests of the Noteholders or (ii) any modification to the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the Deed of Covenant, the Registry Services Agreement and/or the Deed of Guarantee 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.

## **Determinations**

The terms of the Notes confer on the Calculation Agent some discretion in making determinations and calculations in relation to, *inter alia*, Underlying(s) and the occurrence of various events. Whilst the Calculation Agent will act in good faith and in its sole and absolute discretion (unless otherwise specified in the applicable Final Terms), there can be no assurance that the exercise of any such discretion will not affect the value of the Notes or the occurrence of an early repayment.

## **Change of law**

The Conditions of the Notes are based on relevant laws 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 such laws or administrative practices after the date of this Base Prospectus.

### **Notes subject to optional redemption by the Issuer**

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

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

### **Partly-paid Notes**

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

### **Notes with a multiplier or other leverage factor can be volatile investments and Noteholders may not receive returns that directly correlate to the performance of the relevant Underlying(s)**

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

Furthermore, the amounts payable under such Notes may not directly correlate to the rise and/or fall in price or level of an Underlying. For example, Notes may provide that any positive performance of any Underlying is subject to:

- (a) a percentage participation factor that is less than 100 per cent. of a price or level of such Underlying;
- (b) a cap or maximum amount; and/or
- (c) a negative spread or percentage deduction to a relevant price or level of such Underlying,

which, in each case, would mean that the positive performance (if any) of such Underlying is not fully accounted for in any relevant payment(s) made under the Notes.

### **Inverse Floating Rate Notes**

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

### **Fixed Rate Notes**

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

## **Fixed/Floating Rate Notes**

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

## ***Risks related to the market generally***

### **Impact of implicit fees on the Issue/Offer Price**

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Notes, but such fees will not be taken into account for the purposes of determining the price of such Notes in the secondary market.

The Issuer will specify in the relevant Final Terms, the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Notes are sold on the secondary market immediately following the offer period relating to such Notes, the implicit fees included in the Issue/Offer Price on initial subscription for such Notes will be deducted from the price at which such Notes may be sold in the secondary market.

### **Certain considerations relating to public offers of Notes**

As described in the applicable Final Terms, Notes may be distributed by means of a public offer made during an offer period specified in the applicable Final Terms. During such offer period, the Issuer and/or any other person specified in the applicable Final Terms may reserve the right to cancel such offer and/or to scale back applications for such offer in the event of over-subscription. In such circumstances, an applicant investor may not be issued any Notes or may be issued a number of Notes which is less than the amount for which such applicant investor applied. Any payments made by an applicant investor for Notes that are not issued to such applicant investor for any such reason will be refunded. However, there will be a time lag in making any reimbursement, no interest will be payable in respect of any such amounts and the applicant investor may be subject to reinvestment risk.

Further, investors should note that, in certain circumstances, Notes may not be issued on the originally-designated issue date, for example because either the Issuer and/or any other person specified in the applicable Final Terms has reserved the right to postpone such issue date or, following the publication of a supplement to this Base Prospectus the Issuer has decided to postpone such issue date to allow investors who had made applications to subscribe for Notes before the date of publication of such Supplement to exercise their right to withdraw their acceptances. In the event that the issue date is so delayed, no interest shall accrue (if applicable) until the issue date of the Notes and no compensation shall be payable.

### **The secondary market generally**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher

than the relevant investor's initial investment. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes 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 Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. The liquidity of Notes is also influenced by whether or not the relevant Notes are exclusively offered to retail investors without any offer to institutional investors.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange. If Notes are not listed or traded on any exchange, pricing information for the relevant Notes may be more difficult to obtain and the liquidity of such Notes may be adversely affected.

If Notes are not listed on a regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). Trading in such Notes may take place outside the above-mentioned trading systems, with possible risks as to the transparency of the determination of prices. Investors should note that the Issuer does not grant any warranty to Noteholders as to the methodologies used to determine the price of Notes which are traded outside a trading system, however, where the Issuer or any of its affiliates determines the price of such Notes, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law.

Each of the Issuer, the Guarantor and any Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private treaty. Any Notes so purchased may be held or resold or surrendered for cancellation. Any Dealer may, but is not obliged to, be a market maker for an issue of Notes. Even if a Dealer is a market-maker for an issue of Notes, the secondary market for such Notes may be limited and there is no assurance given as to the price offered by a secondary market-maker or the impact of any such quoted prices on those available in the wider market. To the extent that an issue of Notes becomes illiquid, an investor may have to hold the relevant Notes until maturity before it is able to realise value.

Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuer, the Guarantor and/or any Dealer purchasing or holding Notes.

If it is possible to sell Notes, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance of the relevant Underlying, prevailing interest rates at the time of sale, the time left before the stated maturity date and the creditworthiness of the Issuer. It is therefore possible that an investor selling Notes in the secondary market may receive a price less than the investor's initial investment in the relevant Notes.

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

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

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

## **United States tax law developments**

The United States Internal Revenue Service (the **IRS**) and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for U.S. federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Note, Receipt, Coupon or Talon.

### **Changes in any applicable tax law or practice may have an adverse effect on a Noteholder**

Any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of any Notes may change at any time (including during any subscription period or the term of any Notes). Any such change may have an adverse effect on a Noteholder, including that Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

## **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may 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, none of the Issuer, the Guarantor, any Paying Agent and any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Except as otherwise provided in Condition 6(f) of the Conditions of the Notes, each of the Issuer and the Guarantor is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive unless to do so would be unduly onerous, impracticable or no longer market practice.

## **Potential conflicts of interest**

Where the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amount receivable or specified assets deliverable on redemption of the Notes.

The Issuer, the Guarantor and/or any of their affiliates may from time to time engage in transactions involving Underlying(s) for their proprietary accounts or for other accounts under their management, subject

to requirements of the Securities Act. The Issuer, the Guarantor and/or their affiliates may also issue other derivative instruments in respect of any Underlying(s). The Issuer, the Guarantor and/or their affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Notes or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the relevant Underlying(s) and consequently upon the value of the Notes.

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

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

Where Notes are offered to the public, as the relevant Manager(s)/Dealer and any distributors act pursuant to a mandate granted by the Issuer and they receive fees on the basis of the services performed and the outcome of the placement of such Notes, potential conflicts of interest could arise.

#### **Post issuance information**

The Issuer will not provide any post issuance information, except if required by any applicable laws and regulations.

#### ***Risks relating to the FDIC guarantee***

#### **Noteholders should inform themselves as to the provisions of the Temporary Liquidity Guarantee Program**

Registered Notes may, if specified in the applicable Final Terms, be guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program and be backed by the full faith and credit of the United States. The details of the FDIC guarantee are provided in the FDIC's regulations, Part 370 of title 12 of the United States Code of Federal Regulations (**12 CFR Part 370**), and at the FDIC's website, [www.fdic.gov/tlgp](http://www.fdic.gov/tlgp). The FDIC's regulations make provisions concerning, *inter alia*, the procedures which must be followed for holders of FDIC Guaranteed Notes (as defined below) (or their representative) to make a claim under the FDIC guarantee, and the criteria which must be satisfied in order for the FDIC to honour such a claim. Prospective investors in FDIC guaranteed Registered Notes (**FDIC Guaranteed Notes**) should be aware that no amendment to the Terms and Conditions of such FDIC Guaranteed Notes may be made without the consent of the FDIC, and if and so long as the FDIC makes timely payments to such Noteholders following a payment default by the Issuer and the Guarantor, such Noteholders will not be able to declare an "event of default" under those Notes or accelerate the maturity of such Notes as a result of such events of default.

Potential investors are advised to inform themselves of the FDIC's regulations as they apply to any FDIC Guaranteed Notes. Before investing in FDIC Guaranteed Notes, potential investors should also read carefully the description of the FDIC, the description of the TLG Program and the FDIC guarantee (see "Description of the FDIC", "The FDIC Guarantee" and "Terms of the FDIC guarantee"). The Issuer does not accept any responsibility for the terms of the FDIC guarantee, nor does the Issuer make any representation or give any assurances as to the entitlement of holders of FDIC Guaranteed Notes to receive payment under the Temporary Liquidity Guarantee Program in the event that the Issuer and the Guarantor fail to make timely payment of principal and interest in accordance with the Conditions of such Notes, or if holders of FDIC



Guaranteed Notes (or their representative) fail to make a timely and compliant demand for payment under the FDIC guarantee.

The TLG Program is a new program and, as such, no claims have been made or paid under it to date. Noteholders should note that their ability to obtain payment on Notes under the FDIC guarantee is subject to the rules, practices and procedures of the FDIC governing the operation of the TLG Program which may be amended and are subject to the evolving interpretation of the FDIC.

**Noteholders may lose the right to payment under the FDIC guarantee if the Representative fails to follow the FDIC claims process and may not receive the full amount of any such payment**

The Bank of New York Mellon is designated under the Notes as representative of the holders of FDIC Guaranteed Notes (the **Representative**). A Noteholder may elect not to be represented by the Representative by giving written notice of such election to the Representative. In order for a holder represented by the Representative to receive payment under the FDIC guarantee in the event of the Issuer's payment default, the Representative must make a written demand, with the required proof of claim, to the FDIC within 60 days of the Issuer's payment default. If the Representative fails to follow the FDIC claims process under the TLG Program, holders of FDIC Guaranteed Notes represented by the Representative may be deprived of all rights and remedies with respect to the FDIC guarantee claim.

If any holder of FDIC Guaranteed Notes elects not to be represented by the Representative in connection with the FDIC guarantee, then such Noteholder must individually take the actions required in order to recover payment under the FDIC guarantee.

**Payments under the FDIC Guarantee may not be sufficient to discharge all liabilities of the Issuer and the Guarantor to the Noteholders**

The Representative may deduct amounts in respect of its fees and expenses from any amounts received by it from the FDIC in respect of FDIC Guaranteed Notes and the FDIC shall have no further or other liability in respect of any such amounts so deducted. Therefore, to the extent that the Representative deducts any such amounts from any amounts received by it from the FDIC prior to distribution to the Noteholders, the amounts received by the Noteholders out of any such amounts will not be sufficient to discharge all of the Issuer's and the Guarantor's liabilities to the Noteholders.

### **Discharge of obligations**

The obligations of the FDIC to the Noteholders in respect of any payments under any FDIC Guaranteed Notes shall be discharged by timely payment of any such amounts by the FDIC to or to the order of the Representative or, where the relevant Noteholder has elected not to be represented by the Representative, such Noteholder in accordance with the Conditions.

**Acceleration of FDIC Guaranteed Notes will not be available if the FDIC makes timely payments**

If any payment default occurs under the FDIC Guaranteed Notes, neither the Representative nor the holders of FDIC Guaranteed Notes will be entitled to accelerate the maturity of such Notes PROVIDED THAT the FDIC is making timely guarantee payments on such Notes.

**Guarantee payments by the FDIC may be delayed**

There is no designated period within which the FDIC is required to make its guarantee payments after receiving a demand with a conforming proof of claim. Therefore, if the filing of the demand and proof of claim is defective or otherwise delayed, or if the FDIC does not make the FDIC guarantee payments in a timely manner after all conditions to its payment have been met, the guarantee payments on the FDIC Guaranteed Notes could be delayed from the date the payment is due under the terms of the FDIC Guaranteed Notes. Any right of a holder of FDIC Guaranteed Notes to receive FDIC guarantee payments

under the FDIC guarantee will be subject to the procedures of the TLG Program. The FDIC will not pay any additional interest or penalty amounts in respect of any default or resulting delay in payment that may occur.

**The determination of the FDIC on any matter relating to the FDIC claims process will be final and binding on the Issuer, the Representative and the Noteholders, subject to judicial review**

The determination of the FDIC on any matter relating to claims under the TLG Program will be a final administrative determination and will be final and binding on all concerned parties, including holders of FDIC Guaranteed Notes. Holders of FDIC Guaranteed Notes will have the right to challenge an FDIC determination only by commencing an action in the U.S. District Court for the District of Columbia or New York within 60 days after the determination has been made.

## RISKS RELATING TO CERTIFICATES

***SET OUT BELOW ARE RISK FACTORS THAT THE ISSUER AND THE GUARANTOR BELIEVE REPRESENT THE PRINCIPAL RISKS INVOLVED IN INVESTING IN THE CERTIFICATES. INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. NEITHER THE ISSUER NOR THE GUARANTOR REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THIS BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING INVESTING IN ANY CERTIFICATES. FURTHER RISK FACTORS RELATING TO A SPECIFIC ISSUE OF CERTIFICATES MAY BE SET OUT IN THE APPLICABLE FINAL TERMS.***

Prospective investors in Certificates should determine whether an investment in Certificates is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in Certificates and to arrive at their own evaluation of the investment.

An investment in Certificates is only suitable for investors who:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in Certificates;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation;
- (c) are capable of bearing the economic risk of an investment in Certificates for an indefinite period of time; and
- (d) recognise that it may not be possible to dispose of Certificates for a substantial period of time, if at all.

Prospective investors in Certificates should make their own independent decision to invest in Certificates and as to whether the investment in Certificates is appropriate or proper for them based upon their own judgement and upon advice from such advisers as they may deem necessary. Prospective investors in Certificates should not rely on any communication (written or oral) of the Issuer, any Dealer or any of their affiliates or their respective officers or agents as investment advice or as a recommendation to invest in Certificates, it being understood that information and explanations related to Certificates shall not be considered to be investment advice or a recommendation to invest in Certificates. No communication (written or oral) received from the Issuer, any Dealer or any of their affiliates or their respective officers or agents shall be deemed to be an assurance or guarantee as to the expected results of an investment in Certificates.

### *Option risk*

Certificates are derivative financial instruments which may include an option right and which, therefore, have many characteristics in common with options. Transactions in options involve a high level of risk. An investor who intends to trade in options must first of all understand the functioning of the types of contracts which he intends to trade in (for example, call options and put options). An investment in options constitutes a highly volatile investment and there is a high likelihood that the option may have no value whatsoever at expiration. In such case, the investor would lose the entire amount used to purchase the options (known as the "premium").

An investor who is considering the purchase of a call option over an Underlying, the market price of which is much lower than the price at which the exercise of the option would be opportune (known as "deep out of the money"), must consider that the possibility that the exercise of the option will become profitable is remote. Likewise, an investor who is considering the purchase of a put option over an Underlying, the market price

of which is much higher than the price at which the exercise of the option would be opportune, must consider that the possibility that the exercise of the option will become profitable is remote.

The Certificates include some options on Underlying(s). The possible amount paid on exercise or any early termination will depend on the value of such options. Prior to the expiration of a Certificate, a variation in the value of the relevant options may involve a reduction in the value of such Certificate.

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

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

### **General risks and risks relating to Underlying(s)**

The Certificates involve a high degree of risk, which may include, among others, interest rate, foreign exchange, time value and political risks. Prospective purchasers of Certificates should recognise that their Certificates, other than any Certificates having a minimum expiration value, may expire worthless. Purchasers should be prepared to sustain a total loss of the purchase price of their Certificates, except, if so indicated in the applicable Final Terms, to the extent of any minimum expiration value attributable to such Certificates. This risk reflects the nature of a Certificate as an asset which, other factors held constant, tends to decline in value over time and which may become worthless when it expires (except to the extent of any minimum expiration value). See "*Certain factors affecting the value and trading price of Certificates*" below. Prospective purchasers of Certificates should be experienced with respect to options and option transactions, should understand the risks of transactions involving the relevant Certificates and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Certificates in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Certificates and the particular Underlying(s), as specified in the applicable Final Terms.

The risk of the loss of some or all of the purchase price of a Certificate upon exercise means that, in order to recover and realise a return upon his or her investment, a purchaser of a Certificate must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Underlying(s). Assuming all other factors are held constant, the more a Certificate is "out-of-the-money" and the shorter its remaining term to expiration, the greater the risk that purchasers of such Certificates will lose all or part of their investment. With respect to European Style Certificates, the only means through which a Certificateholder can realise value from such a Certificate prior to the Exercise Date in relation to such Certificate is to sell it at its then market price in an available secondary market. See "*The secondary market generally*" below.

Fluctuations in the value or the yield (if applicable) or the relevant rates of exchange (if applicable) of the relevant Underlying(s) will affect the value of the relevant Certificates. Purchasers of Certificates risk losing their entire investment if the value of the relevant Underlying(s) does not move in the anticipated direction.

The Issuer may issue several issues of Certificates relating to particular Underlying(s). However, no assurance can be given that the Issuer will issue any Certificates other than the Certificates to which the applicable Final Terms relate. At any given time, the number of Certificates outstanding may be substantial. Certificates provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Underlying(s). In general, certain of the risks associated with Certificates are similar to those generally applicable to other options or warrants of private corporate issuers. Options or warrants on equities are priced primarily on the basis of the value of underlying securities whilst Commodity Linked Certificates and Index Linked Certificates are priced primarily on the basis of present and expected values of the commodity (or basket of commodities) or the index (or basket of indices) specified in the applicable Final Terms.

## **Certain factors affecting the value and trading price of Certificates**

The aggregate Cash Settlement Amount(s) to be paid (the **Cash Settlement Value**) (in the case of Cash Settled Certificates) or the value of the Entitlements to be delivered or, if applicable, the aggregate difference in the value of the Entitlements to be delivered and the Exercise Price (either such value, the **Physical Settlement Value**) (in the case of Physical Delivery Certificates) at any time prior to expiration is typically expected to be less than the trading price of such Certificates at that time. The difference between the trading price and the Cash Settlement Value or the Physical Settlement Value, as the case may be, will reflect, among other things, the "time value" of the Certificates. The "time value" of the Certificates will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the Underlying(s). Certificates offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of Certificates varies as the price or level of the Underlying(s) varies, as well as due to a number of other interrelated factors, including those specified herein.

Before exercising or selling Certificates, Certificateholders should carefully consider, among other things, (i) the trading price of the relevant Certificates, (ii) the value and volatility of the Underlying(s), (iii) the time remaining to expiration, (iv) in the case of Cash Settled Certificates, the probable range of any Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields if applicable, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the Underlying(s) and (viii) any related transaction costs.

## **Changes in exchange rates and exchange controls could result in a loss of the value of the Certificates and payments thereof in relation to the currency of the jurisdiction of an investor**

An investment in Certificates payable in a Settlement Currency other than the currency of the jurisdiction of a particular investor (the **investor's currency**), entails significant risks that are not associated with a similar investment in a security payable in the investor's currency. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the investor's currency and the Settlement Currency;
- the possibility of significant changes in rates of exchange between the investor's currency and the Settlement Currency resulting from the official redenomination or revaluation of the Settlement Currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the investor's or foreign governments.

These risks generally depend on factors over which the Responsible Persons have no control and which cannot be readily foreseen, such as:

- economic events;
- political events; and
- the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between some foreign currencies in which the Certificates may be payable, have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Certificate. Depreciation of the Settlement Currency of a Certificate against an investor's currency would result in a decrease in the effective yield of such Certificate and could result in a substantial loss to the investor in terms of the investor's currency.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Settlement Currency at the time of payment in respect of any Certificate. There can be no assurance that exchange controls will not restrict or prohibit payments under the Certificates in any such Settlement Currency.

Even if there are no actual exchange controls, it is possible that a Settlement Currency would not be available to the Issuer and/or Guarantor when payments in respect of a Certificate are due because of circumstances beyond the control of the Issuer and/or Guarantor. Each investor should consult their own financial and legal advisors as to the risks of an investment in Certificates denominated in a currency other than the investor's currency.

The above risks may be increased if any Settlement Currency and/or an investor's currency is the currency of an emerging market jurisdiction.

**The unavailability of currencies could result in a loss of value of the Certificates and payments thereunder**

Except as set forth below, if payment on a Certificate is required to be made in a Settlement Currency and that currency is

- unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's and/or the Guarantor's control;
- no longer used by the government of the country issuing the currency; or
- no longer used for the settlement of transactions by public institutions of the international banking community

then, if the Settlement Currency of a Certificate is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any Settlement Currency that is a composite currency, then the payment obligations of the Issuer and/or Guarantor on such Certificate will be the amount of redenominated currency that represents the amount of the Issuer and/or Guarantor's obligations immediately before the redenomination. The Certificates will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the Settlement Currency of those Certificates relative to any other currency due solely to fluctuations in exchange rates; or
- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

**Changes in the value of underlying(s) of Index Linked Certificates could result in a loss of value of the Certificates and payments thereunder**

Investors in Certificates relating to indices should be familiar with investments in global capital markets and with indices generally. The level of an index is generally based on the value of the assets comprised in that index although investors should note that the level of an index at any time may not include the reinvestment of the yield on the assets comprised in such index. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the assets comprising an index and/or the performance of such index.

An investment in Index Linked Certificates may have significant risks that are not associated with an investment in a conventional security such as a debt instrument.

The risks of a particular Index Linked Certificate will depend on the terms of that Index Linked Certificate. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the assets underlying the relevant index or indices (**underlying(s)**);
- another objective price; and
- economic or other measures making up the relevant index or indices.

Underlying(s) could include:

- one or more securities or securities indices;
- one or more specified foreign currency or currency indices;
- a combination thereof;
- intangibles;
- goods;
- articles;
- commodities; and
- any other financial, economic or other measure or instrument.

The risks associated with a particular Index Linked Certificate will generally depend on factors over which the Issuer and/or the Guarantor have no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, the underlying(s).

Investors should note that dividends paid to holders of underlying(s) will not be paid to the Issuer or to the holders of Certificates. The return on Certificates will thus not reflect any dividends which would be paid to investors that have made a direct investment in underlying(s). Consequently, the return on Certificates may be less than the return from a direct investment in underlying(s).

Market volatility reflects the degree of instability and expected instability of the performance of an index and the assets comprised in such index. The level of market volatility is largely determined by the prices for financial instruments supposed to protect investors against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, economic factors and speculation. In recent years, currency exchange rates and prices for various underlying(s) have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Index Linked Certificate.

In considering whether to purchase Index Linked Certificates, each investor should be aware that the calculation of amounts payable on Index Linked Certificates may involve reference to:

- an index determined by an affiliate of the Issuer and/or the Guarantor; or

- prices that are published solely by third parties or entities which are not regulated by the laws of the United States, European Economic Area or the jurisdiction of the particular investor.

The risk of loss as a result of linking payments on Index Linked Certificates to an index and to the underlying(s) can be substantial. Each Investor should consult their own financial and legal advisors as to the risks of an investment in Index Linked Certificates.

### **Certain considerations associated with Share Linked Certificates**

Investors in Certificates relating to shares should be familiar with investments in global capital markets and with shares generally. Before purchasing Certificates, investors should carefully consider, among other matters, the value and price volatility of shares by reference to which amounts payable under the relevant Certificates are calculated.

In the case of Share Linked Certificates, no issuer of the share or shares to which such Certificates are linked will have participated in the preparation of the applicable Final Terms or in establishing the terms of the Certificates and none of the Issuer, the Guarantor and any Dealer will make any investigation or enquiry in connection with such offering with respect to the 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 documents described in this paragraph or in any applicable Final Terms) that would affect the trading price of the shares 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 shares and therefore the trading price of the relevant Certificates.

Except as provided in the applicable Final Terms in relation to Physical Delivery Certificates, Certificateholders 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 Certificates relate. The return on such Certificates may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in shares. Consequently, the return on Certificates linked to shares may be less than the return from a direct investment in the relevant shares.

An investment in Share Linked Certificates may have significant risks that are not associated with a similar investment in a conventional security such as a debt instrument.

The risks of a Share Linked Certificate will depend on the terms of that Certificate. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the underlying share or shares. The value of shares may go down as well as up and the value of any share on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any share or of the continued existence of any share or share company. In addition, in certain circumstances it may not be possible or practicable for the Calculation Agent to determine the value of the relevant shares – see *"Disrupted Days, Market Disruption Events and Adjustments in relation to Index Linked Certificates and Share Linked Certificates"* below. Accordingly, before making an investment decision with respect to Certificates, prospective investors should carefully consider whether an investment, the return on which will depend on the performance of shares, is suitable for them.

The risks associated with a particular Share Linked Certificate generally depend on factors over which the Issuer and/or the Guarantor have no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and



- the supply of, and demand for, the relevant share or shares.

In recent years, prices for various shares have been highly volatile. Such volatility may be expected in the future. Fluctuations in the rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Share Linked Certificate.

In considering whether to purchase Share Linked Certificates, each investor should be aware that the calculation of amounts payable on such Certificates may involve reference to the performance of one or more shares over a period of time and to shares, the issuer(s) of which are incorporated outside the United States and the European Economic Area.

The risk of loss as a result of linking payments on Certificates to one or more shares can be substantial. Each investor should consult its own financial and legal advisors as to the risks of an investment in any such Certificates.

### **Disrupted Days, Market Disruption Events, Adjustments and Mandatory Early Repayment in relation to Index Linked Certificates and Share Linked Certificates**

In the case of Certificates relating to shares or indices, if the terms and conditions of such Certificates include provisions dealing with the postponement of an Averaging Date, Observation Date or a Valuation Date due to the occurrence of a Disrupted Day, such postponement or any alternative provisions for valuation provided in the terms and conditions of such Certificates may have an adverse effect on the value of such Certificates.

In the case of Certificates relating to indices, if an Index Adjustment Event occurs, the Calculation Agent may determine whether such Index Adjustment Event has a material effect on the relevant Certificates and, if so, shall either (i) calculate the level of the relevant index in accordance with the formula for and method of calculating the relevant Index last in effect prior to the relevant change, failure or cancellation or (ii) may substitute the Index, or the Issuer may cancel the Certificates as more fully set out in the terms and conditions of the relevant Certificates.

In the case of Certificates relating to indices, if an Additional Disruption Event occurs, the Issuer may require the Calculation Agent to determine the appropriate adjustment, if any, to be made to the terms of the Certificates to account for such Additional Disruption Event or may cancel the Certificates as more fully set out in the terms and conditions of the relevant Certificates. Any such adjustments may have an adverse effect of the value of such Certificates.

In the case of Certificates relating to shares, if a De-listing, Merger Event, Nationalisation, Insolvency, Tender Offer and/or Potential Adjustment Event and/or an Additional Disruption Event (if applicable) occur(s), the terms of the Certificates will be subject to adjustment (including, but not limited to, a share substitution, if "Share Substitution" is specified as applying in the applicable Final Terms), or may be cancelled as more fully set out in the terms and conditions of the relevant Certificates. Any such adjustments may have an adverse effect of the value of such Certificates.

If the Certificates are cancelled as provided in the above paragraphs, the Issuer will pay to each Certificateholder in respect of each Certificate an amount equal to the fair market value of such Certificate less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, as determined by the Calculation Agent. There is no guarantee that the amount repaid to investors will be equal to or higher than the investor's initial investment in the relevant Certificates.

If "Mandatory Early Repayment" is specified as applicable in the Final Terms relating to an issue of Certificates, then the applicable Final Terms will specify what constitutes a "Mandatory Early Repayment Event" and, following the occurrence of a Mandatory Early Repayment Event, the Certificates will be

cancelled and the relevant Mandatory Early Repayment Amount will become payable. In this case, investors are subject to a reinvestment risk, as they may not be able to replace their investment in such Certificates with an investment that has a similar profile of chances and risks as the relevant Certificates.

If Certificates linked to shares are cancelled early in accordance with the above, the amount received by the relevant holders will be limited to the Mandatory Early Repayment Amount irrespective of the price of the relevant shares. Furthermore, investors will not benefit from any movement in the price of relevant shares that may occur during the period between the relevant date of early termination and the settlement date.

### **Certain considerations associated with Inflation Linked Certificates**

Many economic and market factors may influence the value of Inflation Linked Certificates including, *inter alia*:

- general economic, financial, political or regulatory conditions;
- fluctuations in the prices of various consumer goods and energy resources; and
- inflation and expectations concerning inflation.

Any such factors may either offset or magnify each other.

In relation to Inflation Linked Certificates, if the Calculation Agent determines that the level of a relevant Index has not been published or announced by a specified Valuation Date, then a Substitute Index Level for the relevant Index and the relevant Payment Date will be determined by reference either to the terms of any specified Related Bond or by reference to a formula as set out in the Inflation Linked Conditions or the applicable Final Terms, as the case may be.

In relation to Inflation Linked Certificates, if the Calculation Agent determines that the level of an Index is not calculated or announced by an Index Sponsor for two consecutive months (or such other period specified in the applicable Final Terms) and/or an Index Sponsor announces that it will no longer continue to publish or announce an Index and/or an Index Sponsor cancels an Index, the Calculation Agent shall either (i) determine a successor Index by reference to the terms of any specified Related Bond or (ii) designate a "Successor Index" as the replacement index specified by the relevant Index Sponsor or (iii) if no successor Index can be determined by reference to (i) or (ii), the Calculation Agent may determine the relevant Successor Index and determine any relevant adjustments to the terms of the Certificates it deems necessary or may cancel the Certificates.

In relation to Inflation Linked Certificates, if the Calculation Agent determines that an Index has been or will be rebased at any time, it may make such adjustments to the levels of such Index (following the terms of any specified Related Bond, where there is a Related Bond) so that such levels reflect the same rate of inflation as before the rebasing and may make such adjustments to the terms of the Certificates as it deems necessary to account for such rebasing or may cancel the Certificates if it determines that the foregoing would not produce a commercially reasonable result.

In relation to Inflation Linked Certificates, if on or prior to a specified Valuation Date, an Index Sponsor announces that it will make a material change to an Index, the Calculation Agent shall make appropriate adjustments to the terms of the Certificates (consistent with any adjustments made to any Related Bond, where there is a Related Bond) to account for such change or may cancel the Certificates if it determines that the foregoing would not produce a commercially reasonable result.

### **Certain considerations associated with Commodity Linked Certificates**

In respect of Commodity Linked Certificates, investors should note that the movements in the price of a commodity or basket of commodities 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 a commodity or commodities 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 commodities, the greater the effect on yield.

Commodity futures markets are highly volatile. Commodity markets are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually a percentage of the face value of the contract and exposure can be nearly unlimited). A holder of a futures position may find such position becomes illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a holder from promptly liquidating unfavourable positions and subject it to substantial losses. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the liquidation of unfavourable positions and subject an investor in a Commodity Linked Certificate linked to such contract prices to substantial losses.

The market price of such Commodity Linked Certificates may be volatile and may depend on the time remaining to exercise and the volatility of the price of the commodity or commodities. The price of the commodity or commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

In relation to Commodity Linked Certificates, if the Calculation Agent determines that a Market Disruption Event applicable to such Certificates has occurred or exists on a day that is a Pricing Date, the Relevant Price for that Pricing Date will be determined in accordance with the first applicable Disruption Fallback that provides the Relevant Price or that provides for the cancellation of the Certificates. The Market Disruption Events and Disruption Fallbacks which apply to an issue of Certificates will either be set out in the applicable Final Terms or certain Market Disruption Events and Disruption Fallbacks may be deemed to apply to the Certificates as set out in the Commodity Linked Conditions including, but not limited to, a delay in valuation or a cancellation of the Certificates. Any postponement or alternative provisions for valuation may have an adverse effect on the value of the Certificates.

#### *Risk related to the possible rolling mechanism of commodity futures contracts*

The yield on Commodity Linked Certificates linked to commodity futures contracts or commodity indices may not be perfectly correlated to the trend in the price of the underlying commodities as the use of such future commodity contracts generally involves a rolling mechanism. This means that the commodity futures contracts which expire prior to the relevant payment date under the relevant Certificates are replaced with future commodity contracts that have a later expiry date. Investors may therefore only marginally benefit from any rise/fall in prices on such commodities.

Moreover, investors should consider that the commodity futures contracts could have a trend which differs significantly from that of the commodity spot markets. The trend in the price of a commodity futures contracts compared to the underlying commodity is closely linked to the present and future level of the production of the underlying commodity or to the level of estimated natural reserves, particularly in the case of energy linked products. In addition, the price of the relevant commodity futures contract may not be considered an accurate prediction of a market price, since it also includes the so-called carrying costs (such as, for example, warehouse costs, insurance covering the goods, etc.), which also contribute toward the

determination of the price of the commodity futures contracts. These factors which directly influence the commodities prices substantially explain the imperfect correlation between the commodity spot markets and the commodity futures contracts.

**Certificates with a multiplier or other leverage factor can be volatile investments and holders of such Certificates may not receive returns that directly correlate to the performance of the relevant Underlying(s)**

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

Furthermore, the amounts payable under such Certificates may not directly correlate to the rise and/or fall in price or level of an Underlying. For example, Certificates may provide that any positive performance of any Underlying is subject to:

- (a) a percentage participation factor that is less than 100 per cent. of a price or level of such Underlying;
- (b) a cap or maximum amount; and/or
- (c) a negative spread or percentage deduction to a relevant price or level of such Underlying,

which, in each case, would mean that the positive performance (if any) of such Underlying is not fully accounted for in any relevant payment(s) made under the Certificates.

**Settlement disruption event and failure to deliver**

In the case of Physical Delivery Certificates, if a Settlement Disruption Event occurs or exists on any date specified for the delivery of the relevant Entitlement, settlement will be postponed until the next Settlement Business Day in respect of which there is no Settlement Disruption Event. The Issuer in these circumstances may select to deliver the relevant Entitlement using such other commercially reasonable manner as it may select or it may pay the Disruption Cash Settlement Price *in lieu* of delivering the Entitlement.

If, in relation to Physical Delivery Certificates which are Index Linked Certificates or Share Linked Certificates, "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and it is impossible or impracticable, in the opinion of the Calculation Agent, to deliver, when due, some or all of the Relevant Assets where such failure to deliver is due to illiquidity in the market for such Relevant Assets, the Issuer has the right to pay the Failure to Deliver Settlement Price *in lieu* of delivering some or all of such Relevant Assets which are affected by such illiquidity.

Physical Delivery Certificates which are exercised at the same time by the same Certificateholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Certificates. Such aggregate Entitlements will be rounded down to the nearest Tradeable Amount of the Relevant Asset(s), in such manner as the Calculation Agent shall determine and amounts of the Relevant Asset less than the Tradeable Amount shall not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applying in the applicable Final Terms, in which case, the Issuer shall pay to the relevant Certificateholder a cash amount equal to the value of any such lesser amount.

**Limitations on exercise**

*Maximum Exercise Number*

In relation to American Style Certificates, if a Maximum Exercise Number is specified in the applicable Final Terms, the Issuer will have the option to limit the number of Certificates exercisable on any date (other

than on the final exercise date) to the maximum number specified in the applicable Final Terms and, in conjunction with such limitation, to limit the number of Certificates 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 Certificates being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Certificates exercisable on such date, a Certificateholder may not be able to exercise on such date all Certificates that such Certificateholder desires to exercise. In any such case, the number of Certificates to be exercised on such date will be reduced until the total number of Certificates exercised on such date no longer exceeds such maximum, such Certificates being selected by the Issuer. Unless otherwise specified in the applicable Final Terms, the Certificates tendered for exercise but not exercised on such date may be automatically exercised on the next date on which Certificates may be exercised, subject to the same daily maximum exercise limitation and delayed exercise provisions.

#### *Minimum Exercise Number*

If a Minimum Exercise Number is specified in the applicable Final Terms, a Certificateholder must tender, or, in the case of automatic exercise, hold, the specified minimum number of Certificates at any one time in order to exercise on any Exercise Date and, if specified in the applicable Final Terms, if tendering or holding a number at any one time greater than the Minimum Exercise Number, such number must be an integral multiple of the number specified in the applicable Final Terms in order to exercise. Thus, Certificateholders with fewer than the specified minimum number of Certificates or not having the requisite integral multiple will either have to sell their Certificates or purchase additional Certificates, incurring transaction costs in each case, in order to realise their investment. Furthermore, holders of such Certificates incur the risk that there may be differences between the trading price of such Certificates and the Cash Settlement Value (in the case of Cash Settled Certificates) or the Physical Settlement Value (in the case of Physical Delivery Certificates) of such Certificates.

#### **Certain considerations regarding hedging**

Prospective purchasers intending to purchase Certificates to hedge against the market risk associated with investing in the particular Underlying(s) should recognise the complexities of utilising Certificates in this manner. For example, the value of the Certificates may not exactly correlate with the value of the relevant Underlying(s). Due to fluctuating supply and demand for the Certificates, there is no assurance that their value will correlate with movements of the Underlying(s). For these reasons, among others, it may not be possible to purchase or liquidate securities in a portfolio at the prices used to calculate the value of any relevant index, share or basket.

#### **Time lag after exercise**

Unless otherwise specified in the applicable Final Terms, in the case of any exercise of Cash Settled Certificates, there may be a time lag between the Actual Exercise Date and the time the applicable Cash Settlement Amount relating to such exercise is determined. Any such delay will be specified in the applicable Final Terms or the applicable Conditions. However, a delay in such determination could be significantly longer than anticipated, particularly in the case of either a delay in the exercise of Certificates arising from any daily maximum exercise limitation or the occurrence of a Disrupted Day. Any such delay could decrease the relevant Cash Settlement Amount of the Certificates being exercised from what it might otherwise have been and may result in such Cash Settlement Amount being zero. Certificateholders will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of Certificates which have been exercised.

In relation to Physical Delivery Certificates, there will be a time lag between the Actual Exercise Date and the time the relevant Entitlement is delivered. Any such delay will be specified in the applicable Final Terms or the Terms and Conditions of the Certificates. However, a delay in delivery could be significantly longer, particularly in the case of either a delay in the exercise of Certificates arising from any daily maximum exercise limitation or upon due determination by the Calculation Agent that a Settlement Disruption Event

occurred at any relevant time. The value of the assets comprising the relevant Entitlement could increase or decrease during this period and could result in the value of the relevant Entitlement being less than any applicable Exercise Price (if applicable) or possibly zero. Certificateholders will not be compensated in respect of any such delay and it will not be possible to withdraw Exercise Notices in respect of Certificates which have been exercised.

### **Variation of settlement**

If the applicable Final Terms in respect of any Certificates indicate that the Issuer has an option to vary settlement in respect of such Certificates, the Issuer may elect (1) not to pay the relevant Certificateholders the relevant Cash Settlement Amount, but to deliver or procure delivery of the relevant Entitlement or (2) not to deliver or procure delivery to the relevant Certificateholders of the relevant Entitlement, but to make payment of the relevant Cash Settlement Amount.

Certificates may, if so specified and provided for in the applicable Final Terms, allow Certificateholders 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. The rights of a Certificateholder as described in this paragraph may be subject to the Issuer's right to cash settlement of Certificates, as indicated in the applicable Final Terms.

### **Exercise expenses and taxation**

A Certificateholder shall pay all Exercise Expenses relating to Certificates held by such Certificateholder.

Neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Certificate by any person and all payments and/or deliveries made by the Issuer or the Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Exercise Expenses in respect of Physical Delivery Certificates shall either be paid to the Issuer prior to the delivery of the Entitlement or deducted by the Issuer from any cash amount owing to such Certificateholder and paid by the Issuer on behalf of the Certificateholder or paid by the Issuer on behalf of such Certificateholder by converting such amount of the Entitlement as necessary to pay the Exercise Expenses, as specified by the Certificateholder in the relevant Exercise Notice. If any Exercise Expenses are not so paid, the relevant Certificateholder shall be deemed to authorise the Issuer to convert and the Issuer may convert such amount of the Entitlement into cash sufficient to cover the Exercise Expenses in respect of the relevant Certificate from which the Issuer shall deduct such Exercise Expenses.

### **Illegality in relation to Certificates**

If the Issuer determines that the performance of its obligations under an issue of Certificates or the Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of such Certificates or that any arrangements made to hedge the Issuer's and/or the Guarantor's obligations under such Certificates has or will become illegal in whole or in part for any reason, the Issuer may cancel the Certificates and, if and to the extent permitted by applicable law, will pay to each Certificateholder in respect of each Certificate held by such holder, an amount equal to the fair market value of each such Certificate notwithstanding such illegality less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements.

### **Modification, waivers and substitution**

The Conditions of the Certificates contain provisions for calling meetings of Certificateholders to consider matters which may have a general or specific effect upon their interests. These provisions permit defined

majorities to bind all Certificateholders, including those Certificateholders who did not attend and vote at the relevant meeting, and Certificateholders who voted in a manner contrary to the majority.

The Conditions of the Certificates also provide that the Issuer may modify the Terms and Conditions of the Certificates and/or the Certificate Agency Agreement without the consent of the Certificateholders in any manner which the Issuer may deem necessary or desirable PROVIDED THAT such modification is not materially prejudicial to the interests of the Certificateholders or such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision or, in respect of Certificates which the Issuer determines to list on a stock exchange, market or quotation system, such modification is made to enable such Certificates to be so listed.

The Deed of Guarantee may be amended without the consent of the Certificateholders to correct a manifest error.

### **Determinations**

The terms of the Certificates confer on the Calculation Agent some discretion in making determinations and calculations in relation to, *inter alia*, Underlying(s) and the occurrence of various events. Whilst the Calculation Agent will act in good faith and in its sole and absolute discretion (unless otherwise specified in the applicable Final Terms), there can be no assurance that the exercise of any such discretion will not affect the value of the Certificates or the occurrence of an early repayment.

### **Change of law**

The Conditions of the Certificates are based on relevant laws 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 such laws or administrative practices after the date of this Base Prospectus.

### ***Risks related to the market generally***

#### **Impact of implicit fees on the Issue/Offer Price**

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Certificates, but such fees will not be taken into account for the purposes of determining the price of such Certificates in the secondary market.

The Issuer will specify in the relevant Final Terms, the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Certificates are sold on the secondary market immediately following the offer period relating to such Certificates, the implicit fees included in the Issue/Offer Price on initial subscription for such Certificates will be deducted from the price at which such Certificates may be sold in the secondary market.

#### **Certain considerations relating to public offers of Certificates**

As described in the applicable Final Terms, Certificates may be distributed by means of a public offer made during an offer period specified in the applicable Final Terms. During such offer period, the Issuer and/or any other person specified in the applicable Final Terms may reserve the right to cancel such offer and/or to scale back applications for such offer in the event of over-subscription. In such circumstances, an applicant investor may not be issued any Certificates or may be issued a number of Certificates which is less than the amount for which such applicant investor applied. Any payments made by an applicant investor for Certificates that are not issued to such applicant investor for any such reason will be refunded. However, there will be a time lag in making any reimbursement, no amounts will be payable in respect of any such amounts and the applicant investor may be subject to reinvestment risk.

Further, investors should note that, in certain circumstances, Certificates may not be issued on the originally-designated issue date, for example because either the Issuer and/or any other person specified in the applicable Final Terms has reserved the right to postpone such issue date or, following the publication of a supplement to this Base Prospectus the Issuer has decided to postpone such issue date to allow investors who had made applications to subscribe for Certificates before the date of publication of such Supplement to exercise their right to withdraw their acceptances. In the event that the issue date is so delayed, no amounts shall accrue (if applicable) until the issue date of the Certificates and no compensation shall be payable.

### **The secondary market generally**

Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Therefore, in establishing their investment strategy, investors should ensure that the term of the Certificates is in line with their future liquidity requirements. This is particularly the case for Certificates 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 Certificates generally would have a more limited secondary market and more price volatility than conventional securities. Illiquidity may have a severely adverse effect on the market value of Certificates. The liquidity of Certificates is also influenced by whether or not the relevant Certificates are exclusively offered to retail investors without any offer to institutional investors.

The Issuer may, but is not obliged to, list an issue of Certificates on a stock exchange. If Certificates are not listed or traded on any exchange, pricing information for the relevant Certificates may be more difficult to obtain and the liquidity of such Certificates may be adversely affected. If the Issuer does list an issue of Certificates, then, the Issuer shall use all reasonable endeavours to maintain such listing, but see "*Listing of Certificates*" below.

If Certificates are not listed on a regulated market, they may be traded on trading systems governed by the laws and regulations in force from time to time (e.g. multilateral trading systems or "MTF") or in other trading systems (e.g. bilateral systems, or equivalent trading systems). Trading in such Certificates may take place outside the above-mentioned trading systems, with possible risks as to the transparency of the determination of prices. Investors should note that the Issuer does not grant any warranty to Certificateholders as to the methodologies used to determine the price of Certificates which are traded outside a trading system, however, where the Issuer or any of its affiliates determines the price of such Certificates, it will take into account the market parameters applicable at such time in accordance with applicable provisions of law.

Also, to the extent American Style Certificates of a particular issue are exercised, the number of Certificates of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Certificates of such issue. A decrease in the liquidity of an issue of Certificates may cause, in turn, an increase in the volatility associated with the price of such issue of Certificates.

Each of the Issuer, the Guarantor and any Dealer may, but is not obliged to, at any time purchase Certificates at any price in the open market or by tender or private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation. Any Dealer may, but is not obliged to, be a market maker for an issue of Certificates. Even if a Dealer is a market-maker for an issue of Certificates, the secondary market for such Certificates may be limited and there is no assurance given as to the price offered by a secondary market-maker or the impact of any such quoted prices on those available in the wider market. To the extent that an issue of Certificates becomes illiquid, an investor may have to exercise such Certificates to realise value.



Investors should note that a secondary market may be affected by both legal restrictions in certain jurisdictions and by the Issuer, the Guarantor and/or any Dealer purchasing or holding Certificates.

If it is possible to sell Certificates, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance of the relevant Underlying, prevailing interest rates at the time of sale, the time left before the stated settlement date and the creditworthiness of the Issuer. It is therefore possible that an investor selling Certificates in the secondary market may receive a price less than the investor's initial investment in the relevant Certificates.

### **Listing of Certificates**

In respect of Certificates which are to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to maintain such listing, PROVIDED THAT if it becomes impracticable or unduly burdensome or unduly onerous to maintain such listing, then the Issuer may apply to de-list such Certificates, Provided Further That it shall use all reasonable endeavours to obtain and maintain as soon as reasonably practicable after such de-listing an alternative admission to listing, trading and/or quotation by a stock exchange, market or quotation system within or outside the European Union, as it may decide.

If such an alternative admission is not available or is, in the opinion of the Issuer, impracticable or unduly burdensome, an alternative admission will not be obtained.

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

One or more independent credit rating agencies may assign credit ratings to Certificates issued under the Programme. 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 Certificates. 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.

### **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) Certificates are legal investments for it and (2) other restrictions apply to its purchase of any Certificates.

### **United States tax law developments**

The United States Internal Revenue Service (the **IRS**) and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for U.S. federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Certificate.

### **Changes in any applicable tax law or practice may have an adverse effect on a Certificateholder**

Any relevant tax law or practice applicable as at the date of this Base Prospectus and/or the date of purchase or subscription of any Certificates may change at any time (including during any subscription period or the term of any Certificates). Any such change may have an adverse effect on a Certificateholder, including that Certificates may be cancelled before their expiry date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Certificateholder may be less than otherwise expected by such Certificateholder.

## **EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may 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, none of the Issuer, the Guarantor, the Principal Certificate Agent and any other person would be obliged to pay additional amounts with respect to any Certificate as a result of the imposition of such withholding tax.

## **Potential conflicts of interest**

Where the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Certificateholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Certificates that may influence the amount receivable or specified assets deliverable on exercise of the Certificates.

The Issuer, the Guarantor and/or any of their affiliates may from time to time engage in transactions involving Underlying(s) for their proprietary accounts or for other accounts under their management, subject to requirements of the Securities Act. The Issuer, the Guarantor and/or their affiliates may also issue other derivative instruments in respect of any Underlying(s). The Issuer, the Guarantor and/or their affiliates may also act as underwriter in connection with future offerings of shares or other securities related to an issue of Certificates or may act as financial adviser to certain companies or companies whose shares are included in a basket of shares or in a commercial banking capacity for such companies. These activities may have a positive or negative effect on the value of the relevant Underlying(s) and consequently upon the value of the Certificates.

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

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

Where Certificates are offered to the public, as the relevant Dealer(s) and any distributors act pursuant to a mandate granted by the Issuer and they receive fees on the basis of the services performed and the outcome of the placement of such Certificates, potential conflicts of interest could arise.

**Post issuance information**

The Issuer will not provide any post issuance information, except if required by any applicable laws and regulations.

## ISSUE OF SECURITIES

Securities will be issued on a continuous basis in series (each a **Series**). The Securities of each Series are intended to be interchangeable with all other Securities of that Series.

Each Series of Notes may be issued in tranches (each a **Tranche**) having different issue dates but the terms otherwise identical to other Tranches constituting such series (or identical other than in respect of the first payment of interest).

The specific terms of each Series of Securities (which will be supplemented, where necessary, with supplemental terms and conditions) will be set forth in a Final Terms to this Base Prospectus (a **Final Terms**), the form of which for Notes is set out under "*Pro Forma Final Terms for Issues of Notes*" below and the form of which for Certificates is set out under "*Pro Forma Final Terms for Issues of Certificates*" below.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, are incorporated in, and form part of, this Base Prospectus:

- (1) the By-Laws of the Guarantor;
- (2) the Guarantor Annual Report of the Guarantor on Form 10-K for the year ended 31 December 2008 filed with the United States Securities and Exchange Commission (the **SEC**) on 27 February 2009 (the **Guarantor's 2008 Form 10-K**), as updated by the Quarterly Reports of the Guarantor on Form 10-Q for the quarters ended 31 March 2009 (the **Guarantor's March 2009 Form 10-Q**) and 30 June 2009 (the **Guarantor's June 2009 Form 10-Q**) filed with the SEC on 11 May 2009 and 7 August 2009, respectively;
- (3) the Annual Financial Report incorporating the Audited Consolidated Financial Statements of the Issuer in respect of the years ended 31 December 2008 and 2007; and
- (4) the financial statements of the United States Government for the years ended 30 September 2008 and 30 September 2007 (respectively, the **2008 USG Report** and the **2007 USG Report**).

In addition, the Base Prospectus dated 21 August 2008 (the **2008 Base Prospectus**) (as supplemented by a supplement to such Base Prospectus dated 20 March 2009 (the **March Supplement**)) relating to the Programme shall also be incorporated by reference in, and form part of, this Base Prospectus for the purposes of issues of Notes which are offered to the public for which the offer period started prior to the date of this Base Prospectus but which are issuing after the date of this Base Prospectus.

The following information appears on the pages of the relevant documents as set out below:

1. unaudited interim financial information of the Issuer in respect of the three and six months ended 30 June 2009, as set out in the Guarantor's June 2009 Form 10-Q, namely:

	<b>Page(s)</b>
(a) statement of income	171 to 174
(b) balance sheet	175 and 176
(c) statement of cash flows	177 and 178

2. unaudited interim financial information of the Issuer in respect of the quarter ended 31 March 2009, as set out in the Guarantor's March 2009 Form 10-Q, namely:

	<b>Page(s)</b>
(a) statement of income	146 and 147
(b) balance sheet	148 and 149
(c) statement of cash flows	150 and 151

3. audited consolidated financial statements of the Issuer in respect of the years ended 31 December 2008 and 2007, namely:

	<b>Page(s)</b>
(a) consolidated statements of operations	3
(b) consolidated balance sheets	2
(c) statements of changes in stockholder's equity	4
(d) consolidated statements of cash flows	5
(e) notes and accounting policies	6-22
(f) auditor's report	1

4. unaudited consolidated interim financial statements of the Guarantor in respect of the three and six months ended 30 June 2009, as set out in the Guarantor's June 2009 Form 10-Q, namely:

	<b>Page(s)</b>
(a) consolidated statement of income	74
(b) consolidated balance sheet	75
(c) consolidated statement of changes in equity	76 and 77
(d) consolidated statement of cash flows	78
(e) notes and accounting policies	80-178
(f) litigation and arbitration proceedings	179-181

5. unaudited consolidated interim financial statements of the Guarantor in respect of the quarter ended 31 March 2009, as set out in the Guarantor's March 2009 Form 10-Q, namely:

	<b>Page(s)</b>
(a) consolidated statement of income	65
(b) consolidated balance sheet	66
(c) consolidated statement of changes in equity	67 and 68
(d) consolidated statement of cash flows	69
(e) notes and accounting policies	71-152

6. audited historical consolidated financial information of the Guarantor in respect of the years ended 31 December 2008 and 2007, as set out in the Guarantor's 2008 Form 10-K, namely:

	<b>Page(s)</b>
(a) consolidated statement of income	116

(b)	consolidated balance sheet	117
(c)	statement of changes in stockholders' equity	118-119
(d)	consolidated statement of cash flows	120
(e)	notes and accounting policies	122-225
(f)	auditor's report on the consolidated financial statements of the Guarantor covering the period of two years for the year ended 31 December 2008	114

7. Base Prospectus dated 21 August 2008 relating to the Programme

**Page(s)**

(a)	Risk Factors	10-41
(b)	Terms and Conditions of the Notes	48-132
(c)	Terms and Conditions of the Certificates	133-194

8. Supplement to the 2008 Base Prospectus dated 20 March 2009

**Page(s)**

(a)	Risk Factors	5-6
(b)	Terms and Conditions of the Notes	9-13

9. annual financial information of the United States Government for the year ended 30 September 2008, as set out in the 2008 USG Report:

**Page(s)**

(a)	financial statements	35 to 42
(b)	notes to financial statements	43 to 115
(c)	auditor's report	165 to 188

10. annual financial information of the United States Government for the year ended 30 September 2007, as set out in the 2007 USG Report:

**Page(s)**

(a)	financial statements	41 to 48
(b)	notes to financial statements	49 to 109
(c)	auditor's report	159 to 182

This Base Prospectus and the documents incorporated by reference will be available on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). For the purposes of listing on the Luxembourg Stock Exchange and Directive 2003/71/EC of the European Parliament and of the Council, information or documents not listed in the table above, but included in this "*information incorporated by reference section*", are for information purposes only.

In addition, all quarterly interim reports on Form 10-Q of the Guarantor, its Annual Reports on Form 10-K for fiscal years after 2008 and any other reports filed by the Guarantor with the SEC pursuant to Section 13, 14 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), and the rules and regulations thereunder, subsequent to the date of the financial statements included in the Guarantor's 2008 Form 10-K will be available to the public on the SEC's internet site (address: <http://www.sec.gov>).

The Issuer will, at the specific offices of the Paying Agents and the Certificate Agents (each as defined herein) during normal business hours, make available free of charge a copy of this Base Prospectus (and any document incorporated by reference in this Base Prospectus, other than exhibits to such documents), which will be published on the web-site of the Luxembourg Stock Exchange so long as any of the Securities is outstanding. Requests for such documents should be directed to the specified office of any Paying Agent or any Certificate Agent, as the case may be, or the specified office of the Listing Agent in Luxembourg (the **Luxembourg Listing Agent**).

Any statement contained herein or in such documents and incorporated by reference herein shall be deemed to be disclosed herein and to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein or in any other subsequently dated document herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

This Base Prospectus should be read and construed in conjunction with any relevant Final Terms, the most recently published audited annual accounts, any interim accounts (whether audited or unaudited) published subsequently to such annual accounts of the Issuer and/or the Guarantor from time to time, any interim reports filed subsequently to such annual accounts of the Issuer and/or the Guarantor from time to time and any supplement to this Base Prospectus, and to form part of, this Base Prospectus; provided, however, that any statement contained herein or in such most recently published annual or interim accounts or filed reports shall be deemed to be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained in any subsequent annual or interim accounts or filed reports modifies or supersedes such statement.

## **SUPPLEMENTS TO THIS BASE PROSPECTUS**

The Issuer and the Guarantor 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.

## **GENERAL DESCRIPTION OF THE PROGRAMME**

The applicable terms of any Securities will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Securities and will be set out in the Terms and Conditions of the Notes (in the case of an issue of Notes) and the Terms and Conditions of the Certificates (in the case of an issue of Certificates), in each case, endorsed on, or annexed to, the Securities, as supplemented by the applicable Final Terms attached to, or endorsed on, such Securities, as more fully described under "*Pro Forma Final Terms for issues of Notes*" and "*Pro Forma Final Terms for issues of Certificates*" below.



This Base Prospectus and any supplement will only be valid for the listing of Notes on the regulated market of the Luxembourg Stock Exchange (within the scope of Directive 2004/39/EC on Markets in Financial Instruments), in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under this Programme, does not exceed U.S.\$30,000,000,000 (or its equivalent in other currencies). For the purpose of calculating the U.S. dollar equivalent of the aggregate principal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another currency shall be determined as of the date of agreement to issue such Notes (the **Agreement Date**) on the basis of the forward rate for the sale of the U.S. dollar against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the Agreement Date;
- (b) the U.S. dollar equivalent of Dual Currency Notes, Partly Paid Notes and Underlying Linked Notes shall be calculated in the manner specified above by reference to the original principal amount of such Notes; and
- (c) the principal amount of Zero Coupon Notes and other Notes issued at a discount or a premium shall be deemed to be the net proceeds received by the Issuer or the relevant issue of Notes.

## TERMS AND CONDITIONS OF THE NOTES

*Except as indicated below, the following is the text of the terms and conditions of the Notes which will include the additional terms and conditions contained in Underlying Schedule 1 in the case of Share Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 2 in the case of Inflation Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 3 in the case of Commodity Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 4 in the case of Commodity Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 5 in the case of Share Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 6 in the case of Depositary Receipt Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 7 in the case of ETF Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 8 in the case of Mutual Fund Linked Notes or which will include the additional terms and conditions contained in another appropriate Underlying Schedule (each an **Underlying Schedule** and together the **Underlying Schedules**) in the case of any Notes linked to any other underlying reference item or asset (the **Conditions**). References herein to a Condition shall be deemed to be a reference to a Condition of the General Conditions, unless otherwise specified.*

These Conditions (the **General Conditions**), as supplemented or varied in accordance with the provisions of the applicable Final Terms, will be attached to the Global Note(s) or Global Certificate(s) initially representing a Series of Notes and any Notes in definitive form issued in exchange for the Global Note(s) or Global Certificate(s) representing such Series and will be scheduled to or endorsed on the definitive Bearer Notes and/or on the Certificates representing such Notes, details of the relevant Series being shown on the relevant Notes or Certificates and in the applicable Final Terms which shall be endorsed on or attached to the relevant Notes or Certificates and shall be deemed part of the Conditions. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes which may be issued under the Programme, and references to the "applicable Final Terms" are to the Final Terms relating to the Notes of such Series, and references to the "Conditions" include such Final Terms. In relation to any Series of Notes, in the event of inconsistency between the applicable Final Terms and the Conditions, the applicable Final Terms will prevail.

The Notes (other than Australian Domestic Notes as defined below) are issued pursuant to an amended and restated Fiscal Agency Agreement dated 20 March 2009 (as amended, supplemented and/or restated from time to time, the **Fiscal Agency Agreement**) between Citigroup Funding Inc. (the **Issuer**), Citigroup Inc. (the **Guarantor**), Citibank, N.A., London office as issuing agent and fiscal agent (in such capacity the **Fiscal Agent**, which expression shall include any successor fiscal agent) and The Bank of New York Mellon as principal paying agent in respect of FDIC Guaranteed Notes (the **Principal Paying Agent** and, together with the Fiscal Agent and any other paying agent from time to time, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citigroup Global Markets Deutschland AG & Co. KGaA as registrar (the **Registrar** which expression shall include any successor registrar) and as a transfer agent (in such capacity, the **Transfer Agent**, which expression shall include any additional or successor transfer agent), KBL European Private Bankers S.A. as a paying agent (in such capacity, the **Paying Agent**) and as a transfer agent (in such capacity, the **Transfer Agent**, and the Fiscal Agent, the Registrar (if applicable), all Paying Agents and all Transfer Agents (if applicable) are together referred to herein as the **Agents**), Citibank, N.A. as calculation agent if so specified in the applicable Final Terms (the **Calculation Agent** which expression shall include any successor calculation agent or such other entity as may be specified as the Calculation Agent in the applicable Final Terms) and The Bank of New York Mellon as Representative (as defined in Condition 19).

The Notes are issued with the benefit of a Deed of Covenant dated 20 March 2009 (as amended, supplemented and/or restated from time to time, the **Deed of Covenant**) executed by the Issuer in relation to the Notes and are the subject of a Deed of Guarantee (as amended, supplemented and/or restated from time to time the **Deed of Guarantee**), dated 20 March 2009 entered into by the Guarantor. The holders of the

Notes, the holders of the interest coupons (the **Coupons**) appertaining to interest bearing definitive Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the **Talons**), and the holders of the instalment receipts (the **Receipts**) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

Notwithstanding the foregoing, Notes denominated in Australian dollars and issued in the domestic Australian capital markets (**Australian Domestic Notes**) will be issued in registered uncertificated (or inscribed) form. Australian Domestic Notes will be constituted by a Deed Poll (as defined below) and will take the form of entries on a register to be maintained by an Australian Registrar (as defined below), all as more fully described in the applicable Final Terms.

Copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified office of each of the Paying Agents. Copies of the Deed Poll and the Registry Services Agreement (as defined below) will be available for inspection at the specified office of the Australian Registrar following issue of any Australian Domestic Notes. Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Paying Agents or, in the case of Australian Domestic Notes, the Australian Registrar save that, if the Notes are neither listed on a stock exchange nor admitted to trading on any market, the applicable Final Terms will only be obtainable by a Noteholder holding one or more of the Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity.

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

All capitalised terms which are not defined in the Conditions will have the meanings given to them in the applicable Final Terms.

## **1. Form, Denomination and Title**

The Notes are issued in bearer form (**Bearer Notes**) or in registered form (**Registered Notes**) as specified in the applicable Final Terms and in each case in the Specified Denomination(s) specified in the applicable Final Terms or, in the case of Bearer Notes, shown thereon. All Registered Notes shall have the same Specified Denomination as specified in the applicable Final Terms.

Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, unless the applicable Final Terms specifies that the Notes do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in the Conditions are not applicable. Any Bearer Note issued, the principal amount of which is redeemable in instalments, is issued with one or more Receipts attached.

Any Registered Notes issued are represented by registered certificates (**Certificates**), each Certificate representing a holding of one or more Registered Notes by the same holder (as defined below).

Although there is no minimum denomination for Australian Domestic Notes, the minimum subscription price for Australian Domestic Notes will be A\$500,000 (disregarding moneys lent by the Issuer or its associates to the purchaser).

The applicable Final Terms will specify whether settlement shall be by way of cash payment (**Cash Settled Notes**) or by physical delivery (**Physical Delivery Notes**). Any reference in the Conditions to Physical Delivery Notes shall mean Notes in respect of which the Entitlement(s) (being the

number of underlying equity, bond, security or such other asset as may be specified in the applicable Final Terms (the **Relevant Asset(s)**)) is/are deliverable and as determined by reference to one or more Relevant Assets, all as set out in the applicable Final Terms.

References in the Conditions, unless the context otherwise requires, to Cash Settled Notes shall be deemed to include references to Physical Delivery Notes which include an option (as set out in the applicable Final Terms) at the Issuer's election to request settlement upon redemption by way of cash payment pursuant to Condition 6(k) and where settlement upon redemption is to be by way of cash payment. References in the Conditions, unless the context otherwise requires, to Physical Delivery Notes shall be deemed to include references to Cash Settled Notes which include an option (as set out in the applicable Final Terms) at the Issuer's election to request physical delivery of the relevant Entitlement(s) in settlement upon redemption of such Notes pursuant to Condition 6(k) and where settlement upon redemption is to be by way of physical delivery.

Notes may, if specified in the applicable Final Terms, allow Noteholders upon redemption of such Notes 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. The Notes where the Noteholder has elected for cash payment will be Cash Settled Notes and the Notes where the Noteholder has elected for physical delivery will be Physical Delivery Notes. The rights of a Noteholder as described in this paragraph may be subject to the Issuer's right to cash settlement upon redemption of Notes as indicated in the applicable Final Terms and will be subject to the Issuer's right to deliver Substitute Assets (as defined in Condition 6(l)) or pay the Alternate Cash Redemption Amount (as defined in Condition 6(l)) in lieu of physical delivery in accordance with the Conditions.

Subject as provided below, title to any Bearer Notes issued and the related Receipts, Coupons and Talons shall pass by delivery and title to any Registered Notes issued shall pass by registration in the register which the Issuer or the Guarantor shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone but, in the case of any Global Note or Global Certificate, without prejudice to the provisions set out below.

In the Conditions, **holder** (in relation to a Note, Receipt, Coupon or Talon) means, in the case of Bearer Notes, the bearer of any Bearer Note, Receipt, Coupon or Talon or, in the case of Registered Notes, the person in whose name a Registered Note is registered (as the case may be) PROVIDED THAT, in relation to any Notes represented by a Global Note or Global Certificate, it shall be construed as provided below and **Noteholder** and, in the case of Coupons, **Couponholder**, shall have correlative meanings.

For so long as any of the Notes is represented by a Global Note or a Global Certificate 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 of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate shall be treated by the Issuer, the Guarantor and each Agent as the holder of such principal amount of such Notes in accordance

with and subject to the terms of the relevant Global Note or Global Certificate, as the case may be, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Interests in Notes which are represented by a Global Note or a Global Certificate 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. In the case of Australian Domestic Notes, the following provisions of this Condition 1 shall apply in lieu of the foregoing provisions of this Condition 1 in the event of any inconsistency. Australian Domestic Notes are debt obligations of the Issuer owing under the Deed Poll specified in the applicable Final Terms executed by the Issuer in favour of the relevant Noteholders (the **Deed Poll**) and take the form of entries in a register (the **Australian Register**) to be maintained by an Australian registrar to be appointed by the Issuer and specified in the applicable Final Terms (the **Australian Registrar**). Although Australian Domestic Notes will not be issued pursuant to the Fiscal Agency Agreement, Australian Domestic Notes may have the benefit of certain provisions of the Fiscal Agency Agreement as specified in the applicable Final Terms.

Australian Domestic Notes will not be serially numbered. Each entry in the Australian Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to an Australian Domestic Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No Australian Domestic Note will be registered in the name of more than four persons. Australian Domestic Notes registered in the name of more than one person are held by those persons as joint tenants. Australian Domestic Notes will be registered by name only without reference to any trusteeship. The person registered in the Australian Register as a holder of an Australian Domestic Note will be treated by the Issuer, the Guarantor and the Australian Registrar as the absolute owner of that Australian Domestic Note and none of the Issuer, the Guarantor and the Australian Registrar will, except as ordered by a court of competent jurisdiction or as required by statute, be obliged to take notice of any other claim to an Australian Domestic Note.

## **2. Exchanges and Transfers of Notes**

### *(a) Exchange of Notes*

Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes. Registered Notes may not be exchanged for Bearer Notes.

### *(b) Transfer of Registered Notes*

If definitive Registered Notes are issued, one or more of such Registered Notes may be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate in respect of the balance not transferred will be issued to the transferor. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. Transfers of beneficial interests in a Global Certificate will be effected by Euroclear or Clearstream,

Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Certificate will only be exchangeable for a definitive Certificate as described in, and subject to, the provision of such Global Certificate.

(c) *Transfer of Australian Domestic Notes*

Condition 2(a) and (b) do not apply to Australian Domestic Notes. Australian Domestic Notes may be transferred in whole but not in part. Australian Domestic Notes will be transferred by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Registrar or by any other manner approved by the Issuer and the Australian Registrar. Notes entered in the Austraclear System (as defined below) will be transferable only in accordance with the Austraclear Regulations (as defined below).

Unless the Australian Domestic Notes are lodged in the Austraclear System, application for the transfer of Australian Domestic Notes must be made by the lodgement of a transfer and acceptance form with the Australian Registrar. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Registrar may require to prove the title of the transferor or the transferor's right to transfer the Australian Domestic Notes and must be signed by both the transferor and the transferee.

Australian Domestic Notes may only be transferred if (i) the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (or the equivalent in another currency, in either case disregarding moneys lent by the transferor or its associates to the purchaser) or the offer or invitation giving rise to the transfer does not constitute an offer or invitation for which disclosure is required to be made to investors under Part 6D.2 of the Corporations Act 2001 of Australia, (ii) the transfer complies with any applicable laws, regulations or directives of the jurisdiction in which the transfer takes place, and (iii) in the case of a transfer between persons outside Australia, if a transfer and acceptance form is signed outside Australia. A transfer to an unincorporated association is not permitted.

In this Condition 2(c):

**Austraclear** means Austraclear Limited (ABN 94 002 060 773).

**Austraclear Regulations** means the rules and regulations established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System.

**Austraclear System** means the system operated by Austraclear for holding securities and the electronic recording and settling of transactions in those securities between members of that system.

(d) *Partial Redemption in Respect of Registered Notes*

In the case of a partial redemption of a holding of Registered Notes represented by a single definitive Certificate, a new definitive Certificate shall be issued to the holder to reflect the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a partial redemption of a holding of Registered Notes represented by a Global Certificate, the Global Certificate shall be endorsed to reflect such partial redemption.

(e) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(b) or (d) will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent to whom such form of transfer shall have

been delivered) of receipt of such form of transfer, be available for delivery at the specified office of the Registrar or of the Transfer Agent (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant form of transfer, be mailed at the risk of the holder entitled to the new Certificate to such address as may be specified in such form of transfer.

(f) *Transfer Free of Charge*

Transfer of Notes and registration will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but will be subject to the payment (or the giving of such indemnity as the Registrar (or the Australian Registrar in the case of Australian Domestic Notes) or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(g) *Closed Periods*

No holder of a Note may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 5(e), (iii) after any such Note has been drawn for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii) below).

### 3. Status

(a) *Status of Notes*

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

(b) *Status of the Deed of Guarantee in respect of the Notes*

The obligations of the Guarantor in respect of the Notes under the Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding unsecured and unsubordinated obligations of the Guarantor.

### 4. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Interest Rate(s). Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such date will amount to the **Interest 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.

Except where an applicable Interest Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Interest Rate to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note or Global Certificate, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Note or Global Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

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

Where the Specified Denomination of a Fixed Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Fixed Rate Note 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.

*(b) Interest on Floating Rate Notes*

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls 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 on each Interest Payment Date in respect of the Interest Period ending on (but excluding) the Interest Period End Date falling on or about such Interest Payment Date.

*(A) Screen Rate Determination*

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

- (1) the offered quotation; or
- (2) the arithmetic mean 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 Page as at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided below) of such offered quotations.



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

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

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

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

(B) *ISDA Determination*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (B), **ISDA Rate** for an Interest Period means the rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the

2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the ISDA Definitions) and under which:

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

For the purposes of this subparagraph (B), 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 Interest Rate shall be deemed to be zero.

(C) *Maximum/Minimum Interest Rates and Rounding*

- (1) If any Maximum or Minimum Interest Rate is specified in the applicable Final Terms, then any Interest Rate shall be subject to such maximum or minimum, as the case may be.
- (2) For the purposes of any calculations required pursuant to the Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes **unit** means the lowest amount of such currency which is available as legal tender in the country of such currency.

(D) *Calculations*

The Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Interest Rate to:

- (1) in the case of Floating Rate Notes which are represented by a Global Note or Global Certificate, the aggregate outstanding principal amount of the Notes represented by such Global Note or Global Certificate (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (2) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

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

Where the Specified Denomination of a Floating Rate Note is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note 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.

(E) *Determination and Publication of Interest Rates and Interest Amounts*

As soon as practicable after each Interest Determination Date the Calculation Agent will determine the Interest Rate and calculate the Interest Amounts in respect of each Specified Denomination for the relevant Interest Period. The Interest Amounts and the Interest Rate so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made.

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

The Calculation Agent will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent or the Principal Paying Agent as applicable, and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, 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.

(c) *Business Day Convention*

If any date referred to in the Conditions is specified in the applicable Final Terms to be subject to adjustment in accordance with a Business Day Convention and (x) such day would otherwise fall on a day which is not a Business Day or (y) there is no numerically corresponding day in the calendar months in which such date should occur, then, if the Business Day Convention specified in the applicable Final Terms is (i) the Floating Rate Convention, (1) in the case of (x) above such 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 (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment or (2) in the case of (y) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) above shall apply *mutatis mutandis*, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (iii) the Modified Following Business Day Convention, such 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 date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(d) *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 by the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Guarantor, the Fiscal Agent, the Calculation Agent, the other Paying Agents, the Registrar (if applicable), any Transfer Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the

Guarantor, the Noteholders, 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.

(e) *Interest on Dual Currency Interest Notes*

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

(f) *Interest on Partly Paid Notes*

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

(g) *Interest on other Notes*

Interest bearing Notes where the determination of the rate of interest and amount of interest payable is not determined pursuant to the above provisions (including, but not limited to, Underlying Linked Notes), if so specified in the applicable Final Terms, will receive interest or will have any amount(s) of interest determined in the manner set out in the applicable Final Terms.

(h) *Accrual of interest*

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

- (i) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent or the Principal Paying Agent, as the case may be, and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 13.

(i) *Definitions*

In the Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Business Day** means:

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

sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Note for any period of time, whether or not constituting an Interest Period (the **Calculation Period**):

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
    - (1) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Calculation 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;
- (ii) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (x) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (y) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/365 (Sterling)** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of a payment falling in a leap year, 366;
- (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (vi) if **30/360** is specified in the applicable Final Terms in respect of Fixed Rate Notes, the number of days in the Calculation Period (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;
- (vii) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Final Terms in relation to Floating Rate Notes, the number of days in the Calculation 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:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (viii) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Calculation 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:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Calculation Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (ix) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Calculation 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:

$Y_1$  is the year, expressed as a number, in which the first day of the Calculation Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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  $D_2$  will be 30; or

- (x) if **RBA Bond Basis** or **Australian Bond Basis** is specified in the applicable Final Terms, one divided by the number of Interest Period End Dates in a year (or where the Calculation Period does not constitute an Interest Period, "Actual/365" (Fixed) as defined in paragraph (iii) above).

**Calculation Amount** has the meaning given in the applicable Final Terms.

**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).

**Euro-zone** means the member states of the European Union that are participating in the third stage of Economic and Monetary Union.

**Interest Commencement Date** means the date of issue of the Notes (the **Issue Date**) or such other date as may be specified in the applicable Final Terms.

**Interest Determination Date** means, with respect to an Interest Rate and an Interest Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Period if the Specified Currency is Sterling, (ii) the day falling two London Banking Days prior to the first day of such Interest Period if the specified currency is neither Sterling nor Euro, or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Period if the specified currency is Euro.

**Interest Period** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date.

**Interest Period End Date** means each date specified as such in the applicable Final Terms.

**Interest Rate** means the rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions, herein or in the applicable Final Terms.

**London Banking Day** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London.

**Page** means such display page as may be specified in the applicable Final Terms for the purpose of providing a Reference Rate, or (i) any successor display page, other published source, information vendor or provider that has been officially designated by the sponsor of the original display page or (ii) if the sponsor has not officially designated a successor display page, other published source, information vendor or provider (as the case may be), the successor display page, other published source, information vendor or provider, if any, designated by the relevant information vendor or provider (if different from the sponsor).

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

**Reference Rate** means the relevant rate pursuant to which an Interest Rate for a Floating Rate Note is to be determined as specified in the applicable Final Terms.

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

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

**TARGET Business Day** means a day on which the TARGET2 System is operating.

## **5. Redemption and Purchase**

### *(a) Final Redemption*

Unless otherwise provided in the applicable Final Terms, or unless previously redeemed or purchased and cancelled as provided below, each principal amount of the Notes equal to the Calculation Amount will be redeemed at the amount (the **Redemption Amount**) specified in, or determined in the manner specified in, the applicable Final Terms on the Maturity Date.

### *(b) Redemption for Taxation Reasons and Redemption for Illegality*

- (i) The Notes may be redeemed at the option of the Issuer or the Guarantor in whole, but not in part, at any time in the case of a Note other than a Floating Rate Note or only on an Interest Payment Date in the case of a Floating Rate Note, on giving not less than 30 or more than 60 days' notice in accordance with Condition 13 (which notice shall be irrevocable), at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, if the Issuer or the Guarantor, as the case may be, has or will become obligated to pay additional interest on such Notes pursuant to Condition 7 as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or any change in the application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after the date on which any person (including any person acting as underwriter, broker or dealer) agrees to purchase the first Tranche of any of



such Notes pursuant to the original issuance of such first Tranche, and such obligation cannot be avoided by the Issuer or Guarantor, as the case may be, 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 or Guarantor, as the case may be, would be obligated to pay such additional interest were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b)(i), the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent or the Australian Registrar in the case of Australian Domestic Notes (i) a certificate signed by an officer of the Issuer or the Guarantor, as the case may be, stating that the Issuer or the Guarantor, as the case may be, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or the Guarantor, as the case may be, so to redeem have occurred and (ii) a legal opinion, from lawyers of recognised standing in the United States, to the effect that the Issuer or the Guarantor, as the case may be, has or will become obligated to pay such additional interest as a result of such change or amendment.

- (ii) If the Issuer or the Guarantor shall determine that any payment made outside the United States by the Issuer or the Guarantor, as the case may be, or any of its Paying Agents in respect of any Bearer Note, Receipt or Coupon, if any (an **Affected Note**) would, under any present or future laws or regulations of the United States, be subject to any certification, documentation, information or other reporting requirement of any kind, the effect of which requirement is the disclosure to the Issuer or the Guarantor, any Paying Agent or any governmental authority of the nationality, residence or identity (as distinguished from, for example, status as a Non-U.S. Holder (as defined below)) of a beneficial owner of such Affected Note that is a Non-U.S. Holder (other than such a requirement (A) that would not be applicable to a payment made by the Issuer or the Guarantor, as the case may be, or any one of its Paying Agents (1) directly to the beneficial owner or (2) to a custodian, nominee or other agent of the beneficial owner, or (B) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a Non-U.S. Holder; PROVIDED THAT, in any case referred to in clause (A)(2) or (B), payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement), then the Issuer shall elect either (x) to redeem such Affected Notes in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest or (y) if the conditions of the next succeeding paragraph are satisfied, to pay the additional interest specified in such paragraph. The Issuer or the Guarantor, as the case may be, shall make such determination as soon as practicable and publish prompt notice thereof (the **Determination Notice**), stating the effective date of such certification, documentation, information or other reporting requirement, whether the Issuer elects to redeem the Affected Notes or to pay the additional interest specified in the next succeeding paragraph and (if applicable) the last date by which the redemption of the Affected Notes must take place (the **Redemption Date**), as provided in the next succeeding sentence. If any Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer or the Guarantor shall specify by notice given to the Fiscal Agent at least 60 days before the Redemption Date PROVIDED THAT if the Notes are Floating Rate Notes such date must be an Interest Payment Date. Notice of such redemption shall be given to the holders of the Affected Notes not more than 60 days or less than 30 days prior to the Redemption Date. Notwithstanding the foregoing, the Issuer shall not so redeem the Affected Notes if the Issuer or the Guarantor, as the case may be, shall subsequently determine, not less than 30 days prior to the Redemption Date, that subsequent payments on the Affected Notes would not be subject to any such certification, documentation, information or other reporting requirement, in which case the Issuer or the Guarantor, as the case may be, shall publish prompt notice of such subsequent

determination, and any earlier redemption notice given pursuant to this paragraph shall be revoked and of no further effect. Prior to the publication of any Determination Notice pursuant to this paragraph, the Issuer or the Guarantor, as the case may be, shall deliver to the Fiscal Agent (I) a certificate signed by an officer of the Issuer or the Guarantor, as the case may be, stating that the Issuer or the Guarantor, as the case may be, is entitled to make such determination and setting forth a statement of facts showing that the conditions precedent to the obligation of the Issuer to redeem the Affected Notes or to pay the additional interest specified in the next succeeding paragraph have occurred and (II) a legal opinion, from lawyers of recognised standing in the United States, to the effect that such conditions have occurred.

If and so long as the certification, documentation, information or other reporting requirement referred to in the preceding paragraph would be fully satisfied by payment of a backup withholding tax or similar charge, the Issuer may elect to pay as additional interest such amounts as may be necessary so that every net payment made outside the United States following the effective date of such requirement by the Issuer or the Guarantor, as the case may be, or any of its Paying Agents in respect of any Affected Note of which the beneficial owner is a Non-U.S. Holder (but without any requirement that the nationality, residence or identity of such beneficial owner be disclosed to the Issuer or the Guarantor, as the case may be, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge (other than a backup withholding tax or similar charge that (A) would not be applicable in the circumstances referred to in the parenthetical clause of the first sentence of the preceding paragraph or (B) is imposed as a result of presentation of any such Affected Note for payment more than 15 days after the Relevant Date (as defined in Condition 7)), will not be less than the amount provided in any such Affected Note to be then due and payable. If the Issuer or the Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph, then the Issuer shall have the right to redeem the Affected Notes at any time in the case of a Note other than a Floating Rate Note or only on an Interest Payment Date in the case of a Floating Rate Note in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, subject to the provisions of the last three sentences of the immediately preceding paragraph. If the Issuer or the Guarantor, as the case may be, elects to pay additional interest pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Affected Notes in whole, but not in part, at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest, subject to the provisions of the last three sentences of the immediately preceding paragraph. Any redemption payments made by the Issuer or the Guarantor, as the case may be, pursuant to the two immediately preceding sentences shall be subject to the continuing obligation of the Issuer or the Guarantor, as the case may be, to pay additional interest pursuant to this paragraph. If the Affected Notes are to be redeemed pursuant to this paragraph, the redemption shall take place on such date (subject as aforesaid), not later than one year after publication of the notice of redemption, as the Issuer shall specify by notice to the Fiscal Agent at least 60 days prior to the Redemption Date.

A **Non-U.S. Holder** is a beneficial owner of a Note that is, for U.S. federal income tax purposes: (A) a foreign corporation; (B) a non-resident alien individual; (C) a non-resident alien fiduciary of a foreign estate or trust; or (D) a foreign partnership one or more members of which is a Non-U.S. Holder.

- (iii) If the Issuer determines that the performance of its obligations under the Notes or the Guarantor determines that the performance of its obligations under the Deed of Guarantee in

respect of the Notes or that any arrangements made to hedge the Issuer's and/or the Guarantor's obligations under the Notes and/or the Deed of Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part for any reason, the Issuer may redeem the Notes early by giving notice to Noteholders in accordance with Condition 13.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer redeems the Notes early pursuant to this provision, then the Issuer will, if and to the extent permitted by applicable law, pay to each Noteholder in respect of each principal amount of Notes equal to the Calculation Amount held by such holder, an amount equal to the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13 and upon such payment in respect of such Notes all obligations of the Issuer and the Guarantor in respect thereof shall be discharged.

*(c) Purchases*

The Issuer, the Guarantor or any of their respective subsidiaries or Affiliates may at any time purchase Notes (PROVIDED THAT all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. Any Notes or Coupons so purchased may be held or resold or surrendered for cancellation together with all unmatured Coupons attached thereto or purchased therewith.

**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.

*(d) Early Redemption Amount*

For the purpose of Condition 5(b)(i), (ii) and (iii) above and Condition 9, the Early Redemption Amount in respect of each principal amount of the Notes equal to the Calculation Amount will be calculated as follows:

- (i) in the case of Notes (other than Zero Coupon Notes and Underlying Linked Notes) 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 an amount in respect of each Note equal to its principal amount; or
- (ii) in the case of Zero Coupon Notes, 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;

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

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and

including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

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

- (iii) in the case of Underlying Linked Notes, at an amount equal to either (A) an amount in the Specified Currency determined by the Calculation Agent which represents the fair market value of such Calculation Amount on a day selected by the Issuer (ignoring for the purposes of a redemption pursuant to Condition 5(b)(iii), the relevant unlawfulness, illegality or prohibition) less (except in the case of any early redemption pursuant to Condition 9) the proportionate cost to the Issuer and/or its Affiliates of unwinding any underlying and/or related hedging and funding arrangements in respect of the Notes (including without limitation, any equity options hedging the Issuer's obligations under the Notes) and, for the purposes of determining the fair market value of such Calculation Amount for the purposes of Condition 9, 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 Notes, or (B) such other amount determined by reference to the provisions in the applicable Final Terms.

(e) *Redemption at the Option of the Issuer*

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

- (i) in respect of Bearer Notes, the number of days' notice specified in the applicable Final Terms or, if none are so specified, not less than five nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and
- (ii) in the case of Registered Notes, the number of days' notice specified in the applicable Final Terms or, if none are so specified:
  - (A) not less than, five nor more than 60 days' notice to the Noteholders in accordance with Condition 13; and
  - (B) not less than five days' notice to the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and, in respect of each principal amount of the Notes equal to the Calculation Amount at the Optional Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a principal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note or Global Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than five days prior to the date fixed for redemption. No exchange of the relevant Global Note or Global Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph.

(f) *Redemption at the Option of holders of Notes*

If Investor Put is specified as applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 45 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 5(f) in any multiple of their lowest Specified Denomination.

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

(g) *Redemption by Instalments*

Unless previously redeemed or purchased and cancelled as provided in this Condition 5, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified in the applicable Final Terms, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) *Cancellation*

All Notes purchased by or on behalf of the Issuer or Guarantor may be surrendered for cancellation, if the Notes are Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, if the Notes are Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered

therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

(i) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 5(d) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Fiscal Agent or the Principal Paying Agent, as the case may be and notice to that effect has been given to the Noteholders in accordance with Condition 13.

**6. Payments, Talons and Physical Delivery**

(a) *Bearer Notes*

Payments of principal and interest in respect of definitive Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and PROVIDED THAT the Receipt is presented for payment together with its related Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(g)(iv)) or Coupons (in the case of interest, save as specified in Condition 6(g)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States and its possessions by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account (which in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non resident account) denominated in that currency with, a bank in the principal financial centre of that currency or, in the case of 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 PROVIDED THAT, except as provided in Condition 6(d), no payment in respect of Bearer Notes will be made by mail to an address in the United States or its possessions or by wire transfer to an account maintained by the holder in the United States or its possessions.

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

(b) *Registered Notes*

- (i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office

of any of the Paying Agents or of the Registrar and in the manner provided in paragraph (ii) below.

- (ii) Payments of interest and payment of all Instalment Amounts other than final Instalment Amounts on Registered Notes will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**). Such payments will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned, or in the case of a payment in Euro, by a Euro cheque and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar before the Record Date, such payment of interest may be made by transfer to an account (which in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) in the relevant currency designated by the holder with a bank in the principal financial centre of the country of that currency or, if the currency is Euro, into a Euro account (or any other account to which Euro may be credited or transferred) notified to the Registrar by such holder.

(c) *Payments in respect of Australian Domestic Notes*

Conditions 6(a) and 6(b) shall not apply to Australian Domestic Notes. In respect of Australian Domestic Notes, the Australian Registrar will act (through its office in Sydney) as paying agent for Australian Domestic Notes pursuant to the Registry Services Agreement (such Registry Services Agreement as amended or supplemented from time to time, the **Registry Services Agreement**) between the Issuer and the Australian Registrar specified in the applicable Final Terms.

Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business in Sydney on the relevant Record Date (as defined below) as the holders of such Notes, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheque drawn on an Australian bank dispatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder, by the Australian Registrar giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Registrar (or in any other manner which the Australian Registrar and the Noteholder agree).

In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Registrar gives irrevocable instructions for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder on the same day as the day on which the instructions are given.

If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Registrar is shown, to the satisfaction of the Australian Registrar, not to have reached the Noteholder and the Australian Registrar is able to recover the relevant funds, the Australian Registrar may make such other arrangements as it thinks fit for the effecting of the payment.

Interest will be calculated in the manner specified in Condition 4 above and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to their registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Registrar. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record

Date, subject, if so directed by the Australian Registrar, to receipt from them of such instructions as the Australian Registrar may require.

In this Condition 6(c), **Record Date** means, in the case of payments of principal or interest, the close of business in Sydney on the date which is the eighth calendar day before the due date of the relevant payment of principal or interest.

(d) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid only if (i) the Issuer and the Guarantor shall have appointed Paying Agents with specified offices outside the United States and its possessions with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer or the Guarantor, any adverse tax consequence to the Issuer or the Guarantor.

(e) *Payments Subject to Law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

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

(f) *Appointment of Agents*

As applicable, the Fiscal Agent, each Paying Agent, the Registrar, each Transfer Agent, the Calculation Agent, the Representative (if applicable) and the Australian Registrar initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below or in the applicable Final Terms. The Fiscal Agent, each Paying Agent, the Registrar, each Transfer Agent, the Calculation Agent and the Australian Registrar act solely as agents or, as the case may be, registrars of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar, any Transfer Agent, the Representative (if applicable) or the Australian Registrar and to appoint additional or other agents or a Noteholder representative (where applicable) (any of which may be the Issuer, an affiliate of the Issuer, the Guarantor or an affiliate of the Guarantor) PROVIDED THAT the Issuer and the Guarantor will at all times maintain (i) a Fiscal Agent, (ii) a Principal Paying Agent in respect of FDIC Guaranteed Notes, (iii) at any time at which any Registered Note is outstanding, a Registrar or, in the case of Australian Domestic Notes, an Australian Registrar in relation thereto, (iv) at any time at which any Registered Note (other than an



Australian Domestic Note) is outstanding, a Transfer Agent in relation thereto, (v) a Calculation Agent where the Conditions so require one, (vi) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require) and (vii) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 6(d) above.

Each of the Issuer and the Guarantor also undertakes that it will maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to EC Council Directive 2003/48/EC unless to do so either would be unduly onerous or impracticable or is no longer market practice, in each case in the determination of the Issuer.

Notice of any such change or any change of any specified office of the Fiscal Agent, any other Paying Agent, any Transfer Agent or the Registrar will promptly be given to the Noteholders in accordance with Condition 13.

(g) *Unmatured Coupons and Receipts and unexchanged Talons*

- (i) Unless the applicable Final Terms provides that the related Coupons are to become void upon the due date for redemption of the Notes, Bearer Notes should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) If the applicable Final Terms so provides, upon the due date for redemption of any Bearer Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) If the applicable Final Terms provides that the related Coupons are to become void upon the due date for redemption of those Notes and any Bearer Note is presented for redemption without all unmaturing Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be.

Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(h) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

(i) *Payment Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a Payment Day, the holder shall not be entitled to payment until the next following Payment Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, **Payment Day** means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and in London and such jurisdictions as shall be specified as "Business Day Jurisdictions" in the applicable Final Terms and:

- (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, 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 such relevant currency; or
- (ii) (in the case of a payment in Euro) a day which is a TARGET Business Day.

(j) *Physical Delivery*

THIS CONDITION 6(j) ONLY APPLIES TO NOTES REPRESENTED BY A GLOBAL NOTE OR GLOBAL CERTIFICATE HELD ON BEHALF OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG. IF THE NOTES ARE ISSUED IN DEFINITIVE FORM THE ISSUER SHALL MAKE SUCH CHANGES TO THIS PROVISION AS IT DEEMS APPROPRIATE AND SHALL GIVE NOTICE TO THE HOLDERS IN ACCORDANCE WITH CONDITION 13.

(i) *Asset Transfer Notices*

In relation to Physical Delivery Notes, in order to obtain delivery of the Entitlement(s) in respect of any Note, the relevant holder must deliver to Clearstream, Luxembourg or Euroclear (each a **Clearing System**), as the case may be, not later than 10.00 a.m. (local time) on the date (the **Cut-off Date**) falling three Business Days prior to the Delivery Date (as defined below), with a copy to the Fiscal Agent, a duly completed asset transfer notice (an **Asset Transfer Notice**) in the form set out in the Fiscal Agency Agreement in accordance with the provisions set out in this Condition.

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

An Asset Transfer Notice may only be delivered in such manner as is acceptable to the relevant Clearing System, which is expected to be by authenticated SWIFT message.

The Asset Transfer Notice shall:

- (A) specify the name, address and contact telephone number of the relevant Noteholder and the person from whom the Issuer may obtain details for the delivery of the Entitlement;
- (B) specify the Series number of the Notes and the principal amount of the Notes which is the subject of such notice;
- (C) specify the number of the Noteholder's securities account at the relevant Clearing System to be debited with such Notes;
- (D) irrevocably instruct the relevant Clearing System to debit the relevant Noteholder's securities account with the relevant Notes on or before the Maturity Date;
- (E) include an undertaking to pay all Expenses and a confirmation that the delivery of the Entitlement is subject, *inter alia*, as provided in Condition 6(j)(iii) and either (1) an authority to the relevant Clearing System to debit a specified account of the Noteholder with the relevant Clearing System in respect thereof and to pay such Expenses or (2) an authority to the Issuer either to deduct from any cash amount owing to the Noteholder an amount sufficient to pay such Expenses and to pay on behalf of the Noteholder such Expenses or to convert such amount of the Entitlement due to be delivered to such Noteholder as is necessary to pay such Expenses and to pay on behalf of the Noteholder such Expenses, as referred to in Condition 6(j)(iii) below, and a confirmation that delivery of any Entitlement is subject as provided below;
- (F) 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 Noteholder's account with the relevant Clearing System to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting (1) the Entitlement or any Fractional Entitlement (if applicable) or (2) any dividends relating to the Entitlement or (3) as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Redemption Amount or (4) as a result of the occurrence of a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Failure to Deliver Redemption Amount or (5) as a result of the Issuer electing to pay the Alternate Cash Redemption Amount;
- (G) certify that the beneficial owner of each Note is not a U.S. person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (H) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Fiscal Agency Agreement.

As used above:

**Entitlement** means, in relation to a Physical Delivery Note, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Noteholder is entitled to receive on the Maturity Date in respect of each Calculation Amount following payment of any Expenses as provided herein and rounded down as provided in Condition 6(j)(iv), as determined by the Calculation Agent, including any documents evidencing such Entitlement.

**Expenses** means all costs, taxes, duties and/or expenses, including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer, withholding taxes or tax on income profits or gains and/or other costs, duties or taxes arising from the delivery of the Entitlement(s).

If Condition 6(k) applies, the form of Asset Transfer Notice required to be delivered will be different from that set out above. Copies of such Asset Transfer Notice may be obtained during normal business hours from the specified office of each Paying Agent.

(ii) Verification of the Holder

Upon receipt of an Asset Transfer Notice, the relevant Clearing System shall verify that the person specified therein as the accountholder is the holder of the Notes described therein according to its records. Subject thereto, the relevant Clearing System will confirm to the Fiscal Agent the Series number and principal amount of Notes the subject of such notice, the relevant account details and the details for the delivery of the Entitlement(s) in respect of each Note the subject of such notice. Upon receipt of such confirmation, the Fiscal Agent will inform the Issuer thereof. The relevant Clearing System will on or before the Maturity Date debit the securities account of the relevant Noteholder with the relevant Notes.

(iii) Determinations and Delivery

Any determination as to whether an Asset Transfer Notice is duly completed and in proper form shall be made by the relevant Clearing System in consultation with the Fiscal Agent, and shall be conclusive and binding on the Issuer, the Fiscal Agent and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or which is not copied to the Fiscal Agent immediately after being delivered or sent to the relevant Clearing System as provided in Condition 6(j)(i) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of the relevant Clearing System in consultation with the Fiscal Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered to the relevant Clearing System and the Fiscal Agent.

The Issuer shall use reasonable endeavours promptly to notify the Noteholder submitting an Asset Transfer Notice if it has been determined, as provided above, 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, the Guarantor, the Agents and the relevant Clearing System 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 Noteholder.

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

Subject as provided herein and subject to the payment of any Expenses, the Entitlement will be delivered at the risk of the relevant Noteholder, in the manner provided below on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the **Delivery Date**), PROVIDED THAT the Asset Transfer Notice is duly delivered to the relevant Clearing System with a copy to the Fiscal Agent, as provided above on or prior to the Cut-off Date.

If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Fiscal Agent, on or prior to 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 Delivery Date) at the risk of such Noteholder in the manner provided below. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the Maturity Date and no liability in respect thereof shall attach to the Issuer.

**If a Noteholder fails to give an Asset Transfer Notice as provided herein with a copy to the Fiscal Agent, on or prior to the date falling 180 days after the Cut-off Date, then the Issuer's and the Guarantor's obligations in respect of the Notes held by such Noteholder for which no Asset Transfer Notice has been given shall be discharged and the Issuer and the Guarantor shall have no further liability in respect thereof.**

The Issuer or, as the case may be, the Guarantor shall, at the risk of the relevant Noteholder, deliver or procure the delivery of the Entitlement for each Note, pursuant to the details specified in the Asset Transfer Notice or in such commercially reasonable manner as the Calculation Agent shall determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice. All Expenses arising from the delivery of the Entitlement in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer or, as the case may be, the Guarantor by the relevant Noteholder. Any such Expenses shall either be:

- (A) paid to the Issuer by such Noteholder prior to the delivery of the Entitlement; or
- (B) be deducted by the Issuer from any cash amount owing to such Noteholder and paid by the Issuer on behalf of the Noteholder or paid by the Issuer on behalf of such Noteholder by converting such amount of the Entitlement as necessary to pay the Expenses,

as specified by the Noteholder in the relevant Asset Transfer Notice.

If any Expenses are not paid by a Noteholder pursuant to the above, the relevant Noteholder shall be deemed to authorise the Issuer to convert and the Issuer may convert such amount of the Entitlement into cash sufficient to cover the Expenses in respect of the relevant Note from which the Issuer shall deduct such Expenses. The Issuer's obligation in respect of each Note will be satisfied in relation to the Maturity Date by delivery of the remaining Entitlement in respect of such Note.

All deliveries will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of delivery.

(iv) General

Notes held by the same Noteholder will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Notes, PROVIDED THAT, the aggregate

Entitlements in respect of the same Noteholder will be rounded down to the nearest whole Tradeable Amount 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 or numbers of the Relevant Asset or of each of the Relevant Assets, as the case may be, less than the relevant Tradeable Amount (the **Fractional Entitlement**) will not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applicable in the applicable Final Terms. If "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Issuer shall pay to the relevant Noteholder a cash amount in the Specified Currency (to be paid at the same time as delivery of the Entitlement) equal to the value (as determined by the Calculation Agent) of such Fractional Entitlement, calculated as specified in the applicable Final Terms.

Following the Delivery Date in respect of a Note where the Entitlement(s) includes shares, all dividends on the relevant shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the relevant shares executed on the Delivery Date and to be delivered in the same manner as such relevant shares. Any such dividends to be paid to a Noteholder will be paid to the account specified by the Noteholder in the relevant Asset Transfer Notice as referred to in Condition 6(j)(i).

If any Entitlement is delivered later than the date on which delivery would otherwise have taken place as provided herein, the Issuer or any person acting on behalf of the Issuer shall continue to be the legal owner of the assets comprising the Entitlement (the **Intervening Period**). None of the Issuer, the Guarantor and any other person shall at any time (A) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, any payment whatsoever received by that person in its capacity as the holder of such assets, (B) be under any obligation to exercise or procure exercise of any or all rights attaching to such assets or (C) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such assets.

None of the Issuer, the Guarantor and the Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of its duties in relation to the Notes.

(v) Settlement Disruption

If, in the opinion of the Calculation Agent, delivery of the Entitlement using the Delivery Method specified in the applicable Final Terms or such other commercially reasonable manner as the Calculation Agent has determined is not practicable by reason of a Settlement Disruption Event subsisting on the Maturity Date, then the Delivery Date shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event, PROVIDED THAT, the Issuer may elect to satisfy its obligations in respect of the relevant Note by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Delivery Date shall be such day as the Issuer deems appropriate 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 Delivery Date for the Relevant Assets not affected by the Settlement Disruption Event will be the originally designated Delivery Date. 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 to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Redemption Amount on the fifth Business Day following the date

that notice of such election is given to the Noteholders in accordance with Condition 13. Payment of the Disruption Cash Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 that a Settlement Disruption Event has occurred. No Noteholder shall be entitled to any payment in respect of the relevant Note 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:

**Disruption Cash Redemption Amount**, in respect of any relevant Note, shall be the fair market value of such Note on a day selected by the Issuer (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;

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

**Settlement Disruption Event** means, 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 Delivery Method specified in the applicable Final Terms.

(vi) Failure to Deliver due to Illiquidity

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 (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**), then:

- (A) subject as provided elsewhere in the Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Date in accordance with this Condition 6(j); and
- (B) in respect of any Affected Relevant Assets, in lieu of physical settlement notwithstanding any other provision hereof the Issuer may elect to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Failure to Deliver Redemption Amount on the fifth Business Day following the date that notice of such election is given to the Noteholders in accordance with Condition 13. Payment of the Failure to Deliver Redemption Amount will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13. The Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 that the provisions of this Condition 6(j)(vi) apply.

For the purposes hereof, **Failure to Deliver Redemption Amount** in respect of any relevant Note shall be the fair market value of the Affected Relevant Assets on a day selected by the Issuer, 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.

(k) *Variation of Settlement*

If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may, elect not to pay the relevant Noteholders the Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Noteholders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Redemption Amount on the Maturity Date to the relevant Noteholders, as the case may be. Notification of such election will be given to Noteholders in accordance with Condition 13.

(l) *Issuer's Option to Substitute Assets or to pay the Alternate Cash Redemption Amount*

The Issuer may, in respect of Physical Delivery Notes, if the Calculation Agent determines that the Relevant Asset or Relevant Assets, as the case may be, comprises shares which are not freely tradeable, elect either (i) to substitute for the Entitlement (or part thereof), an equivalent value (as determined by the Calculation Agent of such other shares which the Calculation Agent determines are freely tradeable (the **Substitute Asset** or the **Substitute Assets**, as the case may be) or (ii) not to deliver or procure the delivery of the Entitlement or the Substitute Asset or the Substitute Assets, as the case may be, to the relevant Noteholders, but in lieu thereof to make payment to the relevant Noteholder on the Maturity Date of an amount equal to the fair market value of the Entitlement (or part thereof) as determined by the Calculation Agent at such time and by reference to such sources as it considers appropriate (the **Alternate Cash Redemption Amount**). Notification of any such election will be given to Noteholders in accordance with Condition 13.

For purposes hereof, a **freely tradeable** share shall mean (i) with respect to the United States, a share which is registered under the United States Securities Act of 1993, as amended (the **Securities Act**) or not restricted under the Securities Act and which is not purchased from the issuer of such share and not purchased from an affiliate of the issuer of such share or which otherwise meets the requirements of a freely tradeable share for purposes of the Securities Act, in each case, as determined by the Calculation Agent or (ii) with respect to any other jurisdiction, a share not subject to any legal restrictions on transfer in such jurisdiction.

(m) *Rights of Noteholders and Calculations*

None of the Issuer, the Guarantor, the Calculation Agent and the Agents shall have any responsibility for any errors or omissions in the calculation of any Redemption Amount or of any Entitlement.

The purchase of Notes does not confer on any holder of such Notes any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

## 7. **Taxation**

The Issuer and the Guarantor will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note, Receipt or Coupon that is a Non-U.S. Holder such amounts as may be necessary so that every net payment on such Note, Receipt or Coupon, after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon or as a result of such payment by the United States (or any political subdivision or taxing authority thereof or therein), will not be less than the amount provided in such Note, Receipt or Coupon to be then due and payable. However, neither the Issuer nor the Guarantor will be required to make any such payment of additional interest for or on account of:

- (a) any tax, assessment or other governmental charge that would not have been imposed but for
  - (i) the existence of any present or former connection between such holder (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder, if such



holder is an estate or a trust, or a member or shareholder of such holder, if such holder is a partnership or corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, person holding a power, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein or (ii) such holder's past or present status as a personal holding company or private foundation or other tax-exempt organisation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;

- (b) any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, assessment or other governmental charge;
- (c) any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of a Note, Receipt, Coupon or the Deed of Guarantee for payment more than 15 days after the date on which such payment became due and payable or on which payment thereof was duly provided for, whichever occurs later (the **Relevant Date**);
- (d) any tax, assessment or other governmental charge that is payable otherwise than by deduction or withholding from a payment on a Note, Receipt, Coupon or the Deed of Guarantee;
- (e) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent from a payment on a Note, Receipt, Coupon or the Deed of Guarantee if such payment can be made without such deduction or withholding by any other Paying Agent;
- (f) any tax, assessment or other governmental charge that would not have been imposed but for a failure to comply with applicable certification, documentation, information or other reporting requirement concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of a Note, Receipt, Coupon or the Deed of Guarantee if, without regard to any tax treaty, such compliance is required by statute or regulation of the United States as a precondition to relief or exemption from such tax, assessment or other governmental charge;
- (g) any tax, assessment or other governmental charge imposed on a holder that actually or constructively owns 10 per cent. or more of the combined voting power of all classes of stock of the Issuer or, as the case may be, the Guarantor as described in Section 871(h)(3)(B) of the United States Internal Revenue Code of 1986 (the **Code**), that is a bank receiving interest described in Section 881(c)(3)(A) of the Code, that receives contingent interest described in Section 871(h)(4) of the Code or that is a controlled foreign corporation related to the Issuer or, as the case may be, the Guarantor through stock ownership as described in Section 881(c)(3)(C) of the Code;
- (h) a payment on a Note, Receipt, Coupon or the Deed of Guarantee to a holder that is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to the additional interest had such beneficiary, settlor, member or beneficial owner been the holder of such Note, Receipt, Coupon or the Deed of Guarantee; or
- (i) any tax, assessment or other governmental charge imposed on a payment to an individual and required to be made pursuant to EC Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27

November 2000 on the taxation of savings income relating to the proposal for or any law implementing or complying with, or introduced in order to conform to, such Directive.

References in the Conditions to (a) **principal** shall be deemed to include any premium payable in respect of the Notes, any Instalment Amount, Redemption Amount, Amortised Face Amount and all other amounts in the nature of principal payable pursuant to Condition 5 or the provisions of the applicable Final Terms, (b) **interest** shall be deemed to include all Interest Amounts and all other amounts in the nature of interest payable pursuant to Condition 4 or the provisions of the applicable Final Terms and (c) in any context, the payment of the principal of (or premium, if any) or interest on any Note or payment with respect to any Receipt or Coupon, such mention shall be deemed to include mention of the payment of additional interest provided for in this Condition 7 to the extent that, in such context, additional interest is, was or would be payable in respect thereof pursuant to the provisions of this Condition 7 and express mention of the payment of additional interest (if applicable) in any provisions hereof shall not be construed as excluding additional interest in those provisions hereof where such express mention is not made.

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes and any Receipts and Coupons shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7) in respect thereof.

## **9. Events of Default**

- (a) Subject as provided in Condition 19, if applicable, **Event of Default** wherever used herein with respect to the Notes means any one of the following events:
- (i) default in the payment of any interest upon any Note or any payment with respect to the Coupons, if any, when it becomes due and payable, and continuance of such default for a period of 30 days; or
  - (ii) default in the payment of the principal of any Note at its due date or default in the delivery of any Entitlement in respect of any Note at its due date, and continuance of any such default for a period of ten days; or
  - (iii) default in the performance, or breach, of any covenant of the Issuer or the Guarantor in the Conditions or the Fiscal Agency Agreement (other than a covenant a default in whose performance or whose breach is elsewhere in this Condition 9 specifically dealt with) or the Guarantor under the Deed of Guarantee, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor by the holders of at least 25 per cent. in principal amount of the Outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or
  - (iv) the entry of a decree or order for relief in respect of the Issuer or the Guarantor by a court having jurisdiction in the premises in an involuntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the Guarantor or of the whole or substantially the whole of their property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or

- (v) the commencement by the Issuer or the Guarantor of a voluntary case under the United States Federal bankruptcy laws, as now or hereafter constituted, or any other applicable United States Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or the Guarantor or of the whole or substantially the whole of their property, or the making by the Issuer or the Guarantor of an assignment for the benefit of its creditors generally, or the admission by the Issuer or the Guarantor in writing of its inability to pay its debts generally as they become due; or
  - (vi) the Deed of Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect. For the avoidance of doubt, for the purposes of this provision, the Deed of Guarantee shall be deemed not to have ceased to be in full force and effect in circumstances where a substitution of the Guarantor is effected in accordance with Condition 15.
- (b) Subject as provided in Condition 19, if applicable, if an Event of Default with respect to the Notes at the time Outstanding occurs and is continuing, then in every such case the holders of not less than 25 per cent. in principal amount of the Outstanding Notes may declare the Notes, by a notice in writing to the Issuer and the Guarantor (and to the Fiscal Agent in the case of Notes other than Australian Domestic Notes), to be immediately due and payable, whereupon each principal amount of the Notes equal to the Calculation Amount shall become due and repayable at the Early Redemption Amount together with, if so specified in the applicable Final Terms, accrued interest. Upon such payment in respect of any Note, all obligations of the Issuer and the Guarantor in respect of such Note shall be discharged.
- (c) **Outstanding** when used with respect to the Notes, means, as of the date of determination, all Notes authenticated and delivered under the Conditions prior to such date, except:
- (i) Notes cancelled by the Fiscal Agent or the Australian Registrar (as appropriate) or delivered to the Fiscal Agent for cancellation;
  - (ii) Notes or portions thereof for whose payment or redemption money in the necessary amount has been deposited with the Fiscal Agent, the Principal Paying Agent or any other Paying Agent or the Australian Registrar in the case of Australian Domestic Notes in accordance with the Fiscal Agency Agreement or the Registry Services Agreement; provided, however, that if such Notes or portions thereof are to be redeemed, notice of such redemption has been duly given pursuant to the Conditions or provision therefor satisfactory to the Fiscal Agent or the Australian Registrar in the case of Australian Domestic Notes has been made; and
  - (iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to the Conditions, other than any such Notes in respect of which there shall have been presented to the Fiscal Agent proof satisfactory to it that such Notes are held by a bona fide purchaser in whose hands such Notes are valid obligations of the Issuer;

*provided, however,* that in determining whether the holders of the requisite principal amount of Notes Outstanding have performed any act hereunder, Notes owned by the Issuer or the Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the Guarantor shall be disregarded and deemed not to be Outstanding. Notes so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Fiscal Agent or the Australian Registrar (as appropriate) the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer or the Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the Guarantor.

## **10. Meetings of Noteholders, Modifications and Determinations**

### *(a) Meetings of Noteholders*

The Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll contains provisions for convening meetings of holders of Notes to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll) of the Notes (including the Conditions insofar as the same may apply to the Notes) or the Deed of Guarantee as it relates to the Notes. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount of the Notes, the Early Redemption Amount, the Redemption Amount or any Instalment Amount, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest, (iv) if a Minimum Interest Rate and/or a Maximum Interest Rate is specified in the applicable Final Terms, to reduce any such Minimum and/or Maximum Interest Rate, (v) to change any method of calculating the Early Redemption Amount or the Redemption Amount, (vi) to change the currency or currencies of payment of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of holders of Notes or the majority required to pass the Extraordinary Resolution or (viii) to take any steps which as specified in the applicable Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Fiscal Agency Agreement or (in the case of Australian Domestic Notes) the Deed Poll) is present.

### *(b) Modifications*

Subject as provided in Condition 19, the Issuer and the Guarantor may make, without the consent of the Noteholders or Couponholders:

- (i) any modification (except as mentioned above) to, as applicable, the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the Deed of Covenant, the Registry Services Agreement and/or the Deed of Guarantee which is not prejudicial to the interests of the Noteholders (without considering the individual circumstances of any Noteholder or the tax or other consequences of such modification in any particular jurisdiction); or
- (ii) any modification to the Notes, the Receipts, the Coupons, the Talons, the Fiscal Agency Agreement, the Deed Poll, the Deed of Covenant, the Registry Services Agreement and/or the Deed of Guarantee which is of a formal, minor or technical nature or is made to correct a manifest error or proven error or to comply with mandatory provisions of the law.

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

### *(c) Determinations*

Whenever any matter falls to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer or the Calculation Agent's or such other person's opinion), unless otherwise stated in the applicable Final Terms, that matter shall be determined, considered or otherwise

decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and in its sole and absolute discretion.

#### **11. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of the Bearer Notes, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Notes) or such other Paying Agent or Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Receipt, Coupon or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (or the same in all respects save for the amount and date of the first payment of interest thereon) PROVIDED THAT, for the avoidance of doubt, references in the Conditions of such Notes to "Issue Date" shall be to the first issue date of the Notes and so that the same shall be consolidated and form a single Series with such Notes, and references in the Conditions to "Notes" shall be construed accordingly.

#### **13. Notices**

All notices to the holders of Registered Notes will be deemed validly given if mailed to them at their respective addresses in the Register and any such notice will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. With respect to Registered Notes listed on the Luxembourg Stock Exchange and so long as the rules of that exchange so require, any notices to holders must be published in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange and any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

In addition, notices regarding Australian Domestic Notes shall also be published in a leading daily newspaper of general circulation in Australia. It is expected that such notices will normally be published in *The Australian Financial Review*. Any such notice will be deemed validly given on the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

Notices to the holders of Bearer Notes will be deemed to be validly given if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and in the case of any Notes which are listed on the Luxembourg Stock Exchange (so long as such Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), in a daily leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange. If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on

the date of such publication or, if published more than once or on different dates, on the date of first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

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

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

#### **14. Consolidation or Merger**

- (a) The Issuer shall not consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any Person (as defined below), unless:
  - (i) the corporation formed by such consolidation or into which the Issuer is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Issuer substantially as an entirety (the **successor corporation**) shall be a corporation organised and existing under the laws of the United States or any political subdivision thereof and shall, by taking such action as may be required to be taken were such successor corporation the Substitute for the purposes of Condition 15, expressly assume the due and punctual payment of the principal of on all the Notes and any Receipts or Coupons and the performance of the Conditions on the part of the Issuer to be performed or observed;
  - (ii) if the Notes are listed or traded on any stock exchange, each such stock exchange shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed or traded on such stock exchange.

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

- (b) Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of the properties and assets of the Issuer substantially as an entirety in accordance with Condition 14(a) above, the successor corporation formed by such consolidation or into which the Issuer is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer with the same effect as if such successor corporation had been named as the Issuer herein, and thereafter, except in the case of a lease, the predecessor corporation shall be relieved of all obligations and covenants under the Conditions, the Notes, any Receipts or Coupons, the Deed of Covenant and the Fiscal Agency Agreement or the Registry Services Agreement (as appropriate).

## 15. Substitution of the Issuer and the Guarantor

- (a) Either the Issuer or the Guarantor may, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself any company which is, on the date of such substitution and in the opinion of the Issuer or the Guarantor, as the case may be, of at least the equivalent standing and creditworthiness to the Issuer or the Guarantor, as the case may be, (the **Substitute**) subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of necessary consents) to ensure that, in the case of a substitution of the Issuer, the Notes, any Receipts, any Coupons and the Deed of Covenant or, in the case of a substitution of the Guarantor, the Deed of Guarantee represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done, and are in full force and effect;
  - (ii) the Substitute becoming party to the Fiscal Agency Agreement and, if the Notes are Australian Domestic Notes, the Registry Services Agreement, with any appropriate consequential amendments, as if it had been an original party to the relevant agreement in place of the Issuer or the Guarantor, as the case may be;
  - (iii) the Substitute and the Issuer having obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and in England that the obligations of the Substitute, in the case of a substitution of the Issuer, under the Notes, any Receipts, any Coupons and the Deed of Covenant, or, in the case of a substitution of the Guarantor, under the Deed of Guarantee, are legal, valid and binding obligations and that all consents and approvals as aforesaid have been obtained and that the Substitute, the Notes, any Receipts and any Coupons comply with all applicable requirements of the Securities Act;
  - (iv) each stock exchange on which the Notes are listed confirming that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
  - (v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes, any Receipts and any Coupons; and
  - (vi) the Issuer or the Guarantor, as the case may be, giving at least 30 days' prior notice of the date of such substitution to the holders in accordance with Condition 13.
- (b) Upon such substitution, any reference in these Conditions to the Issuer or the Guarantor, as the case may be, shall be deemed to be a reference to the Substitute.
- (c) After a substitution pursuant to Condition 15(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Condition 15(a) and 15(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer or Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute.
- (d) After a substitution pursuant to Condition 15(a) or 15(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
- (e) For so long as any Notes are listed on a stock exchange, such stock exchange shall be notified of any such consolidation, merger or substitution and the requirements of such stock exchange in respect of such consolidation, merger or substitution shall be complied with (including any requirement to publish a supplement).

## 16. Redenomination

If Redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders or Couponholders, on giving at least 30 days' prior notice to the Noteholders, the Fiscal Agent and the Paying Agents, designate a Redenomination Date, being a date (which in the case of interest bearing Notes shall be a date for payment of interest under the Notes) falling on or after the date on which the country of the Relevant Currency adopts the Euro as its lawful currency in accordance with the Treaty.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

- (a) each Specified Denomination and, in the case of fixed rate Notes, each amount specified on the Coupons will be deemed to be denominated in such amount of Euro as is equivalent to its denomination or the amount of interest so specified in the Relevant Currency at the Established Rate, rounded down to the nearest Euro 0.01;
- (b) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Relevant 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;
- (c) if the Notes are fixed rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period of less than one year, it will be calculated on the basis described as "Actual/Actual (ISDA)" in Condition 4(i);
- (d) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (e) such other changes shall be made to the Conditions as the Issuer may decide, with the agreement of Fiscal Agent, and as may be specified in the notice, to conform them to conventions then applicable to Notes denominated in Euro including but not limited to where the Notes are in global form. Any such other changes will not take effect until after they have been notified to the Noteholders in accordance with Condition 13.

As used in the Conditions:

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

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of non-interest bearing Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 13 and which falls on or after such date as when the country of the Relevant Currency participates in the third stage of European economic and monetary union pursuant to the Treaty.

**Relevant Currency** means the currency specified in the applicable Final Terms or, if none is specified, the Specified Currency.

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



None of the Issuer, the Guarantor, the Registrar, the Fiscal Agent and any other Paying Agent will be liable to any Noteholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

Determinations by the Issuer or the Fiscal Agent pursuant to this Condition 16 will, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Fiscal Agent, the Paying Agents, the Registrar and the Noteholders.

## **17. Governing Law and Jurisdiction**

### *(a) Governing Law*

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law; except that Australian Domestic Notes, the Deed Poll and the Registry Services Agreement are governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia.

### *(b) Jurisdiction*

Except in the case of Australian Domestic Notes, the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with them) (**Proceedings**) may be brought in such courts. Except in relation to Australian Domestic Notes, the Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

In the case of Australian Domestic Notes, the Issuer irrevocably agrees for the benefit of Noteholders that the courts of New South Wales, Australia and courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Australian Domestic Notes, the Deed Poll or the Registry Services Agreement and that accordingly any suit, action or proceedings arising out of or in connection with the Australian Domestic Notes, the Deed Poll or the Registry Services Agreement (together referred to as **Australian Proceedings**) may be brought in such courts.

The Issuer has irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Australian Proceedings in any such court and any claim that any such Australian Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgment in any such Australian Proceedings brought in the courts of New South Wales and courts of appeal from them shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

### *(c) Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB to receive, for it and on its behalf, service of process in any

Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify holders of Notes of such appointment in accordance with Condition 13. Nothing shall affect the right to serve process in any manner permitted by law.

For so long as any Australian Domestic Notes are outstanding, the Issuer has appointed the person specified in the applicable Final Terms as its agent for the time being to accept service of process on its behalf in New South Wales in respect of any legal action or proceedings as may be brought in the courts of New South Wales, Australia or the federal courts of Australia. In the event of such person ceasing to act, the Issuer will appoint another agent.

## **18. Rights of Third Parties**

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **19. FDIC Guarantee**

This Condition 19 is applicable to Registered Notes only if it is specified in the applicable Final Terms as being applicable and so long as the Notes are guaranteed under the FDIC's (as defined below) Temporary Liquidity Guarantee Program.

### *(a) Acknowledgement of the FDIC's Debt Guarantee Program*

The Issuer has not opted out of the debt guarantee program (the **Debt Guarantee Program**) established by the Federal Deposit Insurance Corporation (**FDIC**) under its Temporary Liquidity Guarantee Program. As a result, this debt is guaranteed under the FDIC's Temporary Liquidity Guarantee Program and is backed by the full faith and credit of the United States. The details of the FDIC guarantee are provided in the FDIC's regulations, 12 CFR Part 370, and at the FDIC's website, [www.fdic.gov/tlgp](http://www.fdic.gov/tlgp). The expiration date of the FDIC's guarantee is the earlier of the maturity date of this debt or 31 December 2012.

### *(b) Representative*

The Bank of New York Mellon is designated under the Notes as the duly authorised representative of the Noteholders for purposes of making claims and taking other permitted or required actions under the Debt Guarantee Program (the **Representative**). Any Noteholder may elect not to be represented by the Representative by providing written notice of such election to the Representative. Unless a Noteholder has given such notice to the Representative, the Noteholder will not have any right to make claims or take any other action permitted or required under the Debt Guarantee Program.

### *(c) Payment Default*

Upon an uncured failure by the Issuer and the Guarantor to make a timely payment of principal or interest in respect of any Notes (a **Payment Default**), the Representative, on behalf of all holders of such Notes that are represented by the Representative, shall submit to the FDIC a demand for payment by the FDIC of such unpaid principal and interest, together with proof of such claim and such other documentation as may be required by the FDIC under the Debt Guarantee Program within one New York Business Day of (i) in the case of any payment due by the Issuer and the Guarantor prior to the final maturity or redemption of such Notes, the later of (A) the date on which the

relevant payment was due or (B) the date that any applicable grace period ends and (ii) in the case of any payment due by the Issuer and the Guarantor on the final maturity date or on a redemption date for such Notes, such final maturity date or redemption date. For the purposes hereof: **New York Business Day** means a day that is not a Saturday or a Sunday or a day on which banks are required or authorised by law to be closed in the State of New York.

(d) *Subrogation*

The FDIC shall be subrogated to all of the rights of the Noteholders and the Representative under the Notes against the Issuer and the Guarantor in respect of any amounts paid to the Noteholders, or for the benefit of the Noteholders, by the FDIC pursuant to the Debt Guarantee Program.

(e) *Agreement to Execute Assignment upon FDIC Guarantee Payment*

(i) Unless the relevant Noteholder has exercised its right not to be represented by the Representative, each Noteholder shall be deemed, in so becoming a Noteholder, to have authorised the Representative on its behalf, at such time as the FDIC shall commence making any FDIC guarantee payments to the Representative for the benefit of the Noteholders represented by the Representative pursuant to the Debt Guarantee Program, to execute an assignment in the form set out in the Annex to Schedule 10 to the Fiscal Agency Agreement, pursuant to which the Representative shall assign to the FDIC its right as Representative to receive any and all payments from the Issuer or the Guarantor under the Notes (including its rights in relation to claims in respect thereof in any insolvency proceedings) on behalf of the Noteholders represented by the Representative. Each of the Issuer and the Guarantor hereby consents and agrees that the FDIC is an acceptable transferee for all or any portion of the indebtedness hereunder for all purposes of the Notes and upon any such assignment, the FDIC shall be deemed a holder under the Notes for all purposes hereof, and each of the Issuer and the Guarantor hereby agrees to take such reasonable steps as are necessary to comply with any relevant provision of the Notes as a result of such assignment.

(ii) If any Noteholder has exercised its right not to be represented by the Representative, such Noteholder hereby agrees, at such time as the FDIC shall commence making any FDIC guarantee payments to such Noteholder pursuant to the Debt Guarantee Program, to execute an assignment in the form set out in the Annex to Schedule 10 to the Fiscal Agency Agreement pursuant to which the Noteholder shall assign to the FDIC its right to receive any and all payments from the Issuer or the Guarantor under the Notes (including its rights in relation to claims in respect thereof in any insolvency proceedings). Each of the Issuer and the Guarantor hereby consents and agrees that the FDIC is an acceptable transferee for all or any portion of the indebtedness hereunder for all purposes of the Notes and upon any such assignment, the FDIC shall be deemed a holder under the Notes for all purposes thereof, and each of the Issuer and the Guarantor hereby agrees to take such reasonable steps as are necessary to comply with any relevant provision of such Notes as a result of such assignment.

(f) *Surrender of Senior Unsecured Debt Instrument to the FDIC*

If at any time on or prior to the expiration of the period during which senior unsecured debt of the Issuer is guaranteed by the FDIC under the Debt Guarantee Program (the **Effective Period**), payment in full hereunder shall be made pursuant to the Debt Guarantee Program on the outstanding principal and accrued interest to the date of such payment, each Noteholder shall, or each Noteholder shall cause the person or entity in possession to, promptly surrender to the FDIC the security certificate, note or other instrument evidencing the Notes, if any.

(g) *Notice Obligations to FDIC of Payment Default*

If, at any time prior to the earlier of (i) full satisfaction of the payment obligations hereunder, or (ii) expiration of the Effective Period, the Issuer and the Guarantor are in default of any payment obligation hereunder, including timely payment of any accrued and unpaid interest, without regard to any grace period, the Representative has covenanted and agreed under the terms of the Fiscal Agency Agreement that it shall provide written notice to the FDIC within one New York Business Day of such payment default.

(h) *Ranking*

Any indebtedness of the Issuer to the FDIC arising under Section 2.03 of the Master Agreement dated 1 December 2008 entered into by the Issuer and the FDIC in connection with the Debt Guarantee Program will constitute a senior unsecured general obligation of the Issuer, ranking *pari passu* with any indebtedness hereunder.

(i) *No Event of Default during Time of Timely FDIC Guarantee Payments*

Notwithstanding Condition 9, there shall not be deemed to be an Event of Default under the Notes which would permit or result in the acceleration of amounts due hereunder, if such an Event of Default is due solely to the failure of the Issuer and the Guarantor to make timely payment hereunder, PROVIDED THAT the FDIC is making timely guarantee payments with respect to the debt obligations hereunder in accordance with Part 370 of title 12 of the United States Code of Federal Regulations (**12 CFR Part 370**). Therefore, if an Event of Default is due solely to the failure of the Issuer and the Guarantor to make timely payment hereunder and PROVIDED THAT the FDIC is making timely guarantee payments as described above, no Event of Default shall occur or be deemed to occur and neither the Issuer nor the Guarantor shall be considered to be in default and Condition 9 shall be construed accordingly.

(j) *No Modifications without FDIC Consent*

Without the express written consent of the FDIC, the Issuer, the Guarantor and the Noteholders agree not to amend, modify, or consent to any amendment or modification, supplement or waive any provision of the Notes or the Fiscal Agency Agreement that is related to the principal, interest, payment, default or ranking of the indebtedness hereunder or that is required to be included herein or therein pursuant to the Master Agreement in connection with the Debt Guarantee Program or any other provision, the amendment of which would require the consent of any or all of the Noteholders.

(k) *Payments of Guaranteed Amounts to Noteholders*

If the Representative receives any amounts from the FDIC for or on behalf of Noteholders pursuant to the Debt Guarantee Program, the Representative shall make, or procure that there are made, payments of principal and interest in accordance with Condition 6, and provided further that a holder of a Registered Note shall not be required to present or surrender any Registered Note Certificate in global or definitive form that has been previously surrendered to the FDIC in accordance with Condition 19(f) and the register kept by the Registrar shall be conclusive evidence of a holder's entitlement to any such payment.

**20. General Provisions Applicable to Underlying Linked Notes**

(a) *Valuing the Underlying*

In respect of Underlying Linked Notes, the provisions applicable to valuing each Underlying and to making any adjustment to Valuation Dates or following Adjustment Events are specified in this

Condition 20 and in the Underlying Schedule applicable to such Underlying, as amended and supplemented (where relevant) by the applicable Final Terms.

(b) *Underlying Closing Level or Underlying Level on a Valuation Date*

The Underlying Closing Level or the Underlying Level (as applicable) of an Underlying on a Valuation Date shall be determined as specified in the Underlying Schedule applicable to such Underlying.

(c) *Adjustments to Valuation Dates (Scheduled Trading Days)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s) and unless otherwise specified in the applicable Final Terms, any Specified Valuation Date(s) specified in the applicable Final Terms shall be adjusted in accordance with the following provisions:

- (i) The following sub-paragraph shall apply to Notes linked to one Underlying.

If a Specified Valuation Date is not a Scheduled Trading Day for the Underlying, then such Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for the Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for the Underlying, in which case Condition 20(d) below or Condition 20(f) below (as applicable) shall apply.

- (ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Final Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then such Valuation Date shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all of the Underlyings, unless in the opinion of the Calculation Agent such day is a Disrupted Day for any of the Underlyings, in which case Condition 20(d) below or Condition 20(f) below (as applicable) shall apply.

- (iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Final Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then:

- (A) the Valuation Date for each Underlying for which such Specified Valuation Date is a Scheduled Trading Day shall be such Specified Valuation Date, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Condition 20(d) below or Condition 20(f) (as applicable) below shall apply; and
- (B) the Valuation Date for each Underlying for which such Specified Valuation Date is not a Scheduled Trading Day shall be the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such affected Underlying, unless in the opinion of the Calculation Agent such day is a Disrupted Day for such Underlying, in which case Condition 20(d) below or Condition 20(f) (as applicable) below shall apply.

(d) *Adjustments to Valuation Dates (Disrupted Days and Underlying Closing Levels)*

Subject as provided in the Underlying Schedules applicable to the relevant Underlying(s) and unless otherwise specified in the applicable Final Terms, any Specified Valuation Date(s) (if applicable, as

adjusted in accordance with the provisions of Condition 20(c) above) shall be adjusted in accordance with the following provisions:

- (i) The following sub-paragraph shall apply to Notes linked to one Underlying, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date for such Underlying is a Disrupted Day for such Underlying, then such Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day and which is not a Disrupted Day for the Underlying; and (II) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days immediately following such Specified Valuation Date.

- (ii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Move In Block" is specified in the applicable Final Terms, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then such Valuation Date shall be the earlier of: (I) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for all the Underlyings and which is not a Disrupted Day for all of the Underlyings; and (II) the Scheduled Trading Day for all the Underlyings which is the Valuation Roll number of Scheduled Trading Days for all the Underlyings immediately following such Specified Valuation Date.

- (iii) The following sub-paragraph shall apply to Notes linked to more than one Underlying if "Value What You Can" is specified in the applicable Final Terms, subject as provided in sub-paragraph (iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then:

- (A) if such Specified Valuation Date is not a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be such Specified Valuation Date; and
  - (B) if such Specified Valuation Date is a Disrupted Day for an Underlying, then the Valuation Date for such Underlying shall be the earlier of: (1) the first succeeding day immediately following such Specified Valuation Date which is a Scheduled Trading Day for such Underlying and which is not a Disrupted Day for such Underlying; and (2) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days for such Underlying immediately following such Specified Valuation Date.
- (iv) If the Valuation Date for any Underlying determined as provided above would otherwise fall on a day falling after the second Scheduled Trading Day prior to the date on which a relevant payment is scheduled to be made under the Notes (the **Cut-off Valuation Date**), such Valuation Date shall be deemed to be the Cut-off Valuation Date (notwithstanding that such date either (A) is not a Scheduled Trading Day for such Underlying; or (B) is a Disrupted Day for such Underlying) and the provisions of Condition 20(e)(ii) below shall apply in respect thereof.

(e) *Adjustments to Valuation Dates (Calculation Agent's determination of Underlying Closing Levels)*

- (i) If the Valuation Date for any Underlying (as determined in accordance with Condition 20(d) above) is a Disrupted Day for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine

the Underlying Closing Level of such Underlying on such Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.

- (ii) If the Valuation Date for any Underlying (as determined in accordance with Condition 20(d)(iv) above) is determined to occur on the Cut-off Valuation Date for such Underlying, then (unless otherwise specified in the Underlying Schedule applicable to such Underlying) the Calculation Agent shall determine the Underlying Closing Level of such Underlying on such Cut-off Valuation Date using its good faith estimate of the Underlying Closing Level of such Underlying at the Valuation Time (where relevant) on or for such day.

(f) *Adjustment to Valuation Dates (Disrupted Days and Underlying Levels)*

If the Calculation Agent determines that the Underlying Level of an Underlying cannot be determined at any time on any Valuation Date by reason of the occurrence of a Disrupted Day, then (unless otherwise specified in the applicable Final Terms) the Underlying Level at such time on such day shall be disregarded for the purposes of determining any amounts payable and/or deliverable in respect of the Notes.

(g) *Adjustment Events*

If in the determination of the Calculation Agent any Adjustment Event occurs in respect of an Underlying, then (subject to the provisions of the Underlying Schedule applicable to such Underlying) the Calculation Agent shall (i) make such adjustment to the terms of the Notes as the Calculation Agent determines necessary or appropriate to account for the effect of such Adjustment Event subject to the provisions (if any) of such Underlying Schedule; and (ii) determine the effective date of each such adjustment.

If so specified in the relevant Underlying Schedule, any adjustment(s) made by the Calculation Agent in response to an Adjustment Event may include a substitution of the relevant Underlying or other asset as specified in the Underlying Schedule applicable to the relevant Underlying and the Calculation Agent may make such other adjustments to the terms of the Notes as it deems appropriate in relation to such substitution.

Except in the case of a substitution of an Underlying, the Calculation Agent shall make all adjustments arising from an Adjustment Event in such a way as to ensure that the direct economic link between the Underlying Closing Level or the Underlying Level (as relevant) of each Underlying and the value of the Notes is preserved.

(h) *Early Redemption Events*

If, in the determination of the Calculation Agent, any Early Redemption Event occurs in respect of an Underlying, then all (but not some only) of the Notes will be redeemed on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

(i) *Mandatory Early Redemption Events*

If "Mandatory Early Redemption Event" is specified as applicable in the applicable Final Terms and a Mandatory Early Redemption Event (as specified in the applicable Final Terms) occurs, then all (but not some only) of the Notes will be redeemed, each Calculation Amount being redeemed by payment of an amount equal to the relevant Mandatory Early Redemption Amount specified in the applicable Final Terms on the relevant Mandatory Early Redemption Date.

Any Mandatory Early Redemption Amount(s) and Mandatory Early Redemption Date(s) shall be as specified in the applicable Final Terms.

(j) *Correction of published or announced prices or levels*

In the event that any level, price or value (as applicable) of an Underlying for any time on any day which is announced by or on behalf of the person or entity responsible for such publication or announcement and which is used for any calculation or determination made in respect of the Notes is subsequently corrected, and the correction (the **Corrected Level**) is published by or on behalf of such person or entity within the relevant Correction Period after the original publication (and at least two Business Days prior to the relevant date on which a payment is scheduled to be made under the Notes (the **Relevant Scheduled Payment Date**)), then such Corrected Level shall be deemed to be the level, price or value for the relevant Underlying for the relevant time on the relevant day and the Calculation Agent shall use such Corrected Level in determining any amounts payable and/or deliverable in respect of the Notes.

Corrections published after the day which is two Business Days prior to the Relevant Scheduled Payment Date shall be disregarded by the Calculation Agent for the purposes of determining any such amounts payable and/or deliverable under the Notes.

(k) *Notifications*

The Calculation Agent shall notify the Issuer and each Paying Agent of any determination made by it in accordance with this Condition 20 and the action that it proposes to take in respect of any such determination. The Issuer shall notify the Noteholders thereof as soon as reasonably practicable thereafter in accordance with Condition 13. Failure by the Calculation Agent to notify the Issuer or any Paying Agent or failure by the Issuer to notify the Noteholders of any such determination will not affect the validity of any such determination.

(l) *Definitions*

**Additional Adjustment Event** means, in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying.

**Additional Early Redemption Event** means, in respect of an Underlying, each event (if any) specified as such in the Underlying Schedule applicable to such Underlying.

**Adjustment Event** means, in respect of an Underlying, the occurrence at any time of a Change in Law or the occurrence at any time of any Additional Adjustment Event applicable to such Underlying.

**Change in Law** means that (a) due to the adoption of or any change in any applicable law, rule, order, directive or regulation (including, without limitation, any tax law), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, (including any action taken by a taxing authority), the Calculation Agent determines that (i) holding, acquiring or disposing of any Hedging Position becomes or will become unlawful, illegal or otherwise prohibited in whole or in part, or (ii) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including without limitation due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of any relevant Hedging Party).

**Correction Period** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.



**Early Redemption Event** means, in respect of an Underlying, (i) following the occurrence of an Adjustment Event in respect of such Underlying, the Calculation Agent determines that no adjustment or substitution can reasonably be made under Condition 20(g) above to account for the effect of such Adjustment Event, or (ii) the occurrence at any time of any Additional Early Redemption Event applicable to such Underlying.

**Electronic Page** means, in respect of an Underlying, the electronic page or source specified for such Underlying in the applicable Final Terms, or either (i) any successor electronic page or source or information vendor or provider that has been designated by the sponsor of the original electronic page or source; or (ii) if such sponsor has not officially designated a successor electronic page or source or information vendor or provider, the successor electronic page or source or information vendor or provider designated by the relevant information vendor or provider (if different from such sponsor) or any alternative electronic page or source designated by the Calculation Agent.

**Hedging Party** means the Issuer and/or any of its Affiliates.

**Hedging Position** means any one or more of (i) positions or contracts (as applicable) in securities, futures contracts, options contracts, other derivative contracts or foreign exchange; (ii) stock loan transactions; or (iii) other instruments or arrangements (however described) entered into by a Hedging Party in or order to hedge, individually or on a portfolio (or "book") basis, the Notes.

**Specified Valuation Date** means each date specified as such in the applicable Final Terms.

**Underlying** means each underlying reference factor specified as such and classified in the applicable Final Terms.

**Underlying Closing Level** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Underlying Level** shall, in respect of an Underlying and if applicable, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

**Underlying Linked Notes** means Notes specified as such in the applicable Final Terms.

**Underlying Schedule** means, in respect of an Underlying, the schedule that is specified to be applicable to such Underlying as a result of the classification of such Underlying in the applicable Final Terms.

**Valuation Date** means each Specified Valuation Date, as adjusted in accordance with Condition 20(c), Condition 20(d), Condition 20(f) and/or the applicable Final Terms.

**Valuation Roll** means the number specified as such in the applicable Final Terms, or if no number is so specified, eight.

**Valuation Time** shall, in respect of an Underlying, have the meaning given to it in the Underlying Schedule applicable to such Underlying.

## **UNDERLYING SCHEDULE 1 SHARE INDEX CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Share Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Share Indices.

### **1. DEFINITIONS**

**Additional Disruption Event** means any of Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Component Security** means, in respect of a Share Index, each component security included in such Share Index.

**Exchange** means (a) in respect of a Single Exchange Index, either (i) each exchange or quotation system specified as such in respect of such Single Exchange Index in the applicable Final Terms or any successor to any such exchange or quotation system, or any substitute exchange or quotation system to which trading in the relevant Component Securities has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the relevant Component Securities on such temporary substitute exchange or quotation system as on the original exchange or quotation system); or (ii) where "Principal Exchanges" is specified as the Exchange in respect of a Single Exchange Index and each relevant Component Security, the exchange or quotation system on which such Component Security is (as determined by the Calculation Agent) principally traded; and (b) in respect of a Multiple Exchange Index and each relevant Component Security, the exchange or trading system on which such Component Security is (as determined by the Calculation Agent) principally traded.

**Exchange Business Day** means (a) in respect of a Single Exchange Index, any Scheduled Trading Day for such Single Exchange Index on which each Exchange and each Related Exchange for such Single Exchange Index is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time; and (b) in respect of a Multiple Exchange Index, any Scheduled Trading Day for such Multiple Exchange Index on which the relevant Index Sponsor publishes the level of such Share Index and each Related Exchange for such Multiple Exchange Index is open for trading during its regular trading session, notwithstanding any relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Hedging Disruption** means that any Hedging Party is unable, after using commercially reasonable efforts to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount

that is incurred solely due to the deterioration of the creditworthiness of any Hedging Party shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means that any Hedging Party would incur a rate to borrow any Component Security that is greater than the Initial Stock Loan Rate.

**Index Sponsor** means, in respect of a Share Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculation and adjustments, if any, related to such Share Index; and (b) announces (directly or through an agent) the level of such Share Index.

**Initial Stock Loan Rate** means, in respect of a Component Security, the rate that any Hedging Party would have incurred to borrow such Component Security as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) any Component Security at a rate equal to or less than the Maximum Stock Loan Rate.

**Market Disruption Event** shall have the meaning given to it in Condition 3(a) of the Share Index Conditions (in respect of a Single Exchange Index) or in Condition 3(a) of the Share Index Conditions (in respect of a Multiple Exchange Index).

**Maximum Stock Loan Rate** means, in respect of a Component Security, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such Component Security as of the Trade Date, as determined by the Calculation Agent.

**Multiple Exchange Index** means each Share Index specified as such in the applicable Final Terms.

**Related Exchange** means, in respect of a Share Index, each exchange or quotation system specified as such for such Share Index in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Share Index has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Share Index on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Related Exchange in respect of a Share Index, then **Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Share Index.

**Scheduled Closing Time** means, in respect of a Share Index, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Share Index, the scheduled weekday closing time on such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange or Related Exchange.

**Scheduled Trading Day** means (a) in respect of a Single Exchange Index, any day on which each Exchange and each Related Exchange in respect of such Single Exchange Index is scheduled to be open for trading for its respective regular trading sessions; and (b) in respect of a Multiple Exchange Index, any day on which (i) the Index Sponsor in respect of such Multiple Exchange Index is scheduled to publish the level of such Multiple Exchange Index, (ii) each Related Exchange in respect of such Multiple Exchange Index is scheduled to be open for trading for its regular trading session and (iii) the X Percentage is no more than 20 per cent. of the relevant Component Securities.

**Single Exchange Index** means each Share Index specified as such in the applicable Final Terms.

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is specified, the Issue Date.

**X Percentage** means, in respect of a Multiple Exchange Index and any day, the percentage of relevant Component Securities which are scheduled to be unavailable for trading on any relevant Exchange on such day by virtue of that day not being a day on which such relevant Exchange is scheduled to be open for trading during its regular trading session. For the purposes of determining the X Percentage in respect of a Multiple Exchange Index, the relevant percentage of a relevant Component Security unavailable for trading shall be based on a comparison of (a) the portion of the level of such Multiple Exchange Index attributable to such Component Security; and (b) the overall level of such Multiple Exchange Index, in each case, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data".

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Share Index and a Valuation Date, the official closing level of such Share Index on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means (a) in respect of a Single Exchange Index, an Underlying Closing Level and a Scheduled Trading Day, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day and (b) in respect of a Multiple Exchange Index and a Scheduled Trading Day: (i) for the purposes of determining whether a Market Disruption Event in respect of such Multiple Exchange Index has occurred: (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security; and (B) in respect of any options contracts or future contracts on such Multiple Exchange 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 such Multiple Exchange Index is calculated and published by the relevant Index Sponsor.

### (b) *Intraday valuations*

**Underlying Level** means, in respect of a Share Index and a Valuation Date, the level of such Share Index observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Share Index, an Underlying Level and a Scheduled Trading Day for such Share Index, the time at which the level of such Share Index is being determined during such Scheduled Trading Day.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of a Share Index, any Scheduled Trading Day for such Share Index on which a Market Disruption Event occurs.

### (a) *Single Exchange Index*

**Market Disruption Event** means, in respect of a Share Index which is a Single Exchange Index, the occurrence of any of the events set out below:

- (i) the relevant Index Sponsor fails to publish the level of such Share Index; or

- (ii) a relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Related Exchange of futures contracts or option contracts relating to such Share Index; or
- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for relevant Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or
- (vi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Share Index; or
- (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange in respect of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Exchange system for execution at the relevant Valuation Time on such Exchange Business Day); or
- (viii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or option contracts relating to such Share Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day).

(b) *Multiple Exchange Index*

**Market Disruption Event** means, in respect of a Share Index which is a Multiple Exchange Index, the occurrence of any of the events set out below:

- (i) the relevant Index Sponsor fails to publish the level of such Share Index; or
- (ii) any Related Exchange fails to open for trading during its regular trading session; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of any relevant Component Security, and the aggregate of all relevant Component Securities so affected plus the X Percentage comprises 20 per cent. or more of the level of such Share Index; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Related Exchange of futures contracts or option contracts relating to such Share Index; or
- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for any relevant Component Security, and the aggregate of all relevant Component Securities so affected plus the X Percentage comprises 20 per cent. or more of the level of such Share Index; or
- (vi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Share Index; or
- (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange in respect of any relevant Component Security prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Exchange for execution at the relevant Valuation Time on such Exchange Business Day), and the aggregate of all relevant Component Securities so affected plus the X Percentage comprises 20 per cent. or more of the level of such Share Index; or
- (viii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or option contracts relating to such Share Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (A) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (B) the deadline for the submission of orders to be entered into such Related Exchange for execution at the relevant Valuation Time on such Exchange Business Day).

(c) *Determining whether or not a Market Disruption Event exists*

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Share Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component Security of such Share Index at such time, then the relevant percentage contribution of such Component Security to the level of such Share Index shall be based on a comparison of (i) the portion of the level of such Share Index attributable to such Component Security; and (ii) the overall level of such Share Index, either (A) where such Share Index is a Single Exchange Index, immediately before the occurrence of such Market Disruption Event; or (B) where such Share Index is a Multiple Exchange Index, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data".

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of such Component Security at such time, then the relevant percentage contribution of such Component Security to the level of the relevant Share Index shall be based on a comparison of (i) the portion of the level of such Share Index attributable to such Component Security; and (ii) the overall level of such Share Index, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data".

**4. ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events shall apply in respect of a Share Index:

- (i) such Share Index is either (a) not calculated and announced by or on behalf of the relevant Index Sponsor but instead is calculated and announced by or on behalf of a successor to such relevant Index Sponsor acceptable to the Calculation Agent; or (b) 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 such Share Index (such index, the **Successor Index**, which will be deemed to be such Share Index); and
- (ii) each Additional Disruption Event (if any) specified in the applicable Final Terms.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Share Index the Calculation Agent determines that no calculation or substitution can reasonably be made under Condition 6(b) of the Share Index Conditions.

**6. ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Share Index, two Business Days.

(b) *Modification or cancellation of a Share Index and Share Index Substitution*

If, in respect of a Share Index, (i) on or prior to any Valuation Date, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating the level of such Share Index or in any other way materially modifies such Share Index (other than a modification prescribed in that formula or method to maintain such Share Index in the event of changes in Component Securities and capitalisation and other routine events) (a **Share Index Modification**); or (ii) on or prior to any Valuation Date, the relevant Index Sponsor at any time permanently cancels such Share Index and no Successor Index (as defined in Condition 4 of the Share Index Conditions) exists (a **Share Index Cancellation**); or (iii) on any Valuation Date the

relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce such Share Index (a **Share Index Disruption**, and together with a Share Index Modification and a Share Index Cancellation, a **Share Index Adjustment Event**), then the Calculation Agent shall determine if such Share Index Adjustment Event has a material effect on the Notes, and if so, either:

- (i) calculate the relevant level of such Share Index at the relevant time on such Valuation Date using, in lieu of a published level for such Share Index, the level of such Share Index at the relevant time on such Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating the level of such Share Index last in effect prior to the occurrence of such Share Index Adjustment Event but using only those Component Securities or other assets or instruments which comprised such Share Index immediately prior to the occurrence of such Share Index Adjustment Event (other than those Component Securities or other assets or instruments which have since ceased to be listed on any relevant Exchange); or
- (ii) substitute such Share Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such Share Index and determine the adjustments (if any) to be made to the Conditions and/or the applicable Final Terms to account for such substitution.

If no calculation or substitution can reasonably be made pursuant to the above, the provisions of Condition 5 of the Share Index Conditions shall apply.

(c) *Determination of the Underlying Closing Level of a Share Index on a Disrupted Day*

If, in accordance with Condition 20(d) of the General Conditions, an Underlying Closing Level of a Share Index is to be determined on a Valuation Date which is a Disrupted Day for such Share Index, then the Calculation Agent shall determine such Underlying Closing Level of such Share Index at the Valuation Time on such Valuation Date in accordance with the formula for and method of calculating the level of such Share Index last in effect prior to the occurrence of the first Disrupted Day in respect of such Share Index, using either (i) the price traded or quoted on the relevant Exchange as of the relevant Valuation Time on such Valuation Date of each Component Security contained in such Share Index; or (ii) (if an event giving rise to a Disrupted Day has occurred in respect of the relevant Component Security on that Valuation Date) its good faith estimate of the value for the relevant Component Security as of the relevant Valuation Time on such Valuation Date.

(d) *Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any Valuation Date is:

- (i) not a Scheduled Trading Day for a Share Index because one or more relevant Related Exchanges is not scheduled to be open; or
- (ii) a Disrupted Day for a Share Index solely because any relevant Related Exchange fails to open,

then the Calculation Agent shall have the discretion to determine such day either (A) to be the Valuation Date in respect of a Share Index, notwithstanding that such day is not a Scheduled Trading Day for such Share Index because one or more such Related Exchanges is not scheduled to be open; or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any such Related Exchange fails to open.



In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (I) any Underlying Closing Level or any Underlying Level (as relevant) of the affected Share Index; (II) any trading in futures contracts or options contracts on any such relevant Related Exchange; and (III) the Issuer's hedging arrangements in respect of the Notes.

## **UNDERLYING SCHEDULE 2 INFLATION INDEX CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as an "Inflation Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Inflation Indices.

### **1. DEFINITIONS**

**Cut-off Date** means, in respect of a Payment Date, the day which is five Business Days prior to such Payment Date.

**Fallback Bond** means, in respect of an Inflation Index, if "Fallback Bond" is specified as applicable in the applicable Final Terms, (a) the bond specified as such in the applicable Final Terms; or (b) if no such bond is specified, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation such Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (i) the same day as the Maturity Date; (ii) the next longest maturity after the Maturity Date if there is no such bond maturing on the Maturity Date; or (iii) the next shortest maturity before the Maturity Date if no bond described in (i) or (ii) above is selected by the Calculation Agent. If the Inflation Index relates to the level of inflation across the European Monetary Union (**EMU**), then the Calculation Agent will select an inflation-linked bond which is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the EMU. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, then the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond in respect of an Inflation Index redeems, then the Calculation Agent will select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**Index Sponsor** means, in respect of an Inflation Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculation and adjustments, if any, related to such Inflation Index; and (b) announces (directly or through an agent) the level of such Inflation Index.

**Inflation Index** means each Underlying classified as such in the applicable Final Terms or any Successor Index.

**Manifest Error Cut-off Date** means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Final Terms.

**Payment Date** means, in respect of a Valuation Date, the Interest Payment Date, the Maturity Date or other date to which such Valuation Date relates, as specified in the applicable Final Terms.

**Reference Month** means, in respect of an Inflation Index and a Valuation Date, each month specified as such for such Valuation Date in the applicable Final Terms.

**Revision Cut-off Date** means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Final Terms.

## 2. VALUATION

**Underlying Closing Level** means, in respect of an Inflation Index, a Valuation Date and a related Reference Month, the level of such Inflation Index in respect of such Reference Month, as displayed on the applicable Electronic Page.

Valuation Time and Underlying Level shall not apply to an Inflation Index.

## 3. DISRUPTION TO VALUATION

### (a) *Determination of the Underlying Closing Level of an Inflation Index on a Valuation Date*

Any Specified Valuation Date shall not be adjusted in relation to an Inflation Index and the Substitute Index Level provisions set out below shall apply thereto. The provisions of Condition 20(c) and Condition 20(d) of the General Conditions shall only apply in relation to Underlying(s) which are not Inflation Indices (if any).

### (b) *Substitute Index Level*

If an Underlying Closing Level for a Reference Month has not been published or announced by the Cut-off Date for the relevant Payment Date, then the Calculation Agent shall, subject to any formula or provisions specified in the applicable Final Terms, determine a substitute index level (the **Substitute Index Level**) by using the following methodology:

- (i) if Fallback Bond is specified as applicable in the applicable Final Terms, the Calculation Agent will take the same action to determine the Substitute Index Level for the affected Reference Month as that taken by the relevant calculation agent pursuant to the terms and conditions of any relevant Fallback Bond; and
- (ii) if there is no Fallback Bond or sub-paragraph (i) does not result in a Substitute Index Level for the relevant Reference Month for any reason, then the Calculation Agent will determine the Substitute Index Level in accordance with the formula set out below:

$$\text{Substitute Index Level} = \text{Base Level} * (\text{Latest Level}/\text{Reference Level})$$

Where:

**Base Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month for which the Substitute Index Level is being determined;

**Latest Level** means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor prior to the Reference Month in respect of which the Substitute Index Level is being determined;

**Reference Level** means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimate) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the Reference Month referred to in the definition for "Latest Level" above; and

- (iii) if the Underlying Closing Level of an Inflation Index for a Reference Month is published or announced at any time after the Cut-off Date for the relevant Payment Date, then such Underlying Closing Level will not be used in any calculation. The Substitute Index Level

determined pursuant to this Condition 3 of the Inflation Index Conditions will be the Underlying Closing Level in respect of the relevant Reference Month.

**4. ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Event shall apply in respect of an Inflation Index: the relevant Index Sponsor imposes on the Issuer and/or any of its Affiliates increased or unexpected fees and costs for the use of such Inflation Index, which the Calculation Agent determines are material.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Events shall apply in respect of an Inflation Index:

- (i) the Calculation Agent determines that no Successor Index can be determined under Condition 6(d) of the Inflation Index Conditions; and
- (ii) the Calculation Agent determines that no adjustment can reasonably be made under Condition 6(e) of the Inflation Index Conditions.

**6. ADDITIONAL PROVISIONS**

*(a) Correction of published or announced prices or levels*

The provisions of Condition 20(j) of the General Conditions shall not apply in respect of an Inflation Index.

*(b) Revision of the level of an Inflation Index*

The operation of this Condition 6(b) of the Inflation Index Conditions is subject as provided in Condition 6(c) of the Inflation Index Conditions below.

If "Revision" is specified as applicable for an Inflation Index in the applicable Final Terms, then the first publication and announcement of an Underlying Closing Level of such Inflation Index, or any revision to such Underlying Closing Level made no later than the relevant Revision Cut-off Date, shall be final and conclusive.

If "No Revision" is specified as applicable for an Inflation Index in the applicable Final Terms, then the first publication and announcement of an Underlying Closing Level of such Inflation Index shall be final and conclusive, and any later revision to such Underlying Closing Level will not be used in any calculation.

If neither "Revision" nor "No Revision" is elected in the applicable Final Terms, then "No Revision" shall be deemed to apply.

*(c) Correction of a manifest error in the level of an Inflation Index*

If the Calculation Agent determines that the Index Sponsor of an Inflation Index has corrected an Underlying Closing Level for such Inflation Index to correct a manifest error no later than the earlier to occur of (i) the relevant Manifest Error Cut-off Date; and (ii) 30 calendar days following the first publication and announcement of such Underlying Closing Level, then the Calculation Agent may use such corrected Underlying Closing Level for the purposes of any calculation in respect of any relevant Valuation Date. Any correction to an Underlying Closing Level of such Inflation Index published after the relevant Manifest Error Cut-off Date will not be used in any calculation in respect of any relevant Valuation Date. In the event of any inconsistency (as determined by the Calculation

Agent) between this Condition 6(c) of the Inflation Index Conditions and Condition 6(b) of the Inflation Index Conditions, the operation of this Condition 6(c) shall prevail.

(d) *Substitution of an Inflation Index*

If the Calculation Agent determines that either (i) a level for an Inflation Index has not been published or announced for two consecutive months; and/or (ii) the Index Sponsor announces that it will no longer continue to publish or announce such Inflation Index; and/or (iii) the Index Sponsor cancels such Inflation Index, then the Calculation Agent may replace such Inflation Index with a successor index (a **Successor Index**) by using the following methodology:

- (i) if at any time a successor index has been designated in respect of an Inflation Index by the calculation agent under any relevant Fallback Bond pursuant to the terms and conditions of such Fallback Bond, then such successor index may be designated a "Successor Index" for such Inflation Index for the purposes of all subsequent Valuation Dates, notwithstanding that any other Successor Index may previously have been determined under sub-paragraphs (ii) or (iii);
- (ii) if a Successor Index has not been determined under sub-paragraph (i) and a notice has been given or an announcement has been made by the relevant Index Sponsor, specifying that such Inflation Index will be superseded by a replacement inflation index specified by the relevant Index Sponsor, and the Calculation Agent determines that such replacement inflation index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, then such replacement index shall be such Inflation Index for purposes of the Notes from the date that such replacement Inflation Index comes into effect;
- (iii) if no Successor Index has been determined under sub-paragraph (i) or (ii) by the fifth Business Day prior to the Cut-off Date in respect of the next following Payment Date, then the Calculation Agent will determine an appropriate alternative index and such index will be deemed a "Successor Index".

If a Successor Index is determined in accordance with the above, the Calculation Agent may make such adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such replacement and determine the effective date(s) of the adjustment(s) to the Notes.

If no Successor Index can be determined pursuant to the above, the provisions of Condition 5 of the Inflation Index Conditions shall apply.

(e) *Modification of an Inflation Index*

If, on or prior to any Cut-off Date in respect of a Payment Date, an Index Sponsor announces that it will make a material change to an Inflation Index, then the Calculation Agent shall make such adjustments to the Conditions and/or the applicable Final Terms (i) (if a Fallback Bond is specified for the relevant Inflation Index) as are consistent with any adjustment made to the relevant Fallback Bond; or (ii) (if no Fallback Bond is specified for the relevant Inflation Index) as are necessary for such modified Inflation Index to continue as an Inflation Index.

If no such adjustment can reasonably be made pursuant to the above, the provisions of Condition 5 of the Inflation Index Conditions shall apply.

(f) *Rebasing of the Inflation Index*

If the Calculation Agent determines that an Inflation Index has been or will be rebased at any time, then the Inflation Index as so rebased (the **Rebased Index**) will be used for the purposes of determining any Underlying Closing Level of such Inflation Index from the date of such rebasing.

If a Fallback Bond is specified for the relevant Inflation Index, then the Calculation Agent shall make such adjustments to the levels of such Rebased Index as are made by the calculation agent pursuant to the terms and conditions of the relevant Fallback Bond, so that the levels of such Rebased Index reflect the same rate of inflation as the relevant Inflation Index before it was rebased.

If no Fallback Bond is specified for the relevant Inflation Index, then the Calculation Agent shall make such adjustments to the levels of such Rebased Index, so that the levels of such Rebased Index reflect the same rate of inflation as the relevant Inflation Index before it was rebased.

In each case, the Calculation Agent may make such adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such rebasing and determine the effective date(s) of the adjustment(s) to the Notes.

Any such rebasing shall not affect any prior payments made under the Notes.

### UNDERLYING SCHEDULE 3 COMMODITY INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Commodity Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Commodity Indices.

#### 1. DEFINITIONS

**Commodity Index** means each Underlying classified as such in the applicable Final Terms.

**Component** means, in respect of a Commodity Index, each component included in such Commodity Index.

**Exchange** means, in respect of a Commodity Index, each exchange, quotation system, over-the-counter market or principal trading market on which each relevant Component is (as determined by the Calculation Agent) principally traded.

**Exchange Business Day** means, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which the relevant Index Sponsor publishes the level of such Commodity Index.

**Index Sponsor** means, in respect of a Commodity Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and methods of calculations and adjustments, if any, related to such Commodity Index; and (b) announces (directly or through an agent) the level of such Commodity Index on a regular basis.

**Related Exchange** means, in respect of a Commodity Index and options contracts and futures contracts on such Commodity Index, any exchange on which such options contracts or futures contracts on such Commodity Index are traded.

**Scheduled Closing Time** means, in respect of a Scheduled Trading Day and an Exchange, the scheduled weekday closing time on such Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange.

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

**Successor Index** shall have the meaning given to it in Condition 4 of the Commodity Index Conditions.

**Tax Disruption** means, in respect of a Commodity Index, the imposition of, change in or removal of a Relevant Tax by any relevant government or taxing authority after the Trade Date, if the direct effect of such imposition, change or removal is to increase or decrease the level of the Commodity Index on a day which would otherwise be a Valuation Date from what it would have been without such imposition, change or removal. For these purposes, **Relevant Tax** means, in respect of a Component or commodity relating to such Component, any excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or other similar tax on, or measured by reference to, such Component or commodity (other than a tax on, or measured by reference to, overall gross or net income).

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is specified, the Issue Date.

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Commodity Index and a Valuation Date, the official closing level of such Commodity Index on such Valuation Date or, where the level of such Commodity Index is only published once a day, the level of such Commodity Index for such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Commodity Index, an Underlying Closing Level and a Scheduled Trading Day, either (i) the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day or (ii) where the level of such Commodity Index is only published once a day (A) for the purposes of determining whether a Market Disruption Event has occurred: (I) in respect of any relevant Component, the time at which such Component is valued for the purposes of determining the level of such Commodity Index for the relevant day, and (II) in respect of any options contracts or future contracts on the Commodity Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time at which the level of such Commodity Index for such day is calculated and published by the relevant Index Sponsor.

### (b) *Intraday valuations*

**Underlying Level** means, in respect of a Commodity Index and a Valuation Date, the level of such Commodity Index observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Commodity Index, an Underlying Level and a Scheduled Trading Day, the time at which the level of such Commodity Index is being determined during such Scheduled Trading Day.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of a Commodity Index, any Scheduled Trading Day on which any of the events set out below occurs:

- (i) the relevant Index Sponsor fails to publish the level of such Commodity Index;
- (ii) a temporary or permanent failure by the relevant Exchange to announce or publish a relevant price for any relevant Component of such Commodity Index;
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of relevant Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any Related Exchange of futures contracts or option contracts relating to such Commodity Index; or



- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for relevant Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or
- (vi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vii) or sub-paragraph (viii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Commodity Index; or
- (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange in respect of relevant Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the actual closing time for the regular trading session on such Exchange on such Exchange Business Day); or
- (viii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or option contracts relating to such Commodity Index prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day).

#### 4. **ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events shall apply in respect of a Commodity Index:

- (a) such Commodity Index is either (i) not calculated and announced by or on behalf of the relevant Index Sponsor but instead is calculated and announced by or on behalf of a successor to such relevant 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 such Commodity Index (such index, the **Successor Index**, which will be deemed to be such Commodity Index);
- (b) the relevant Index Sponsor imposes on the Issuer and/or any of its Affiliates increased or unexpected fees and costs for the use of such Commodity Index, which the Calculation Agent determines are material; or
- (c) if "Tax Disruption" is specified as applicable in the applicable Final Terms, the Calculation Agent determines in good faith that (i) a Tax Disruption has occurred or exists; and (ii) such Tax Disruption is material.

#### 5. **ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Commodity Index: the Calculation Agent determines that no calculation or substitution can reasonably be made under Condition 6(b) of the Commodity Index Conditions.

## 6. ADDITIONAL PROVISIONS

### (a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Commodity Index, 30 calendar days.

### (b) *Modification or cancellation of a Commodity Index and Commodity Index Substitution*

If, in respect of a Commodity Index, (i) on or prior to any Valuation Date, the relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating the level of such Commodity Index or in any other way materially modifies such Commodity Index (other than a modification prescribed in that formula or method to maintain such Commodity Index in the event of changes in relevant Components and other routine events) (a **Commodity Index Modification**); or (ii) on or prior to any Valuation Date, the relevant Index Sponsor at any time permanently cancels such Commodity Index and no Successor Index (as defined in Condition 4 of the Commodity Index Conditions) exists (a **Commodity Index Cancellation**); or (iii) on any Valuation Date the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce such Commodity Index (a **Commodity Index Disruption**, and together with a Commodity Index Modification and a Commodity Index Cancellation, a **Commodity Index Adjustment Event**), then the Calculation Agent shall determine if such Commodity Index Adjustment Event has a material effect on the Notes, and if so, either:

- (i) calculate the relevant level of such Commodity Index at the relevant time on such Valuation Date using, in lieu of a published level for such Commodity Index, the level of such Commodity Index at the relevant time on such Valuation Date as determined by the Calculation Agent in accordance with the formula for and the method of calculating the level of such Commodity Index last in effect prior to the occurrence of such Commodity Index Adjustment Event but using only those Components or other assets or instruments which comprised such Commodity Index immediately prior to the occurrence of such Commodity Index Adjustment Event (other than those Components which have since ceased to be listed on any relevant Exchange); or
- (ii) the Calculation Agent shall substitute such Commodity Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar formula and method of calculation as used in the calculation of the level of such Commodity Index and determine the adjustments (if any) to be made to the Conditions and/or the applicable Final Terms to account for such substitution.

If no calculation or substitution can reasonably be made pursuant to the above, the provisions of Condition 5 of the Commodity Index Conditions shall apply.

### (c) *Determination of the Underlying Closing Level of a Commodity Index on a Disrupted Day*

If an Underlying Closing Level of a Commodity Index is determined on a Scheduled Trading Day which is a Disrupted Day for such Commodity Index in accordance with Condition 20(d) of the General Conditions, then the Calculation Agent shall determine such Underlying Closing Level of such Commodity Index at the Valuation Time on such Scheduled Trading Day in accordance with the formula for and method of calculating the level of such Commodity Index last in effect prior to the occurrence of the first Disrupted Day in respect of such Commodity Index, using either (i) the price traded or quoted on the relevant Exchange as of the relevant Valuation Time on such Scheduled Trading Day of each relevant Component; or (ii) (if an event giving rise to a Disrupted Day has occurred in respect of the relevant Component on that Scheduled Trading Day) its good faith estimate of the value of the relevant Component as of the relevant Valuation Time on such Scheduled Trading Day.

## **UNDERLYING SCHEDULE 4 COMMODITY CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Commodity".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Commodities.

### **1. DEFINITIONS**

**Bullion Commodity** means a Commodity which is any of gold, palladium, platinum or silver.

**Calculation Agent Determination** means that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of the relevant Commodity (or the method for determining the Relevant Price of such Commodity) for the relevant Valuation Date, taking into consideration the latest available quotation for the relevant Commodity Price and any other information it deems relevant.

**Cancellation** means an Additional Early Redemption Event shall be deemed to have occurred as set out in Condition 5 of the Commodity Conditions and the Notes will be redeemed in accordance with Condition 20(h) of the General Conditions.

**Commodity** means each Underlying classified as such in the applicable Final Terms.

**Commodity Dealers** means the four dealers specified in the applicable Final Terms or, if four dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

**Commodity Price** means, in respect of a Commodity, the price or other unit of quotation for such Commodity specified in the applicable Final Terms.

**Delayed Publication and Announcement** means, in respect of a Commodity and a Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date, using the Relevant Price for such Valuation Date that is published or announced by the relevant Price Source retrospectively on any succeeding Scheduled Trading Day. The next Disruption Fallback shall apply if the Disruption Event continues to exist or the Relevant Price for such Valuation Date continues to be unavailable for consecutive Scheduled Trading Days equal in number to the Valuation Roll (measured from and including the original day for which the Underlying Closing Level or the Underlying Level (as relevant) was sought), subject as provided in Condition 6(b) of the Commodity Conditions.

**Delivery Date** means, in respect of a Commodity and the relevant Commodity Price, the relevant date or month for delivery of such Commodity: (a) if a date is, or a month and year are, specified in the applicable Final Terms, that date or that month and year; (b) if a Nearby Month is specified in the applicable Final Terms, the month of the expiration of the relevant Futures Contract; and (c) if a method is specified in the applicable Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to such method.

**Disappearance of Commodity Price** means, in respect of a Commodity, (a) the permanent discontinuation of trading in the relevant Futures Contract on the relevant Exchange; (b) the disappearance of, or of trading in, such Commodity; (c) the disappearance or permanent discontinuation or unavailability of the relevant Commodity Price, notwithstanding the availability

of the relevant Price Source or the status of trading in the relevant Futures Contract or the relevant Commodity.

**Disrupted Day** shall have the meaning given to it in Condition 3(a) of the Commodity Conditions.

**Disruption Event** means each of a Disappearance of Commodity Price, a Material Change in Content, a Material Change in Formula, a Price Source Disruption, a Tax Disruption, and a Trading Disruption which are specified as applicable in the applicable Final Terms or which are deemed to apply as set out in Condition 3(a) of the Commodity Conditions.

**Disruption Fallback** means each of Calculation Agent Determination, Cancellation, Delayed Publication and Announcement, Fallback Commodity Dealers, Fallback Commodity Price, Postponement which are specified as applicable in the applicable Final Terms or which are deemed to apply as set out in Condition 3(b) of the Commodity Conditions.

**Exchange** means, in respect of a Commodity, the exchange or principal trading market specified for such Commodity in the applicable Final Terms or any successor to such exchange or principal trading market.

**Fallback Commodity Dealers** means, in respect of a Commodity and a Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date on the basis of quotations for the Commodity Price of such Commodity provided by Commodity Dealers on such date for delivery on the relevant Delivery Date (if applicable). If four quotations are provided as requested, then the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date will be the arithmetic mean of the prices provided by each Commodity Dealer, without regard to the highest price and the lowest price. If exactly three quotations are provided as requested, then the Underlying Closing Level or the Underlying Level (as relevant) of such Commodity for such Valuation Date will be the price which remains after disregarding the highest price and the lowest price. For this purpose, if more than one quotation have the same value, then one such quotation will be disregarded. If fewer than three quotations are provided, it will be deemed that the Underlying Closing Level or the Underlying Level (as relevant) of the relevant Commodity for such Valuation Date cannot be determined and the next Disruption Fallback shall apply, subject as provided in Condition 6(b) of the Commodity Conditions.

**Fallback Commodity Price** means, in respect of a Commodity and a Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level or the Underlying Level (as relevant) of the relevant Commodity for such Valuation Date using the Commodity Price specified in the applicable Final Terms as an alternative Commodity Price.

**Futures Contract** means, in respect of a Commodity and the relevant Commodity Price, the contract for future delivery of a contract size in respect of the Delivery Date relating to such Commodity specified in such Commodity Price.

**Material Change in Content** means, in respect of a Commodity, the occurrence since the Trade Date of a material change in the content, composition or constitution of such Commodity or the relevant Futures Contract.

**Material Change in Formula** means, in respect of a Commodity, the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Price.

**Nearby Month** means, in respect of a Delivery Date and a Valuation Date, when preceded by a numerical adjective, the month of expiration of a Futures Contract identified by means of such

numerical adjective, so that for example (a) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following such Valuation Date; and (b) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following such Valuation Date.

**Non-bullion Commodity** means a Commodity other than a Bullion Commodity.

**Postponement** means, in respect of a Valuation Date and any Commodity to be valued on such Valuation Date, that such Valuation Date shall be adjusted in accordance with the provisions of Condition 20(d) of the General Conditions, subject as provided in Condition 6(b) of the Commodity Conditions.

**Price Source** means, in respect of a Commodity, the publication or other source (including an Exchange) containing or reporting the Relevant Price for such Commodity (or other data from which such Relevant Price is calculated) specified in the applicable Final Terms in respect of such Commodity or any successor which shall, unless otherwise specified in the applicable Final Terms, be the Electronic Page.

**Price Source Disruption** means, in respect of a Commodity, (a) the failure of the relevant Price Source to announce or publish the Relevant Price for such Commodity (or other data from which such Relevant Price is calculated); (b) the temporary or permanent discontinuation or unavailability of the relevant Price Source; or (c) if a Relevant Price is "Fallback Commodity Dealers", the failure to obtain at least three quotations as requested from the relevant Commodity Dealers.

**Relevant Price** means, in respect of a Commodity and a Valuation Date, the price published or announced by or on behalf of the relevant Price Source in respect of such Valuation Date for the relevant Commodity Price or determined in accordance with "Fallback Commodity Dealers".

**Scheduled Trading Day** means (a) in respect of a Non-bullion Commodity, either (i) if the Commodity Price for such Commodity is a price published or announced by an Exchange, any day on which such Exchange is scheduled to be open for trading for its regular trading session, notwithstanding such Exchange closing prior to its scheduled closing time; and (ii) if the Commodity Price for such Commodity is not a price published or announced by an Exchange, any day in respect of which the relevant Price Source is scheduled to announce or publish a price; and (b) in respect of a Bullion Commodity, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York City (or as otherwise specified in the applicable Final Terms).

**Tax Disruption** means, in respect of a Commodity, the imposition of, change in or removal of a Relevant Tax by any relevant government or taxing authority after the Trade Date, if the direct effect of such imposition, change or removal is to increase or decrease the Relevant Price on a day which would otherwise be a Valuation Date from what it would have been without such imposition, change or removal. For these purposes, **Relevant Tax** means, in respect of a Commodity, any excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or other similar tax on, or measured by reference to, such Commodity (other than a tax on, or measured by reference to, overall gross or net income).

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is specified, the Issue Date.

**Trading Disruption** means, in respect of a Commodity, the suspension of or limitation on (which the Calculation Agent determines is material) trading in (a) such Commodity or the relevant Futures Contract on the relevant Exchange; or (b) any additional futures contract or options contract specified for such Commodity in the applicable Final Terms on any exchange, trading system or

quotation system on which any such futures contract or options contract is traded. For these purposes, a suspension of trading in a Commodity or the relevant Futures Contract shall be deemed to be material only if: (a) all such trading is suspended for the entire relevant Valuation Date; or (b) all such trading is suspended subsequent to the opening of trading on the relevant Valuation Date and does not recommence prior to the scheduled close of trading on the relevant Valuation Date, and such suspension is announced less than one hour before the start of such suspension. For these purposes, a limitation on trading in a Commodity or the relevant Futures Contract on the relevant Valuation Date shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of such Commodity or Futures Contract may fluctuate and the closing or settlement price of such Commodity or Futures Contract on such day is at the upper limit or the lower limit of such range.

## **2. VALUATION**

### *(a) Closing valuations*

**Underlying Closing Level** means, in respect of a Commodity and a Valuation Date for such Commodity, the Relevant Price of such Commodity for such Valuation Date, as displayed on or reported by the applicable Electronic Page.

### *(b) Intraday valuations*

**Underlying Level** means, in respect of a Commodity and a Valuation Date for such Commodity, the Relevant Price of such Commodity Price observed continuously during the regular market hours on such Valuation Date, as displayed on or reported by the applicable Electronic Page.

### *(c) Valuation Time*

Valuation Time shall not apply to a Commodity.

## **3. DISRUPTION TO VALUATION**

### *(a) Disrupted Day*

**Disrupted Day** means, in respect of a Commodity, any Scheduled Trading Day for such Commodity on which an applicable Disruption Event occurs.

If no Disruption Events are specified in the applicable Final Terms, then the following Disruption Events will apply:

- (i) in respect of a Bullion Commodity, (A) Price Source Disruption; (B) Trading Disruption; and (iii) Disappearance of Commodity Price; and
- (ii) in respect of a Non-bullion Commodity, (A) Price Source Disruption; (B) Trading Disruption; (C) Disappearance of Commodity Price; (D) Material Change in Formula; and (E) Material Change in Content.

### *(b) Disruption Fallback*

If no Disruption Fallbacks are specified in the applicable Final Terms, then, in order to determine the Underlying Closing Level for a Valuation Date, the following Disruption Fallbacks will apply in the following order:

**first**, (if an alternative Commodity Price is specified in the applicable Final Terms) Fallback Commodity Price,

*second*, Delayed Publication and Announcement and Postponement (each to operate concurrently with the other) PROVIDED THAT the price determined by Postponement shall be the Relevant Price only if "Delayed Publication and Announcement does not yield a Relevant Price within the Valuation Roll number of Scheduled Trading Days,

*third*, Calculation Agent Determination, and

*fourth*, Cancellation.

#### **4. ADDITIONAL ADJUSTMENT EVENTS**

No Additional Adjustment Event shall apply in respect of a Commodity.

#### **5. ADDITIONAL EARLY REDEMPTION EVENTS**

The following Additional Early Redemption Event shall apply in respect of a Commodity: the occurrence or existence of a Disruption Event on a Valuation Date and the failure or deemed failure of the applicable Disruption Fallbacks to provide a Relevant Price.

#### **6. ADDITIONAL PROVISIONS**

*(a) Correction of published or announced prices or levels*

Correction of published or announced prices or levels

**Correction Period** means, in respect of a Commodity, 30 calendar days.

*(b) Determination of the Underlying Closing Level of a Commodity on a Disrupted Day*

If a day which would otherwise be a Valuation Date is a Disrupted Day for any Commodity, then, in order to determine the Underlying Closing Level for such Valuation Date, the Relevant Price of such Commodity for such Valuation Date shall be determined in accordance with the first applicable Disruption Fallback (applied in accordance with its terms) which provides the Relevant Price of such Commodity for such Valuation Date or, if no such Relevant Price can be so determined, Cancellation shall apply.

The provisions of Condition 20(d) of the General Conditions shall only apply in relation to a Commodity where Postponement is the applicable Disruption Fallback. Where the applicable Disruption Fallback is a Disruption Fallback other than Postponement, the relevant Specified Valuation Date shall not be adjusted in relation to a Commodity, the Disruption Fallback provisions set out below shall apply thereto and the provisions of Condition 20(d) of the General Conditions shall only apply in relation to Underlying(s) which are not Commodities (if any).

If an Underlying Closing Level of a Commodity is to be determined on a day which is a Disrupted Day for such Commodity in accordance with Condition 20(d) of the General Conditions, then the next applicable Disruption Fallback will apply.

## UNDERLYING SCHEDULE 5 SHARE CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Share".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Shares.

### 1. DEFINITIONS

**Additional Disruption Event** means any of Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Exchange** means, in respect of a Share, each exchange or quotation system specified as such in respect of such Share in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in such 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 or quotation system).

**Exchange Business Day** means, in respect of a Share, any Scheduled Trading Day for such Share on which each Exchange and each Related Exchange for such Share is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Extraordinary Dividend** means, in respect of a Share, a dividend or a distribution or portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Share.

**Hedging Disruption** means that any Hedging Party is unable, after using commercially reasonable efforts to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Party shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means, in respect of a Share, that any Hedging Party would incur a rate to borrow such Share that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Share, the rate that any Hedging Party would have incurred to borrow such Share as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means, in respect of a Share, that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) such Share at a rate equal to or less than the Maximum Stock Loan Rate.



**Maximum Stock Loan Rate** means, in respect of a Share, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such Share as of the Trade Date, as determined by the Calculation Agent.

**Reference Index** means, in respect of a Share which is the subject of a Share Substitution, an index selected by the Calculation Agent (a) in respect of which such Share is, or has been at some time during the immediately preceding six months, a component; and (b) in respect of which (in the opinion of the Calculation Agent) futures contracts are actively traded. If more than one index satisfies the criteria specified in (a) and (b) above, then the Calculation Agent shall determine which of such indices shall be the Reference Index. If no index satisfies the criteria specified in (a) and (b) above, then the Calculation Agent shall select the Reference Index by reference to such criteria it deems appropriate.

**Related Exchange** means, in respect of a Share, each exchange or quotation system specified as such for such Share in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Related Exchange in respect of a Share, then **Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Share.

**Scheduled Closing Time** means, in respect of a Share, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Share, the scheduled weekday closing time on such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange or Related Exchange.

**Scheduled Trading Day** means, in respect of a Share, any day on which each Exchange and each Related Exchange in respect of such Share is scheduled to be open for trading for its respective regular trading session.

**Share** means each Underlying classified as such in the applicable Final Terms.

**Share Company** means, in respect of a Share, the issuer of such Share.

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is specified, the Issue Date.

## 2. VALUATION

### (a) Closing valuations

**Underlying Closing Level** means, in respect of a Share and a Valuation Date, the official closing price of such Share on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Share, an Underlying Closing Level and a Scheduled Trading Day, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day.

In the case of a Share the relevant Exchange of which is in the Republic of Italy, such closing price shall be the "*Prezzo di Referimento*".

(b) *Intraday valuations*

**Underlying Level** means, in respect of a Share and a Valuation Date, the price of such Share observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Share, an Underlying Level and a Scheduled Trading Day for such Share, the time at which the price of such Share is being determined during such Scheduled Trading Day.

**3. DISRUPTION TO VALUATION**

**Disrupted Day** means, in respect of a Share, any Scheduled Trading Day for such Share on which any of the events set out below occurs:

- (i) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or
- (ii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of the Share; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Related Exchange of futures contracts or options contracts relating to such Share; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for such Share; or
- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such Share; or
- (vi) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Exchange system for execution at the relevant Valuation Time on such Exchange Business Day); or
- (vii) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or options contracts relating to such Share prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (i) the actual

closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day).

#### 4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events shall apply in respect of a Share and the relevant Share Company (as relevant): a Corporate Action, a Delisting, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer and each Additional Disruption Event (if any) specified in the applicable Final Terms.

(a) *Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant Shares, unless resulting in a Merger Event; or
- (ii) a free distribution or dividend of relevant Shares to existing holders by way of bonus, capitalisation or similar issue; or
- (iii) a distribution, issue or dividend to existing holders of relevant Shares of (A) an additional amount of such Shares; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant 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 relevant 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 (whether in cash or otherwise) at less than their prevailing market price, as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a call by a Share Company in respect of relevant Shares which are not fully paid; or
- (vi) a repurchase by a Share Company or any of its subsidiaries of relevant Shares, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) in respect of a Share Company, an event which results in any shareholder rights being diluted 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 which 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 may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights); or
- (viii) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

(b) *Delisting*

**Delisting** means, in respect of relevant Shares, that the relevant Exchange announces that, pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) 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 located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent).

(c) *Insolvency*

**Insolvency** means, in respect of a Share Company, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting such Share Company, (A) all the Shares of such Share Company are required to be transferred to an Insolvency Officer; or (B) holders of Shares of such Share Company become legally prohibited from transferring such Shares; or (ii) an Insolvency Event occurs in respect of such Share Company.

**Insolvency Officer** means, an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) 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 creditor's 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 (A) above and either (x) 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 (y) is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer for all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) such entity causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(d) *Merger Event*

**Merger Event** means, in respect of any relevant Shares, any:

- (i) reclassification or change of such Shares which results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding to another entity or person; or

- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Share Company with or into another entity (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 such 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 Shares of the relevant Share Company, which results in a transfer of or an irrevocable commitment to transfer all such Shares (other than those Shares owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Share Company or its subsidiaries with or into another entity in which such Share Company is the continuing entity and which does not result in the reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than those Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date in respect of the Notes or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **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.

(e) *Nationalisation*

**Nationalisation** means, in respect of a Share Company, that all the Shares or all the assets or substantially all the assets of such Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(f) *Tender Offer*

**Tender Offer** means, in respect of a Share Company, 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 such Share Company, as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

## 5. **ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Event shall apply in respect of a Share.

## 6. **ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Share, two Business Days.

(b) *Share Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include a Share Substitution.

**Share Substitution** means, in relation to an Adjustment Event, the replacement of a Share the subject of such Adjustment Event with a new share selected by the Calculation Agent (which shall be a share contained in the Reference Index or selected by the Calculation Agent in accordance with any other criteria specified in the applicable Final Terms). Such new share shall be deemed to be a Share in place of the Share the subject of the Adjustment Event.

(c) *Determination of the Underlying Closing Level of a Share on a Disrupted Day*

Condition 20(e) of the General Conditions shall apply.

(d) *Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any day which would otherwise have been a Valuation Date is:

- (i) not a Scheduled Trading Day because one or more relevant Related Exchanges is not scheduled to be open; or
- (ii) a Disrupted Day for a Share solely because any relevant Related Exchange fails to open,

then the Calculation Agent shall have the discretion to determine such day either (A) to be the relevant Valuation Date in respect of a Share, notwithstanding that such day is not a Scheduled Trading Day for such Share because one or more such Related Exchanges is not scheduled to be open; or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any such Related Exchange fails to open.

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (A) any Underlying Closing Level or any Underlying Level (as relevant) of the affected Share; (B) any trading in futures contracts or options contracts on any such relevant Related Exchange; and (C) the Issuer's hedging arrangements in respect of the Notes.

## UNDERLYING SCHEDULE 6 DEPOSITARY RECEIPT CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Depositary Receipt".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Depositary Receipts.

### 1. DEFINITIONS

#### *(a) Definitions applicable to the Depositary Receipts*

**Additional Disruption Event** means any of Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Deposit Agreement** means, in respect of a Depositary Receipt, the agreement(s) or other instrument(s) constituting such Depositary Receipt, as from time to time amended or supplemented in accordance with their terms.

**Depositary** means, in respect of a Depositary Receipt, the issuer of such Depositary Receipt.

**Depositary Receipt** means each Underlying classified as such in the applicable Final Terms.

**Depositary Receipt Exchange** means in respect of a Depositary Receipt, each exchange or quotation system specified as such in respect of such Depositary Receipt in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in such Depositary Receipt has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such Depositary Receipt on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**Depositary Receipt Exchange Business Day** means, in relation to a Depositary Receipt, any Scheduled Trading Day for such Depositary Receipt on which each Depositary Receipt Exchange and each Depositary Receipt Related Exchange for such Depositary Receipt are open for trading during their respective regular trading sessions, notwithstanding such Depositary Receipt Exchange or Depositary Receipt Related Exchange closing prior to its Scheduled Closing Time.

**Depositary Receipt Related Exchange** means in respect of a Depositary Receipt, each exchange or quotation system specified as such for such Depositary Receipt in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Depositary Receipt has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Depositary Receipt on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Depositary Receipt Related Exchange in respect of a Depositary Receipt, then **Depositary Receipt Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Depositary Receipt.

**Hedging Disruption** means that any Hedging Party 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) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging** means that any Hedging Party 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) (i) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (ii) to realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Party shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means, in respect of a Depositary Receipt, that any Hedging Party would incur a rate to borrow such Depositary Receipt that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Depositary Receipt, the rate that any Hedging Party would have incurred to borrow such Depositary Receipt as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means, in respect of a Depositary Receipt, that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) such Depositary Receipt at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a Depositary Receipt, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such Depositary Receipt as of the Trade Date, as determined by the Calculation Agent.

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is specified, the Issue Date.

(b) *Definitions applicable to the relevant Underlying Shares in respect of which the Depositary Receipts are issued*

**Underlying Share** means, in respect of a Depositary Receipt, the underlying share(s) or other securities in respect of which such Depositary Receipt is issued.

**Underlying Share Company** means, in respect of an Underlying Share, the issuer of such Underlying Share, as specified in the applicable Final Terms.

**Underlying Share Exchange** means in respect of an Underlying Share, each exchange or quotation system specified as such in respect of such Underlying Share in the applicable Final Terms or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in such Underlying Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**Underlying Share Exchange Business Day** means, in respect of an Underlying Share and where "Full Lookthrough" is specified as applicable in relation to the related Depositary Receipt in the applicable Final Terms, any Scheduled Trading Day for such Depositary Receipt on which each Underlying Share Exchange and each Underlying Share Related Exchange for such Underlying Share, are open for trading during their respective regular trading sessions, notwithstanding any such



Underlying Share Exchange or Underlying Share Related Exchange closing prior to its Scheduled Closing Time.

**Underlying Share Related Exchange** means in respect of an Underlying Share, each exchange or quotation system specified as such for such Underlying Share in the applicable Final Terms or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such Underlying Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such Underlying Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Underlying Share Related Exchange in respect of an Underlying Share, then **Underlying Share Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or options contracts relating to such Underlying Share.

- (c) *Definitions applicable to both the Depositary Receipts and the Underlying Shares in respect of which the Depositary Receipts are issued*

**Extraordinary Dividend** means, in respect of a Depositary Receipt or an Underlying Share, a dividend or a distribution or a portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Depositary Receipt or Underlying Share (as relevant).

**Scheduled Closing Time** means:

- (i) in respect of a Depositary Receipt, a Scheduled Trading Day and a Depositary Receipt Exchange or a Depositary Receipt Related Exchange (as relevant) for such Depositary Receipt, the scheduled weekday closing time on such Depositary Receipt Exchange or Depositary Receipt Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Depositary Receipt Exchange or Depositary Receipt Related Exchange; and
- (ii) in respect of an Underlying Share, a Scheduled Trading Day and an Underlying Share Exchange or an Underlying Share Related Exchange (as relevant) for such Underlying Share, the scheduled weekday closing time on such Underlying Share Exchange or Underlying Share Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Underlying Share Exchange or Underlying Share Related Exchange.

**Scheduled Trading Day** means, in respect of a Depositary Receipt, any day on which each Depositary Receipt Exchange and each Depositary Receipt Related Exchange in respect of such Depositary Receipt and, where "Full Lookthrough" is specified as applicable in relation to such Depositary Receipt in the applicable Final Terms, each Underlying Share Exchange and each Underlying Share Related Exchange in respect of the relevant Underlying Share is scheduled to be open for trading for its respective regular trading session.

## 2. VALUATION

- (a) *Closing valuations*

**Underlying Closing Level** means, in respect of a Depositary Receipt and a Valuation Date, the official closing price of such Depositary Receipt on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Depositary Receipt, an Underlying Closing Level and a Scheduled Trading Day for such Depositary Receipt, the Scheduled Closing Time on the relevant Depositary Receipt Exchange on such Scheduled Trading Day.

(b) *Intraday valuations*

**Underlying Level** means, in respect of a Depositary Receipt and a Valuation Date, the price of such Depositary Receipt observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of a Depositary Receipt, an Underlying Level and a Scheduled Trading Day for such Depositary Receipt, the time at which the price of such Depositary Receipt is being determined during such Scheduled Trading Day.

### 3. **DISRUPTION TO VALUATION**

If "Full Lookthrough" is elected in the applicable Final Terms, then sub-paragraph (i) to sub-paragraph (xiv) below (inclusive) shall apply.

If "Partial Lookthrough" is elected in the applicable Final Terms, then sub-paragraph (i) to sub-paragraph (vii) below (inclusive) only shall apply.

**Disrupted Day** means, in relation to a Depositary Receipt, any Scheduled Trading Day for such Depositary Receipt on which any of the applicable events set out below occurs.

*In respect of such Depositary Receipt*

- (i) any relevant Depositary Receipt Exchange or any relevant Depositary Receipt Related Exchange fails to open for trading during its regular trading session; or
- (ii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Depositary Receipt Exchange of the Depositary Receipt; or
- (iii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Depositary Receipt Related Exchange of futures contracts or options contracts relating to such Depositary Receipt; or
- (iv) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Depositary Receipt Exchange) to effect transactions in or to obtain market values for such Depositary Receipt; or
- (v) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (vi) or sub-paragraph (vii) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Depositary Receipt Related Exchange) to effect

transactions in or to obtain markets values for any futures contracts or options contracts relating to such Depositary Receipt; or

- (vi) the closure (which the Calculation Agent determines is material) on any Depositary Receipt Exchange Business Day of any relevant Depositary Receipt Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Depositary Receipt Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Depositary Receipt Exchange on such Depositary Receipt Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Depositary Receipt Exchange system for execution at the relevant Valuation Time on such Depositary Receipt Exchange Business Day); or
- (vii) the closure (which the Calculation Agent determines is material) on any Depositary Receipt Exchange Business Day of any Depositary Receipt Related Exchange in respect of futures contracts or options contracts relating to such Depositary Receipt prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Depositary Receipt Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Depositary Receipt Related Exchange on such Depositary Receipt Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Depositary Receipt Related Exchange system for execution at the relevant Valuation Time on such Depositary Receipt Exchange Business Day);

*In respect of the relevant Underlying Shares in respect of such Depositary Receipt*

- (viii) any relevant Underlying Share Exchange or any relevant Underlying Share Related Exchange fails to open for trading during its regular trading session; or
- (ix) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Underlying Share Exchange of the Underlying Share; or
- (x) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Underlying Share Related Exchange of futures contracts or options contracts relating to such Underlying Share; or
- (xi) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (xiii) or sub-paragraph (xiv) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Underlying Share Exchange) to effect transactions in or to obtain market values for such Underlying Share; or
- (xii) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph paragraph (xiii) or sub-paragraph (xiv) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Underlying Share Related Exchange) to effect transactions in or to obtain markets values for any futures contracts or options contracts relating to such Underlying Share; or

- (xiii) the closure (which the Calculation Agent determines is material) on any Underlying Share Exchange Business Day of any relevant Underlying Share Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Underlying Share Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Underlying Share Exchange on such Underlying Share Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Underlying Share Exchange system for execution at the relevant Valuation Time on such Underlying Share Exchange Business Day); or
- (xiv) the closure (which the Calculation Agent determines is material) on any Underlying Share Exchange Business Day of any Underlying Share Related Exchange in respect of futures contracts or options contracts relating to such Underlying Share prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Underlying Share Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Underlying Share Related Exchange on such Underlying Share Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Underlying Share Related Exchange system for execution at the relevant Valuation Time on such Underlying Share Exchange Business Day).

#### 4. **ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events shall apply in respect of a Depositary Receipt, the relevant Depositary, the related Underlying Share and the relevant Underlying Share Company (as relevant): a Corporate Action, a Delisting, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer, an Underlying Share Event and each Additional Disruption Event (if any) specified in the applicable Final Terms.

##### (a) *Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant Depositary Receipts and/or Underlying Shares, unless resulting in a Merger Event; or
- (ii) a free distribution or dividend of relevant Depositary Receipts and/or Underlying Shares to existing holders by way of bonus, capitalisation or similar issue; or
- (iii) a distribution, issue or dividend to existing holders of relevant Depositary Receipts and/or Underlying Shares of (A) an additional amount of such Depositary Receipts and/or such Underlying Shares; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Depositary or Underlying Share Company (as relevant) equally or proportionately with such payments to holders of such Depositary Receipts or Underlying Shares (as relevant); or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Depositary or Underlying 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 (whether in cash or otherwise) at less than their prevailing market price as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a call by a Depositary or an Underlying Share Company in respect of relevant Depositary Receipts and/or Underlying Shares (as relevant), in each case, which are not fully paid; or

- (vi) a repurchase by a Depositary or an Underlying Share Company or any of its subsidiaries of relevant Depositary Receipts or Underlying Shares (as relevant), in each case, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vii) in respect of a Depositary or an Underlying Share Company, an event which results in any shareholder rights being diluted or becoming separated from shares of common stock or other shares of the capital stock of such Depositary or such Underlying Share Company, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers which 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 may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights); or
- (viii) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Depositary Receipts and/or Underlying Shares; or
- (ix) the making of any amendment or supplement to the terms of a relevant Deposit Agreement; or
- (x) a distribution in respect of relevant Underlying Shares to the holders of such Underlying Shares of property other than cash, shares or rights relating to such Underlying Shares.

(b) *Delisting*

**Delisting** means:

- (i) where "Full Lookthrough" is specified as applicable in relation to a Depositary Receipt in the applicable Final Terms, in respect of relevant Depositary Receipts and/or Underlying Shares, that the relevant Depositary Receipt Exchange and/or the relevant Underlying Share Exchange announces that, pursuant to the rules of such Depositary Receipt Exchange and/or such Underlying Share Exchange, such Depositary Receipts and/or Underlying Shares (as relevant) cease (or will cease) to be listed, traded or publicly quoted on such Depositary Receipt Exchange and/or such Underlying Share Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Depositary Receipt Exchange and/or such Underlying Share Exchange (or, where such Depositary Receipt Exchange or such Underlying Share Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent); or
- (ii) where "Partial Lookthrough" is specified as applicable in relation to a Depositary Receipt in the applicable Final Terms, in respect of relevant Depositary Receipts and/or Underlying Shares, that the relevant Depositary Receipt Exchange and/or the relevant Underlying Share Exchange announces that, pursuant to the rules of such Depositary Receipt Exchange and/or such Underlying Share Exchange, such Depositary Receipts and/or Underlying Shares (as relevant) cease (or will cease) to be listed, traded or publicly quoted on such Depositary Receipt Exchange and/or such Underlying Share Exchange for any reason (other than a Merger Event or a Tender Offer) and (a) such Depositary Receipt is not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Depositary Receipt Exchange (or, where such Depositary Receipt

Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent); or (b) such Underlying Share is not (or will not be) immediately re-listed, re-traded or re-quoted on an exchange or quotation system regardless of the location of such exchange or quotation system.

(c) *Insolvency*

**Insolvency** means, in respect of a Depositary or an Underlying Share Company, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting the relevant Depositary or Underlying Share Company (as relevant), (A) all the Depositary Receipts of such Depositary and/or all the Underlying Shares of such Underlying Share Company are required to be transferred to an Insolvency Officer; or (B) holders of such Depositary Receipts or such Underlying Shares become legally prohibited from transferring such Depositary Receipts or Underlying Shares (as relevant); or (ii) an Insolvency Event occurs in respect of such Depositary or such Underlying Share Company.

**Insolvency Officer** means an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) 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 creditor's 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 (A) above and either (x) 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 (y) is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer of all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(d) *Merger Event*

**Merger Event** means, in respect of relevant Depositary Receipts and/or any Underlying Shares, any:

- (i) reclassification or change of such Depositary Receipts or Underlying Shares which results in a transfer of or an irrevocable commitment to transfer all such Depositary Receipts and/or Underlying Shares (as relevant) outstanding to another entity or person; or

- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Depositary or the relevant Underlying Share Company with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Depositary and/or Underlying Share Company is the continuing entity and which does not result in a reclassification or change of all such Depositary Receipts or all such Underlying Shares (as relevant) 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 Depositary Receipts and/or Underlying Shares, which results in a transfer of or an irrevocable commitment to transfer all such Depositary Receipts or such Underlying Shares (other than those Depositary Receipts or Underlying Shares owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Depositary or its subsidiaries or the relevant Underlying Share Company or its subsidiaries with or into another entity in which such Depositary or such Underlying Share Company (as relevant) is the continuing entity and which does not result in the reclassification or change of all such Depositary Receipts and/or all such Underlying Shares (as relevant) outstanding but results in the outstanding Depositary Receipts or Underlying Shares (as relevant) (other than those Depositary Receipts or Underlying Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Depositary Receipts or Underlying Shares (as relevant) immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **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.

(e) *Nationalisation*

**Nationalisation** means that all the Depositary Receipts and/or Underlying Shares or all the assets or substantially all the assets of such Depositary and/or such Underlying Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(f) *Tender Offer*

**Tender Offer** means, in respect of a Depositary and/or an Underlying Share Company, 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 such Depositary or such Underlying Share Company (as relevant), as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

(g) *Underlying Share Event*

**Underlying Share Event** means, in respect of a Depositary Receipt, (i) written instructions are given at any time by the relevant Underlying Share Company to the relevant Depositary to withdraw or surrender the Underlying Shares; or (ii) the relevant Deposit Agreement is at any time terminated.

## 5. **ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Event shall apply in respect of a Depositary Receipt.

## 6. **ADDITIONAL PROVISIONS**

### (a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Depositary Receipt, two Business Days.

### (b) *Depositary Receipt Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include a Depositary Receipt Substitution.

**Depositary Receipt Substitution** means, in relation to an Adjustment Event, the replacement of a Depositary Receipt and/or an Underlying Share the subject of such Adjustment Event with a new depositary receipt and/or share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms (the **Depositary Receipt Substitution Criteria**). Such new depositary receipt shall be deemed to be a Depositary Receipt in place of the Depositary Receipt the subject of the Adjustment Event and/or such new share shall be deemed to be an Underlying Share in place of the Underlying Share the subject of the Adjustment Event.

### (c) *Determination of the Underlying Closing Level of a Depositary Receipt on a Disrupted Day*

Condition 20(e) of the General Conditions shall apply.

### (d) *Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any day which would otherwise have been a Valuation Date is:

- (i) not a Scheduled Trading Day because one or more relevant Depositary Receipt Related Exchanges and/or, if "Full Lookthrough" is specified as applicable in the applicable Final Terms, one or more relevant Underlying Share Related Exchanges is/are not scheduled to be open; and/or
- (ii) a Disrupted Day for the relevant Depositary Receipt solely because any relevant Depositary Receipt Related Exchange and/or, if "Full Lookthrough" is specified as applicable in the applicable Final Terms, one or more relevant Underlying Share Related Exchanges fails to open,

then the Calculation Agent shall have the discretion to determine such day either (A) to be the relevant Valuation Date in respect of a Depositary Receipt, notwithstanding that such day is not a Scheduled Trading Day for such Depositary Receipt because one or more relevant Depositary Receipt Related Exchanges and/or Underlying Share Related Exchanges is/are not scheduled to be open; or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any relevant Depositary Receipt Related Exchange and/or any relevant Underlying Share Related Exchange fails to open.

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (I) any Underlying Closing Level or the Underlying Level (as relevant) of the affected Depositary Receipt; (II) any trading in futures contracts or options contracts on any such relevant Depositary Receipt



Related Exchange and/or any such relevant Underlying Share Related Exchange; or (III) the Issuer's hedging arrangements in respect of the Notes.

(e) *Manner in which an adjustment may be made in response to an Adjustment Event*

The adjustment(s) made by the Calculation Agent in response to an Adjustment Event may (but need not) be determined by reference to any adjustment in respect of such Adjustment Event made by the relevant Depositary under the relevant Deposit Agreement.

## **UNDERLYING SCHEDULE 7 EXCHANGE-TRADED FUND (ETF) SHARE CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as an "ETF Share".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to ETF Shares.

### **1. DEFINITIONS**

**Additional Disruption Event** means any of Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**ETF Share** means each Underlying classified as such in the applicable Final Terms.

**Exchange** means, in respect of an ETF Share, each exchange or quotation system specified as such in respect of such ETF Share in the applicable Final Terms or any successor to such exchange or quotation system, or any substitute exchange or quotation system to which trading in such ETF Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such ETF Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system).

**Exchange Business Day** means, in respect of an ETF Share, any Scheduled Trading Day for such ETF Share on which each Exchange and each Related Exchange for such ETF Share is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Extraordinary Dividend** means, in respect of an ETF Share, a dividend or a distribution or a portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such ETF Share.

**Fund** means, in respect of an ETF Share, the issuer of such ETF Share, as specified in the applicable Final Terms.

**Fund Administrator** means, in respect of an ETF Share and the related Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund in respect of such ETF Share according to the Fund Documents of such Fund and such ETF Share.

**Fund Adviser** means, in respect of an ETF Share and the related Fund, 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) to such Fund in respect of such ETF Share, or any successor.

**Fund Documents** means, in respect of an ETF Share and the related Fund, the constitutive and governing documents of such Fund in respect of such ETF Share, and the subscription agreements and other agreements, in each case, relating to such ETF Shares and as amended from time to time.

**Fund Service Provider** means, in respect of an ETF Share and the related Fund, any person who is appointed to provide services, directly or indirectly, for such Fund in respect of such ETF Share, whether or not specified in the relevant Fund Documents or any successor, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depositary,

custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

**Hedging Disruption** means that any Hedging Party is unable, after using commercially reasonable efforts to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Increased Cost of Hedging** means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) that the Calculation Agent deems necessary to hedge the price risk of the Issuer issuing and performing its obligations under the Notes; or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s). Any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of any Hedging Party shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means, in respect of an ETF Share, that any Hedging Party would incur a rate to borrow such ETF Share that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of an ETF Share, the rate that any Hedging Party would have incurred to borrow such ETF Share as of the Trade Date, as determined by the Calculation Agent.

**Loss of Stock Borrow** means, in respect of an ETF Share, that any Hedging Party is unable, after using commercially reasonable efforts, to borrow (or to maintain a borrowing of) such ETF Share at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a ETF Share, the lowest rate that any Hedging Party would have incurred, after using commercially reasonable efforts, to borrow such ETF Share as of the Trade Date, as determined by the Calculation Agent.

**Related Exchange** means, in respect of an ETF Share, each exchange or quotation system specified as such for such ETF Share in the applicable Final Terms or any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures contracts or options contracts relating to such ETF Share has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to such futures contracts or options contracts relating to such ETF Share on such temporary substitute exchange or quotation system as on the original exchange or quotation system). Where "All Exchanges" is specified in the applicable Final Terms as the applicable Related Exchange in respect of an ETF Share, then **Related Exchange** means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures contracts or option contracts relating to such ETF Share.

**Scheduled Closing Time** means, in respect of an ETF Share, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such ETF Share, the scheduled weekday closing time on such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after-hours trading or any other trading outside the hours of the regular trading session on such Exchange or Related Exchange.

**Scheduled Trading Day** means, in respect of an ETF Share, any day on which each Exchange and each Related Exchange in respect of such ETF Share is scheduled to be open for trading for its respective regular trading session.

**Trade Date** means the date specified as such in the applicable Final Terms or, if none is specified, the Issue Date.

## 2. VALUATION

### (a) *Closing valuations*

**Underlying Closing Level** means, in respect of an ETF Share and a Valuation Date, the official closing price of such ETF Share on such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of an ETF Share, an Underlying Closing Level and a Scheduled Trading Day, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day.

### (b) *Intraday valuations*

**Underlying Level** means, in respect of an ETF Share and a Valuation Date, the price of such ETF Share observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

**Valuation Time** means, in respect of an ETF Share, an Underlying Level and a Scheduled Trading Day, the time at which the price of such ETF Share is being determined during such Scheduled Trading Day.

## 3. DISRUPTION TO VALUATION

**Disrupted Day** means, in respect of an ETF Share, any Scheduled Trading Day for such ETF Share on which any of the events set out below occurs:

- (a) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or
- (b) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Exchange of the ETF Share; or
- (c) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on any relevant Related Exchange of futures contracts or options contracts relating to such ETF Share; or
- (d) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (f) or sub-paragraph (g) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (on any relevant Exchange) to effect transactions in or to obtain market values for such ETF Share; or
- (e) the occurrence or existence (which the Calculation Agent determines is material) at any time during the one hour period which ends at the relevant Valuation Time of any other event (other than an event described in sub-paragraph (f) or sub-paragraph (g) of this definition) which disrupts or impairs (as determined by the Calculation Agent) the ability of market

participants in general (on any relevant Related Exchange) to effect transactions in or to obtain market values for any futures contracts or options contracts relating to such ETF Share; or

- (f) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any relevant Exchange prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Exchange for execution at the relevant Valuation Time on such Exchange Business Day); or
- (g) the closure (which the Calculation Agent determines is material) on any Exchange Business Day of any Related Exchange in respect of futures contracts or options contracts relating to such ETF Share prior to its Scheduled Closing Time (unless such earlier closing time is announced by such Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Related Exchange on such Exchange Business Day; and (ii) the deadline for the submission of orders to be entered into such Related Exchange for execution at the relevant Valuation Time on such Exchange Business Day).

#### 4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events shall apply in respect of an ETF Share and the relevant Fund: a Corporate Action, a Delisting, an Insolvency, a Merger Event, a Nationalisation, a Tender Offer, a Fund Modification, a Strategy Breach, a Regulatory Action, a Cross-contamination and each Additional Disruption Event (if any) specified in the applicable Final Terms.

##### (a) *Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant ETF Shares, unless resulting in a Merger Event; or
- (ii) a free distribution or dividend of relevant ETF Shares to existing holders by way of bonus, capitalisation or similar issue;
- (iii) a distribution, issue or dividend to existing holders of relevant ETF Shares of (A) an additional amount of such ETF Shares; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Fund equally or proportionately with such payments to holders of such ETF Shares; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant 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 (whether in cash or otherwise) at less than their prevailing market price, as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a repurchase by a Fund of relevant ETF Shares, whether the consideration for such repurchase is cash or otherwise other than in respect of a redemption of ETF Shares initiated by an investor in such ETF Share that is consistent with the relevant Fund Documents; or
- (vi) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant ETF Shares.

(b) *Delisting*

**Delisting** means, in respect of relevant ETF Shares, that the relevant Exchange announces that, pursuant to the rules of such Exchange, such ETF Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or a Tender Offer) and are not (or will not be) 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 located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is deemed acceptable by the Calculation Agent) located in another country (that is deemed acceptable by the Calculation Agent).

(c) *Insolvency*

**Insolvency** means, in respect of a Fund, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting such Fund, (A) all the ETF Shares are required to be transferred to an Insolvency Officer; or (B) holders of such ETF Shares of such Fund become legally prohibited from transferring or redeeming such ETF Shares; or (ii) an Insolvency Event occurs in respect of such Fund or any of its Fund Service Providers.

**Insolvency Officer** means an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) 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 creditor's 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 (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or (y) the making of an order for its winding-up or liquidation or is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer for all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(d) *Merger Event*

**Merger Event** means, in respect of any relevant ETF Shares, any:

- (i) reclassification or change of such ETF Shares which results in a transfer of or an irrevocable commitment to transfer all such ETF Shares outstanding to another entity or person; or

- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Fund with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Fund is the continuing entity and which does not result in a reclassification or change of all such ETF 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 ETF Shares of the relevant Fund, which results in a transfer of or an irrevocable commitment to transfer all such ETF Shares (other than those ETF Shares owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Fund with or into another entity in which such Fund is the continuing entity and which does not result in the reclassification or change of all such ETF Shares outstanding but results in the outstanding ETF Shares (other than those ETF Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding ETF Shares immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **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.

(e) *Tender Offer*

**Tender Offer** means, in respect of a Fund, 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 such Fund, as determined by the Calculation Agent, based on the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

(f) *Nationalisation*

**Nationalisation** means, in respect of a Fund, that all the ETF Shares of such Fund or all the assets or substantially all the assets of such Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(g) *Fund Modification*

**Fund Modification** means, in respect of an ETF Share and the related Fund, any change or modification of the Fund Documents of such Fund in respect of such ETF Share which could reasonably be expected to affect (i) the value of such ETF Share; or (ii) the rights or remedies of any holder of any ETF Share as compared with those rights and remedies prevailing on the Issue Date.

(h) *Strategy Breach*

**Strategy Breach** means, in respect of an ETF Share and the related Fund, any breach or violation of any strategy or investment guidelines stated in the Fund Documents of such Fund in respect of such ETF Share which is reasonably likely, in the determination of the Calculation Agent, to affect: (i) the value of such ETF Share; or (ii) the rights or remedies of any holder of any such ETF Share as compared with those rights or remedies prevailing on the Issue Date.

(i) *Regulatory Action*

**Regulatory Action** means, in respect of an ETF Share and the related Fund, (i) the cancellation, suspension, revocation of the registration or approval of such Fund or such ETF Share by any governmental, legal or regulatory entity with authority over such Fund or such ETF Share; (ii) any change in the legal, tax, accounting or regulatory treatment of such ETF Share, such Fund or its Fund Adviser which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such ETF Share or on any investor in such ETF Share; or (iii) such Fund or any of its Fund Administrator or its Fund Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activity relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser.

(j) *Cross-contamination*

**Cross-contamination** means, in respect of an ETF Share and the related Fund, the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such Fund, and such event continues, in the determination of the Calculation Agent, for the foreseeable future.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Event shall apply in respect of a Mutual Fund Interest.

**6. ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of an ETF Share, two Business Days.

(b) *ETF Share Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include an ETF Share Substitution.

**ETF Share Substitution** means, in relation to an Adjustment Event, the replacement of an ETF Share the subject of such Adjustment Event with a new exchange-traded fund share selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms (the **ETF Share Substitution Criteria**). Such new exchange-traded fund share shall be deemed to be an ETF Share in place of the ETF Share the subject of the Adjustment Event.

(c) *Determination of the Underlying Closing Level of an ETF Share on a Disrupted Day*

Condition 20(e) of the General Conditions shall apply.

(d) *Calculation Agent's discretion to determine non-material events*

If the Calculation Agent determines that it is not material that any day which would otherwise have been a Valuation Date is:

- (i) not a Scheduled Trading Day because one or more relevant Related Exchanges is not scheduled to be open; or
- (ii) a Disrupted Day for an ETF Share solely because any relevant Related Exchange fails to open,



then the Calculation Agent shall have the discretion to determine such day either (A) to be the relevant Valuation Date in respect of an ETF Share, notwithstanding that such day is not a Scheduled Trading Day for such ETF Share because one or more such Related Exchanges is not scheduled to be open; or (B) not to be a Disrupted Day where such day would be a Disrupted Day solely because any such Related Exchange fails to open.

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (without limitation) the effect of the above on (I) any Underlying Closing Level or any Underlying Level (as relevant) of the affected ETF Share; (II) any trading in futures contracts or options contracts on any such relevant Related Exchange; and (III) the Issuer's hedging arrangements in respect of the Notes.

## **UNDERLYING SCHEDULE 8 MUTUAL FUND CONDITIONS**

This Underlying Schedule shall apply to each Underlying classified in the applicable Final Terms as a "Mutual Fund Interest".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Mutual Funds.

### **1. DEFINITIONS**

**Actual Interim Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, a date on which such Mutual Fund (or its Fund Service Provider which generally determines such value) actually determines the value (however expressed) of such Mutual Fund Interest of such Mutual Fund or, if such Mutual Fund only reports its aggregate net asset value, a date on which such Mutual Fund actually determines its aggregate net asset value.

**Actual Redemption Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, a date on which such Mutual Fund (or its Fund Service Provider which generally determines such value) would determine the value (however expressed) of a Mutual Fund Interest of such Mutual Fund, for the purpose of calculating the redemption proceeds to be paid to a Hypothetical Investor who has submitted a valid and timely redemption notice for a redemption of such Mutual Fund Interests.

**Extraordinary Dividend** means, in respect of a Mutual Fund Interest, a dividend or a distribution or portion thereof which is determined by the Calculation Agent to be an extraordinary dividend relating to such Mutual Fund Interest.

**Fund Administrator** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Mutual Fund in respect of such Mutual Fund Interest according to the Fund Documents of such Mutual Fund and such Mutual Fund Interest, or any successor acceptable to the Calculation Agent.

**Fund Adviser** means, in respect of a Mutual Fund Interest and the related Mutual Fund, 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) to such Mutual Fund in respect of such Mutual Fund Interest, or any successor acceptable to the Calculation Agent.

**Fund Documents** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the constitutive and governing documents of such Mutual Fund in respect of such Mutual Fund Interest and the subscription agreements and other agreements, in each case, relating to such Mutual Fund Interests and as amended from time to time.

**Fund Service Provider** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any person who is appointed to provide services, directly or indirectly, for such Mutual Fund in respect of such Mutual Fund Interest, whether or not specified in the relevant Fund Documents or any successor acceptable to the Calculation Agent, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depositary, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

**Hypothetical Investor** means, in respect of a Mutual Fund, a hypothetical investor in Mutual Fund Interests of such Mutual Fund deemed (a) to have the benefits and obligations, as provided in the

relevant Fund Documents, of an investor holding, as of the Issue Date, an interest in such Mutual Fund equal to the relevant number (determined by the Calculation Agent) of such Mutual Fund Interests; (b) in the case of any deemed investment in such Mutual Fund Interests, to have submitted a duly completed and timely notice requesting a subscription for the relevant number of such Mutual Fund Interests; and (c) in the case of any deemed redemption of an investment in such Mutual Fund Interests, to have submitted a duly completed and timely notice requesting a redemption of the relevant number of such Mutual Fund Interests.

**Mutual Fund** means, in respect of a Mutual Fund Interest, the issuer of such Mutual Fund Interest, as specified in the applicable Final Terms.

**Mutual Fund Interest** means each mutual fund share or unit classified as such in the applicable Final Terms.

**Relevant Price** means, in respect of a Mutual Fund Interest, the value of such Mutual Fund Interest, as determined by the Calculation Agent.

**Scheduled Trading Day** means, in respect of a Mutual Fund, any Scheduled Interim Valuation Date in respect of such Mutual Fund and/or any Scheduled Redemption Valuation Date in respect of such Mutual Fund, as specified in the applicable Final Terms.

**Scheduled Interim Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any day on which such Mutual Fund (or its Fund Service Provider which generally determines such value) is scheduled according to the Fund Documents of such Mutual Fund in respect of such Mutual Fund Interest (without giving effect to any gating, deferral, suspension or other provisions permitting such Mutual Fund to delay or to refuse redemption of such Mutual Fund Interests) to determine the value (however expressed) of such Mutual Fund Interest or, if such Mutual Fund only reports its aggregate net asset value, the date as of which such Mutual Fund is scheduled to determine its aggregate net asset value.

**Scheduled Redemption Valuation Date** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any day on which such Mutual Fund (or its Fund Service Provider which generally determines such value) is scheduled according to the Fund Documents of such Mutual Fund in respect of such Mutual Fund Interest (without giving effect to any gating, deferral, suspension or other provisions permitting such Mutual Fund to delay or to refuse redemption of such Mutual Fund Interests) to determine the value (however expressed) of such Mutual Fund Interest, for the purpose of calculating the redemption proceeds to be paid to a Hypothetical Investor who has submitted a valid and timely redemption notice for a redemption of such Mutual Fund Interests (such redemption to be effected on the basis of the value determined as of such day).

## 2. VALUATION

**Underlying Closing Level** means, in respect of a Mutual Fund Interest and a Valuation Date, the Relevant Price of such Mutual Fund Interest in respect of such Valuation Date.

In determining a Relevant Price, the Calculation Agent may have regard to any value of the relevant Mutual Fund Interest or aggregate value of the relevant Mutual Fund, in each case, as reported by the Fund Service Provider that generally reports such value on behalf of the relevant Mutual Fund to its investors or a publishing service and displayed on the applicable Electronic Page.

Valuation Time and Underlying Level shall not apply to a Mutual Fund Interest.

### 3. **DISRUPTION TO VALUATION**

**Disrupted Day** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any Scheduled Trading Day for such Mutual Fund Interest on which there is:

- (i) in the case of Scheduled Trading Days that are specified in the applicable Final Terms to be Scheduled Interim Valuation Dates, a failure of any Scheduled Interim Valuation Date to be an Actual Interim Valuation Date;
- (ii) in the case of Scheduled Trading Days that are specified in the applicable Final Terms to be Scheduled Redemption Valuation Dates, a failure of any Scheduled Redemption Valuation Date to be an Actual Redemption Valuation Date; or
- (iii) a failure by such Mutual Fund on or before such day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Mutual Fund Interest scheduled to have been paid on or before such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting such Mutual Fund to delay or to refuse redemption of Mutual Fund Interests).

### 4. **ADDITIONAL ADJUSTMENT EVENTS**

The following Additional Adjustment Events shall apply in respect of a Mutual Fund Interest and the related Mutual Fund: a Corporate Action, an Insolvency, a Merger Event, a Nationalisation, an Adviser Resignation Event, a Fund Modification, a Strategy Breach, a Regulatory Action, a Reporting Disruption, a Cross-contamination and a Failure by a Fund Service Provider.

#### *(a) Corporate Action*

**Corporate Action** means:

- (i) a subdivision, consolidation or reclassification of relevant Mutual Fund Interests, unless resulting in Merger Event; or
- (ii) a free distribution or dividend of relevant Mutual Fund Interests to existing holders by way of bonus, capitalisation or similar issue; or
- (iii) a distribution, issue or dividend to existing holders of relevant Mutual Fund Interests of (A) an additional amount of such Mutual Fund Interests; or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of the liquidation of the relevant Mutual Fund equally or proportionately with such payments to holders of such Mutual Fund Interests; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the relevant Mutual 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 (whether in cash or otherwise) at less than their prevailing market price, as determined by the Calculation Agent; or
- (iv) an Extraordinary Dividend; or
- (v) a repurchase by a Mutual Fund of relevant Mutual Fund Interests, whether the consideration for such repurchase is cash, securities or otherwise other than in respect of a redemption of Mutual Fund Interests initiated by an investor in such Mutual Fund Interests that is consistent with the relevant Fund Documents; or

- (vi) any other event which may have, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Mutual Fund Interests.

(b) *Insolvency*

**Insolvency** means, in respect of a Mutual Fund, that either (i) by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of or any analogous proceeding affecting such Mutual Fund, (A) all the Mutual Fund Interest of such Mutual Fund are required to be transferred to an Insolvency Officer; or (B) holders of Mutual Fund Interests of such Mutual Fund become legally prohibited from transferring or redeeming such Mutual Fund Interests; or (ii) an Insolvency Event occurs in respect of such Mutual Fund or any of its Fund Service Providers.

**Insolvency Officer** means an administrator, provisional liquidator, liquidator, conservator, receiver, trustee, custodian or other similar official.

**Insolvency Event** means, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy law, insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding up or liquidation by it or by such Competent Official; or (B) 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 creditor's 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 (A) above and either (x) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or (y) the making of an order for its winding-up or liquidation or is not dismissed, discharged, stayed or restrained, in each case, within 15 days of the institution or presentation thereof; or (iv) seeks or becomes subject to the appointment of an Insolvency Officer for all or substantially all its assets; or (v) has a secured party take possession of all or substantially all its assets (and such secured party maintains possession for not less than 15 days thereafter); or (vi) 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 process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) causes or is subject to any event which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (iv) to (vi) above. For these purposes, **Competent Official** means, in respect of an entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over such entity in the jurisdiction of its incorporation or organisation or in the jurisdiction of its head office or home office.

(c) *Merger Event*

**Merger Event** means, in respect of any relevant Mutual Fund Interest, any:

- (i) reclassification or change of such Mutual Fund Interest which results in a transfer of or an irrevocable commitment to transfer all such Mutual Fund Interests outstanding to another entity or person; or
- (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Mutual Fund with or into another entity (other than a consolidation, amalgamation, merger or binding share exchange in which such Mutual Fund is the continuing entity and which does not result in a reclassification or change of all such Mutual Fund Interests 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 Mutual Fund Interests of the relevant Mutual Fund, which results in a transfer of or an irrevocable commitment to transfer all such Mutual Fund Interests (other than those Mutual Fund Interests owned or controlled by such other entity or person); or
- (iv) consolidation, amalgamation, merger or binding share exchange of the relevant Mutual Fund with or into another entity in which such Mutual Fund is the continuing entity and which does not result in the reclassification or change of all such Mutual Fund Interests outstanding but results in the outstanding Mutual Fund Interests (other than those Mutual Fund Interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Mutual Fund Interests immediately following such event,

in each case if the Merger Date is on or before (A) in the case of Cash Settled Notes, the last occurring Valuation Date or (B) in the case of Physical Delivery Notes, the Maturity Date. For these purposes, **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.

(d) *Nationalisation*

**Nationalisation** means, in respect of a Mutual Fund, that all the Mutual Fund Interests of such Mutual Fund or all the assets or substantially all the assets of such Mutual Fund are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(e) *Adviser Resignation Event*

**Adviser Resignation Event** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the resignation, termination of the appointment or replacement of the Fund Adviser in respect of such Mutual Fund Interest and any such Fund Adviser is not immediately replaced by another fund adviser acceptable to the Calculation Agent.

(f) *Fund Modification*

**Fund Modification** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any change or modification of the Fund Documents of such Mutual Fund in respect of such Mutual Fund Interest which could reasonably be expected to affect (i) the value of such Mutual Fund Interest; or (ii) the rights or remedies of any holder of any Mutual Fund Interest as compared with those rights and remedies prevailing on the Issue Date.

(g) *Strategy Breach*

**Strategy Breach** means, in respect of a Mutual Fund Interest and the related Mutual Fund, any breach or violation of any strategy or investment guidelines stated in the Fund Documents of such Mutual Fund in respect of such Mutual Fund Interest which is reasonably likely, in the determination of the Calculation Agent, to affect (i) the value of such Mutual Fund Interest; or (ii) the rights or remedies of any holder of any such Mutual Fund Interest as compared with those rights or remedies prevailing on the Issue Date.

(h) *Regulatory Action*

**Regulatory Action** means, in respect of a Mutual Fund Interest and the related Mutual Fund, (i) the cancellation, suspension, revocation of the registration or approval of such Mutual Fund or such

Mutual Fund Interest by any governmental, legal or regulatory entity with authority over such Mutual Fund or such Mutual Fund Interest; (ii) any change in the legal, tax, accounting or regulatory treatment of such Mutual Fund Interest, such Mutual Fund or its Fund Adviser which is reasonably likely, in the determination of the Calculation Agent, to have an adverse impact on the value of such Mutual Fund Interest or on any investor in such Mutual Fund Interest; or (iii) such Mutual Fund or any of its Fund Administrator or its Fund Adviser becomes subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activity relating to or resulting from the operation of such Mutual Fund, Fund Administrator or Fund Adviser.

(i) *Reporting Disruption*

**Reporting Disruption** means, in respect of a Mutual Fund Interest and the related Mutual Fund, the occurrence of any event affecting such Mutual Fund which would make it impossible or impracticable to determine the value of such Mutual Fund Interest, and such event continues, in the determination of the Calculation Agent, for the foreseeable future.

(j) *Cross-contamination*

**Cross-contamination** means, in respect of a Mutual Fund, the occurrence of a cross-contamination or other failure to segregate effectively assets between different classes, series or sub-funds of such Mutual Fund.

(k) *Failure by a Fund Service Provider*

**Failure by a Fund Service Provider** means, in respect of a Mutual Fund Interest and the related Mutual Fund, a failure by a Fund Service Provider in respect of such Mutual Fund Interest and such Mutual Fund to perform any of its obligations in respect of such Mutual Fund Interest and such Mutual Fund and such Fund Service Provider is not immediately replaced by another fund service provider acceptable to the Calculation Agent.

**5. ADDITIONAL EARLY REDEMPTION EVENTS**

No Additional Early Redemption Event shall apply in respect of a Mutual Fund Interest.

**6. ADDITIONAL PROVISIONS**

(a) *Correction of published or announced prices or levels*

**Correction Period** means, in respect of a Mutual Fund Interest, two Business Days.

(b) *Mutual Fund Interest Substitution*

Any adjustment made by the Calculation Agent in response to an Adjustment Event may include a Mutual Fund Substitution.

**Mutual Fund Substitution** means, in relation to an Adjustment Event, the replacement of a Mutual Fund Interest the subject of such Adjustment Event with a new mutual fund share or unit selected by the Calculation Agent in accordance with the criteria (if any) specified in the applicable Final Terms (the **Mutual Fund Substitution Criteria**). Such new mutual fund share or unit shall be deemed to be a Mutual Fund Interest in place of the Mutual Fund Interest the subject of the Adjustment Event.

(c) *Determination of the Underlying Closing Level of a Mutual Fund Interest on a Disrupted Day*

Condition 20(e) of the General Conditions shall apply.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without Coupons attached, or registered form, without Coupons attached.

### Initial Issue of Notes

Each Tranche of Bearer Notes will initially be issued in the form of a temporary Global Note which will (i) if the temporary Global Note is stated in the applicable Final Terms to be issued in NGN form because it is intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg; and (ii) if the temporary Global Note is stated in the applicable Final Terms to be issued in CGN form because it is not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg or as otherwise agreed between the Issuer, the Guarantor and the relevant Dealer. Delivering a Global Note to a common safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria established by the European Central Bank from time to time.

Whilst any Note is represented by a temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date will be made (against presentation of the temporary Global Note if the temporary Global Note is issued in CGN form) outside the United States and its possessions only to the extent that certification of non-U.S. beneficial ownership (in the form required by it) has been received by Euroclear and/or Clearstream, Luxembourg.

Notes issued in registered form will be represented by Registered Note Certificates, one Registered Note Certificate being issued in respect of each holder's entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear and/or Clearstream, Luxembourg will be represented by a Global Registered Note Certificate registered in the name of a nominee for Euroclear and/or Clearstream, Luxembourg and the relative Global Registered Note Certificate will be delivered to the appropriate depositary.

Notwithstanding the foregoing, Australian Domestic Notes will take the form of entries in a register maintained by the Australian Registrar.

The Issuer will apply to Austraclear Limited (**Austraclear**) for approval for each Series of Australian Domestic Notes to be traded on the settlement system operated by Austraclear (**Austraclear System**). Such approval by Austraclear is not a recommendation or endorsement by Austraclear of the Australian Domestic Notes.

If accepted for admission to the respective system, interests in Australian Domestic Notes may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Australian Domestic Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently Westpac Custodian Nominees Limited ABN 18 002 861 565) while entitlements in respect of holdings of interest in the Australian Domestic Notes in Clearstream Luxembourg would be held in the Austraclear System by a nominee of Clearstream, Luxembourg (currently ANZ Nominees Limited ABN 96 005 357 568).

The rights of a holder of interests in Australian Domestic Notes held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and



Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System.

In addition, any transfer of interests in Australian Domestic Notes, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act 2001 of Australia and the requirements set out in Condition 2(c) of the Notes.

### **Relationship of Accountholders with Clearing Systems**

For so long as any of the Notes is represented by a Global Note or a Global Certificate held on behalf of Euroclear and/or Clearstream Banking, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor and the Agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such principal amount of such Notes, for which purpose the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate shall be treated by the Issuer, the Guarantor and each Agent as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or Global Certificate, as the case may be, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Notes which are represented by a Global Note or a Global Certificate 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. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular principal amount of Notes represented by such Global Note or Global Certificate, as the case must be, must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment made by the Issuer or the Guarantor to the holder of such Global Note or Global Certificate, as the case may be, and the obligations of the Issuer in respect thereof will be discharged by payment to the holder of such Global Note or Global Certificate, as the case may be, in respect of each amount so paid.

### **Exchanges**

#### **1. Exchange of Global Notes**

Each temporary Global Note will be exchangeable in whole or in part (free of charge) for, as indicated in the applicable Final Terms, either interests in a permanent Global Note or, definitive Bearer Notes (with, if applicable, Receipts, Coupons and/or Talons attached) on or after the Exchange Date upon certification as to non-U.S. beneficial ownership in the form required by it.

A permanent Global Note may be exchanged in whole but not in part (free of charge) for definitive Bearer Notes (with, if applicable, Receipts, Coupons and/or Talons attached) upon not less than 60 days' written notice being given to the Fiscal Agent by either (i) the Issuer at any time or (ii) Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in the permanent Global Note.

Any exchange of a Global Note for definitive Bearer Notes will be made upon presentation of the Global Note at the specified office of the Fiscal Agent by the bearer of the Global Note on any day (other than a Saturday or Sunday) on which banks are open for general business in London.

#### **2. Exchange of Global Registered Note Certificates**

A Global Registered Note Certificate may be exchanged in whole but not in part (free of charge) for definitive Registered Note Certificates only upon the occurrence of an Exchange Event.

An **Exchange Event** means:

- (a) if the Global Registered Note Certificate is registered in the name of a nominee for Euroclear and/or Clearstream, Luxembourg, the Issuer has been notified that Euroclear and/or Clearstream, Luxembourg, as the case may be, has/have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Registered Note Certificate in definitive form.

The Issuer will promptly give notice to Noteholders upon the occurrence of an Exchange Event. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any holder of an interest in the Global Registered Note Certificate may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

Any exchanges of a Global Registered Note Certificate will be made upon presentation of the Global Registered Note Certificate at the specified office of the Registrar by the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in the specified office of the Registrar.

### **Payments and deliveries in respect of a temporary Global Note**

In relation to a temporary Global Note, prior to the Exchange Date in respect thereof, all payments (if any) on the temporary Global Note will only be made to the bearer thereof and delivery of any assets will only be made in accordance with the Conditions to the extent that there is presented to the Fiscal Agent by Clearstream, Luxembourg or Euroclear a certificate to the effect that it has received from or in respect of a person entitled to a particular principal amount of the Notes (as shown by its records) a certificate of non-US beneficial ownership in the form required by it. The bearer of a temporary Global Note will not be entitled to receive any payment of interest due on or after the Exchange Date unless upon due certification exchange of the temporary Global Note is improperly withheld or refused.

### **Deed of Covenant**

Where any Note is represented by a Global Note or a Global Certificate and the Global Note or the Global Certificate (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes or the Maturity Date has occurred and, in either case redemption has not occurred in accordance with the provisions of the Global Note or the Global Certificate, then the Global Note or Global Certificate will become void and the holders of interests in such Global Note or such Global Certificate 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 Clearstream, Luxembourg on and subject to the terms of the Deed of Covenant executed by the Issuer.

### **Clearing Systems**

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 clearance system specified in the applicable Final Terms.

## TERMS AND CONDITIONS OF THE CERTIFICATES

*Except as indicated below, the following is the text of the terms and conditions of the Certificates which will include the additional terms and conditions contained in Annex 1 in the case of Index Linked Certificates, which will include the additional terms and conditions contained in Annex 2 in the case of Inflation Linked Certificates, which will include the additional terms and conditions contained in Annex 3 in the case of Commodity Linked Certificates, which will include the additional terms and conditions contained in Annex 4 in the case of Share Linked Certificates and which will include the additional terms and conditions contained in another appropriate Annex (each an **Annex** and together the **Annexes**) in the case of any Certificates linked to any other underlying reference (the **Conditions**). References herein to a Condition shall be deemed to be a reference to a Condition of the General Conditions, unless otherwise specified.*

These Conditions (the **General Conditions**), as supplemented by the additional terms and conditions of the relevant Annex and as supplemented or varied in accordance with the provisions of the applicable Final Terms, will be applicable to the Certificates of each Series and will be endorsed on or attached to the Global Certificate representing such Certificates, details of the relevant Series being shown on the relevant Global Certificate and in the applicable Final Terms which shall be endorsed on or attached to the relevant Global Certificate and shall be deemed part of these Conditions. References in these Conditions to "Certificates" are to these Certificates of one Series only, not to all Certificates which may be issued under the Programme, and references to the "applicable Final Terms" are to the Final Terms relating to the Certificates of such Series, and references to the "Conditions" include such Final Terms. As used herein, **Series** means an issue of Certificates together with any further issue or issues of Certificates which (a) are expressed to be consolidated and form a single Series and (b) are identical in all respects (including as to listing) except for their respective issue dates and/or issue prices.

The Certificates are issued pursuant to a Certificate Agency Agreement dated 21 August 2008 (as amended and supplemented from time to time, the **Certificate Agency Agreement**) between Citigroup Funding Inc. (the **Issuer**), Citigroup Inc. (the **Guarantor**) and Citigroup Global Markets Deutschland AG & Co. KGaA, (the **Principal Certificate Agent** and, together with any additional or successor certificate agents, the **Certificate Agents** and each a **Certificate Agent**) and Citigroup Global Markets Limited as Calculation Agent. The Certificates are the subject of a Deed of Guarantee dated 21 August 2008 as amended, supplemented or replaced, as the case may be, from time to time (the **Deed of Guarantee**) entered into by the Guarantor.

The Certificates are constituted by the Certificate Agency Agreement as amended and/or supplemented by the applicable Final Terms and shall become valid obligations of the Issuer when the applicable Final Terms are attached to the Global Certificate representing such Certificates.

Copies of the Certificate Agency Agreement (which contains the form of the Final Terms), the Deed of Guarantee, the Base Prospectus (as defined in the Certificate Agency Agreement) and the applicable Final Terms may be obtained during normal office hours from the specified office of the Principal Certificate Agent (save that the Final Terms relating to Certificates which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC will only be obtainable by a Certificateholder and such Certificateholder must first produce evidence satisfactory to the relevant Certificate Agent as to its holding of Certificates and identity).

The Certificateholders (as defined in Condition 1(b)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Certificate Agency Agreement (insofar as they relate to the Certificates) and the applicable Final Terms, which are binding on them.

Citigroup Global Markets Limited shall undertake the duties of calculation agent (the **Calculation Agent**) in respect of these Conditions and in the applicable Final Terms unless another entity is so specified as

calculation agent in the applicable Final Terms. The expression Calculation Agent shall, in relation to the relevant Certificates, include such other specified calculation agent.

Each issue of Certificates will be represented by a Global Certificate (a **Global Certificate**). Definitive Certificates will not be issued. Each Global Certificate will be deposited with a depositary (a **Common Depositary**) on behalf of Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A./N.V. (**Euroclear**) or as otherwise specified in the applicable Final Terms.

**The applicable Final Terms for the Certificates may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, supplement, replace or modify these Conditions for the purposes of the Certificates.**

Words and expressions defined in the Certificate Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated.

## **1. Type, Title and Transfer**

### **(a) *Type***

The applicable Final Terms will indicate whether the Certificates are American style Certificates (**American Style Certificates**) or European style Certificates (**European Style Certificates**) or such other type as may be specified in the applicable Final Terms, whether settlement shall be by way of cash payment (**Cash Settled Certificates**) or physical delivery (**Physical Delivery Certificates**), whether the Certificates are call Certificates (**Call Certificates**) or put Certificates (**Put Certificates**) or such other type as may be specified in the applicable Final Terms.

If Averaging is specified as applying in the applicable Final Terms, the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in the relevant Annex) applies.

References in these Conditions, unless the context otherwise requires, to Cash Settled Certificates shall be deemed to include references to Physical Delivery Certificates which include an option (as set out in the applicable Final Terms) at the Issuer's election to make cash settlement of such Certificates pursuant to Condition 4(e) and where settlement is to be by way of cash settlement. References in these Conditions, unless the context otherwise requires, to Physical Delivery Certificates shall be deemed to include references to Cash Settled Certificates which include an option (as set out in the applicable Final Terms) at the Issuer's election to make physical delivery of the relevant Entitlement in settlement of such Certificates pursuant to Condition 4(e) and where settlement is to be by way of physical delivery.

Certificates may, if specified in the applicable Final Terms, allow Certificateholders 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 Certificates where the Certificateholder has elected for cash payment will be Cash Settled Certificates and those Certificates where the Certificateholder has elected for physical delivery will be Physical Delivery Certificates.

**Certificates listed on the Italian Stock Exchange shall not be Physical Delivery Certificates.**

### **(b) *Title to Certificates***

The Certificates will be in registered form.

Each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear as the holder of a particular amount of Certificates (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the amount of Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall (except as otherwise required by law) be treated by the Issuer, the Guarantor and the Certificate Agents, Clearstream, Luxembourg, Euroclear and all other persons dealing with said person as the holder of such amount of Certificates for all purposes (and the expressions **Certificateholder** and **holder of Certificates** and related expressions shall be construed accordingly).

(c) *Transfers of Certificates*

Transfers of Certificates may not be effected after the exercise of such Certificates pursuant to Condition 5.

Subject as set forth in this Condition, all transactions (including permitted transfers of Certificates) 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 Euroclear, as the case may be. Title will pass upon registration of the transfer in the books of Clearstream, Luxembourg or Euroclear, as the case may be.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Principal Certificate Agent from time to time and notified to the Certificateholders in accordance with Condition 10.

**Transfers of Certificates may not be made (directly or indirectly) to a person located in the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended).**

All capitalised terms which are not defined in these Conditions will have the meanings given to them in the applicable Final Terms.

**2. Status**

(a) *Status of Certificates*

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

(b) *Status of the Deed of Guarantee in respect of the Certificates*

The obligations of the Guarantor in respect of the Certificates under the Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding, unsecured and unsubordinated obligations of the Guarantor.

**3. Definitions**

For the purposes of these Conditions, the following general definitions will apply:

**Actual Exercise Date** means (i) the Exercise Date (in the case of European Style Certificates) or (ii) subject to Condition 6(a)(ii), the date during the Exercise Period on which the Certificate is

actually or is deemed exercised (in the case of American Style Certificates (as more fully set out in Condition 4(a)(i))).

**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 are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day Centre(s) and Clearstream, Luxembourg and Euroclear are open for business; and
- (b) for the purposes of making payments:
  - (i) where the Settlement Currency is euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open; or
  - (ii) where the Settlement Currency is a 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 Settlement Currency (which, if the Settlement Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively).

**Cash Settlement Amount** means, in relation to Cash Settled Certificates, the amount to which the Certificateholder is entitled in the Settlement Currency in respect of each such Certificate as determined by the Calculation Agent pursuant to the applicable Final Terms.

**Entitlement** means, in relation to a Physical Delivery Certificate, the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which a Certificateholder is entitled to receive on the Settlement Date in respect of each such Certificate following payment of the relevant Exercise Price (if applicable) (and any other sums payable) rounded down as provided in Condition 4(c)(ii), as determined by the Calculation Agent including any documents evidencing such Entitlement.

**Exercise Expenses** means, in relation to a Certificate, all Taxes and/or expenses including any depositary charges, transaction or exercise charges, which the Calculation Agent determines may be or would be, or would have been incurred (i) in connection with the exercise of the Certificate and/or any payment and/or delivery in respect thereof, and (ii), if "Hedging Taxes" is specified as applying in the applicable Final Terms, by the Issuer or any Affiliate had such entity unwound or varied any underlying related hedging arrangements in respect of the Certificates.

**Italian Stock Exchange** means the electronic "Securitized Derivatives Market" (the **SeDeX**), organised and managed by Borsa Italiana S.p.A.

**Settlement Date** means, in relation to an Actual Exercise Date, the date specified as such in the applicable Final Terms.

**Taxes** means, with respect to any jurisdiction, all retrospective, present, future, contingent, pending or anticipated taxes, levies, imposts, duties, deductions, withholdings, assessments or other charges imposed by any governmental, national, state or local authority (including, for the avoidance of doubt, income, corporate, corporation, capital, gross receipts, windfall profits, severance, property, production, sales, use, license, excise, value added, franchise, employment, stamp, withholding,

transfer, registration or similar taxes and national insurance, social security and other similar contributions), together with any interest, additions to tax or penalties applicable thereto and any interest in respect of such additions or penalties.

#### **4. Exercise Rights**

##### **(a) *Exercise Period***

##### **(i) American Style Certificates**

American Style Certificates are exercisable on any Business Day during the Exercise Period but subject as provided in Condition 6.

Any American Style Certificate 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 last Business Day of the Exercise Period (the **Expiration Date**) shall be automatically exercised on the Expiration Date and the provisions of Condition 5(e) shall apply in respect of Physical Delivery Certificates. No Exercise Notice will be required to be delivered in respect of Cash Settled American Style Certificates automatically exercised on the Expiration Date.

The Business Day during the Exercise Period on which an Exercise Notice is delivered prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), to Clearstream, Luxembourg or Euroclear, as the case may be, and the copy thereof so received by the Principal Certificate Agent, or, if no Exercise Notice has been delivered at or prior to 10.00 a.m., Luxembourg or Brussels time, as the case may be, on the Expiration Date, the Expiration Date is referred to herein as the **Actual Exercise Date**. If any such Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Certificate Agent, in each case, after 10.00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day during the Exercise Period or on any day which is not a Business Day, such Exercise Notice will be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Actual Exercise Date, PROVIDED THAT any such Certificate in respect of 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 appropriate), on the Expiration Date shall be automatically exercised on the Expiration Date as provided above and the provisions of Condition 5(e) shall apply in respect of Physical Delivery Certificates. No Exercise Notice will be required to be delivered in respect of Cash Settled American Style Certificates automatically exercised on the Expiration Date.

##### **(ii) European Style Certificates**

**Certificates listed on the Italian Stock Exchange shall be Cash Settled European Style Certificates.**

Cash Settled European Style Certificates will be automatically exercised on the Exercise Date, but subject as provided in Condition 6. No Exercise Notice will be required to be delivered in respect of such Certificates.

Any Physical Delivery European Style Certificate 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 appropriate) on the Actual Exercise Date, shall be automatically exercised on the Actual Exercise Date and the provisions of Condition 5(e) shall apply.

If the Certificates are listed on the Italian Stock Exchange, the Certificateholder may renounce automatic exercise of such Certificates in accordance with applicable laws and regulations (including the regulations of the Italian Stock Exchange applicable from time to time) by delivering or sending

by tested telex (confirmed in writing), at or prior to the time specified in the applicable Final Terms, a duly completed Renouncement Notice (a **Renouncement Notice**) in the form and manner from time to time agreed with Euroclear or Clearstream, Luxembourg, as the case may be, to Clearstream, Luxembourg or Euroclear, as the case may be, copied to the Principal Certificate Agent. Once delivered, a Renouncement Notice shall be irrevocable.

Any determination as to whether a Renouncement Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in each case, in consultation with the Principal Certificate Agent, and shall be conclusive and binding on the Issuer, the Guarantor, the Certificate Agents and the relevant Certificateholder. Subject as set out below, any Renouncement Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Certificate Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided above, shall be null and void. If such Renouncement Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Certificate Agent, it shall be deemed to be a new Renouncement Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and copied to the Principal Certificate Agent.

(b) *Settlement*

(i) Cash Settlement

If the Certificates are Cash Settled Certificates, each such Certificate entitles its holder, upon due exercise, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Calculation Agent in accordance with the provisions set out in the applicable Final Terms.

(ii) Physical Settlement

If the Certificates are Physical Delivery Certificates, each such 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 Exercise Price (if applicable), any Exercise Expenses and any other sums payable. The method of delivery of the Entitlement is set out in the applicable Final Terms.

(c) *Settlement Procedures*

(i) Cash Payments

Each cash amount payable in respect of the Certificates will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards.

Subject as provided herein, the Issuer shall on each date on which a cash amount falls to be paid in respect of a Certificate pay or cause to be paid the aggregate cash amounts for each duly exercised Certificate for value on such date less any Exercise Expenses not already paid.

Any such payment shall be made in accordance with the rules of Clearstream, Luxembourg or Euroclear, as the case may be. The Issuer will be discharged by payment to, or to the order of, Clearstream, Luxembourg or Euroclear, as the case may be, in respect of the amount so paid. Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear, as the case may be, as the holder of a particular number of the Certificates must look solely to Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each such payment so made by the Issuer to, or to the order of Clearstream, Luxembourg or Euroclear, as the case may be.



All payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and subject to the provisions of Condition 11.

(ii) Physical Delivery

Certificates exercised at the same time by the same Certificateholder 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 Certificateholder will be rounded down to the nearest whole Tradeable Amount 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 or numbers of the Relevant Asset or of each of the Relevant Assets, as the case may be, less than the relevant Tradeable Amount (the **Fractional Entitlement**) will not be delivered and no cash or other adjustment will be made in respect thereof unless "Cash Adjustment" is specified as applicable in the applicable Final Terms. If "Cash Adjustment" is specified as applicable in the applicable Final Terms, the Calculation Agent on behalf of the Issuer shall pay to the relevant Certificateholder a cash amount in the Settlement Currency (to be paid at the same time as delivery of the Entitlement) equal to the value (as determined by the Calculation Agent) of such Fractional Entitlement, calculated as specified in the applicable Final Terms.

Subject as provided herein and subject to payment of the aggregate Exercise Prices (if applicable) and payment of any Exercise Expenses with regard to the relevant Certificates, the Issuer shall, on the relevant Settlement Date, deliver, or procure the delivery of, the Entitlement for each duly exercised Certificate, pursuant to the details specified in the applicable Exercise Notice. Subject as provided in this Condition 4(c) and Condition 4(d), the Entitlement shall be delivered in such manner as set out in the applicable Final Terms.

Following exercise of a Share Certificate which is a Physical Delivery Certificate, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Certificateholder will be paid to the account specified by the Certificateholder in the relevant Exercise Notice as referred to in Condition 5(a)(ii)(vi).

All deliveries will be subject, in all cases, to any fiscal or other laws and regulations applicable thereto in the place of delivery and subject to the provisions of Condition 11.

(iii) Settlement Disruption

If, following the exercise of Physical Delivery Certificates, in the opinion of the Calculation Agent, delivery of the relevant 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) subsisting on any Settlement Date, then such Settlement Date for such Certificates shall be postponed to the first following Settlement Business Day in respect of which no Settlement Disruption Event is subsisting, PROVIDED THAT the Issuer may elect to satisfy its obligations in respect of the relevant Certificate by delivering the relevant Entitlement using such other commercially reasonable manner as it may select, and in such event, the relevant 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 relevant Settlement Date for the Relevant Assets not affected by the Settlement Disruption Event will be that originally designated Settlement Date. In the event that a Settlement Disruption Event will result in the delivery on the relevant Settlement Date of some but not all of the Relevant Assets comprising the Entitlement, the Calculation Agent shall, if applicable, determine the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Certificateholder 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 to satisfy its obligations in respect of the relevant Certificate by payment to the relevant Certificateholder of the Disruption Cash Settlement Price (as defined below) not later than the fifth Business Day following the date that notice of such election is given to the Certificateholders in accordance with Condition 10. Payment of the Disruption Cash Settlement Price will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 that a Settlement Disruption Event has occurred.

If the Entitlement is delivered later than the date on which delivery would otherwise have taken place as provided above, until delivery of the Entitlement is made to the Certificateholder, the Issuer or any person on behalf thereof shall continue to be the legal owner of the assets comprising the Entitlement. None of the Issuer, any Affiliate of the Issuer and any other person shall (i) be under any obligation to deliver or procure delivery to such Certificateholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such assets, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets until the date of delivery or (iii) be under any liability to such Certificateholder or any subsequent transferee in respect of any loss or damage which such Certificateholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such assets until the date of delivery.

No Certificateholder shall be entitled to any payment in respect of the relevant Certificate, 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:

**Disruption Cash Settlement Price** in respect of any relevant Certificate, shall be the fair market value of such Certificate on a day selected by the Issuer (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, but taking into account if already paid and if applicable, 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), all as determined by the Issuer;

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

**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.

- (iv) Any Exercise Expenses in respect of Physical Delivery Certificates shall be borne by the relevant Certificateholder and shall either be:
  - (A) paid to the Issuer by such Certificateholder prior to the delivery of the Entitlement (and, for the avoidance of doubt, the Issuer shall not be required to deliver any Entitlement to such Certificateholder until it has received such payment); or
  - (B) be deducted by the Issuer from any cash amount owing to such Certificateholder and paid by the Issuer on behalf of the Certificateholder or paid by the Issuer on behalf of such

Certificateholder by converting such amount of the Entitlement as necessary to pay the Exercise Expenses,

as specified by the Certificateholder in the relevant Exercise Notice.

If any Exercise Expenses are not paid by a Certificateholder pursuant to the above, the relevant Certificateholder shall be deemed to authorise the Issuer to convert and the Issuer may convert such amount of the Entitlement into cash sufficient to cover the Exercise Expenses in respect of the relevant Certificate from which the Issuer shall deduct such Exercise Expenses. The Issuer's obligation in respect of each Certificate will be satisfied in relation to the Settlement Date by delivery of the remaining Entitlement in respect of such Certificate.

(d) *Failure to Deliver due to Illiquidity*

If "Failure to Deliver due to Illiquidity" is specified as applying in the applicable Final Terms and, following the exercise of the relevant Certificates, it is impossible or impracticable, in the opinion of the Calculation Agent, 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**), then:

- (A) subject as provided elsewhere in these Conditions, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Settlement Date in accordance with Condition 4(b)(ii) and, if applicable, the Calculation Agent shall determine the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Certificateholder in respect of that partial settlement; and
- (B) in respect of any Affected Relevant Assets, *in lieu* of physical settlement and notwithstanding any other provision hereof, the Issuer may elect to satisfy its obligations in respect of the relevant Certificate by payment to the relevant Certificateholder 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 Certificateholders in accordance with Condition 10. Payment of the Failure to Deliver Settlement Price will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10. The Calculation Agent shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 that the provisions of this Condition apply. If the Issuer does not so elect, the provisions of Condition 4(c)(iii) shall apply.

For the purposes hereof:

**Failure to Deliver Settlement Price** in respect of any relevant Certificate, shall be the fair market value of the Affected Relevant Assets on a day selected by the Issuer, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements but taking into account if already paid and if applicable, the Exercise Price(s) in respect of the Affected Relevant Assets, all as determined by the Issuer.

(e) *Variation of Settlement*

If the applicable Final Terms specify that the Issuer has an option to vary settlement in respect of the Certificates, following any valid exercise of Certificates in accordance with these Conditions, the Issuer may, in respect of each such Certificate, elect not to pay the relevant Certificateholders the Cash Settlement Amount or not to deliver or procure delivery of the Entitlement to the relevant Certificateholders, as the case may be, but, *in lieu* thereof, to deliver or procure delivery of the relevant Entitlement or make payment of the relevant Cash Settlement Amount on the relevant

Settlement Date to the relevant Certificateholders, as the case may be. Notification of any such election will be given to Certificateholders in accordance with Condition 10.

(f) *General*

The expressions **exercise**, **due exercise** and related expressions shall be construed to apply to any Certificates which are automatically exercised in accordance with the above provisions.

None of the Issuer, the Calculation Agent and the Certificate 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 Certificates does not confer on any Certificateholder any rights (whether in respect of voting, distributions or otherwise) attaching to any Relevant Asset.

All references in this Condition to **Luxembourg time** or **Brussels time** shall, where Certificates 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.

**5. Exercise Procedure**

(a) *Exercise Notice*

Subject as provided in Condition 5(e), American Style Cash Settled Certificates exercised prior to the Expiration Date and Physical Delivery Certificates may only be exercised by the delivery, or the sending by tested telex (confirmed in writing), of a duly completed Exercise Notice (an **Exercise Notice**) in the form set out in the Certificate Agency Agreement (copies of which form may be obtained from Clearstream, Luxembourg, Euroclear and the Certificate Agents during normal office hours) to Clearstream, Luxembourg or Euroclear, as the case may be, with a copy to the Principal Certificate Agent in accordance with the provisions set out in Condition 4 and this Condition.

(i) In the case of Cash Settled Certificates, the Exercise Notice shall:

- (i) specify the Series number of the Certificates and the number of Certificates being exercised;
- (ii) specify the number of the Certificateholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Certificates, being exercised;
- (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Certificateholder's account with the Certificates, being exercised;
- (iv) specify the number of the Certificateholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with the relevant Cash Settlement Amount (if any) for each Certificates, being exercised;
- (v) include an undertaking to pay all Exercise Expenses and an authority to Clearstream, Luxembourg or Euroclear, as the case may be, to deduct an amount in respect thereof from any Cash Settlement Amount due to such Certificateholder and/or to debit a specified account of the Certificateholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses; and
- (vi) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Certificate Agency Agreement.

- (ii) In the case of Physical Delivery Certificates, the Exercise Notice shall:
- (i) specify the Series number of the Certificates and the number of Certificates being exercised;
  - (ii) specify the number of the Certificateholder's account at Clearstream, Luxembourg or Euroclear, as the case may be, to be debited with the Certificates, being exercised;
  - (iii) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on or before the Settlement Date the Certificateholder's account with the Certificates, being exercised;
  - (iv) irrevocably instruct Clearstream, Luxembourg or Euroclear, as the case may be, to debit on the relevant Actual Exercise Date a specified account of the Certificateholder with Clearstream, Luxembourg or Euroclear, as the case may be, with the aggregate Exercise Prices (if applicable) in respect of such Certificates (together with any other amounts payable);
  - (v) include an undertaking to pay all Exercise Expenses and a confirmation that the delivery of any Entitlement is subject, *inter alia*, as provided in Condition 4(c)(iv), and either (I) an authority to Clearstream, Luxembourg or Euroclear to debit a specified account of the Certificateholder at Clearstream, Luxembourg or Euroclear, as the case may be, in respect thereof and to pay such Exercise Expenses or (II) an authority to the Issuer either to deduct from any cash amount owing to the Certificateholder an amount sufficient to pay such Exercise Expenses and to pay on behalf of the Certificateholder such Exercise Expenses or to convert such amount of the Entitlement due to be delivered to such Certificateholder as is necessary to pay such Exercise Expenses and to pay on behalf of the Certificateholder such Exercise Expenses, as referred to in Condition 4(c)(iv) above;
  - (vi) include such details as are required by the applicable Final Terms for delivery of the relevant Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of such Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing such Entitlement are to be delivered and specify the name and the number of the Certificateholder's account with Clearstream, Luxembourg or Euroclear, as the case may be, to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting (i) the Entitlement or any Fractional Entitlement (if applicable) or (ii) any dividends relating to such Entitlement or (iii) as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price or (iv) as a result of the occurrence of a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Failure to Deliver Settlement Price;
  - (vii) certify that the beneficial owner of each Certificate being exercised is not a U.S. person (as defined in the Exercise Notice) and is not located in the United States 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 indicated and 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 Certificate Agency Agreement.

(b) *Verification of the Certificateholder*

Upon receipt of an Exercise Notice, Clearstream, Luxembourg or Euroclear, as the case may be, shall verify that the person exercising the Certificates is the Certificateholder thereof according to the books of Clearstream, Luxembourg or Euroclear, as the case may be. Subject thereto, Clearstream, Luxembourg or Euroclear, as the case may be, will confirm to the Principal Certificate Agent the Series number and the number of Certificates being exercised 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 in respect of each Certificate, being exercised. Upon receipt of such confirmation, the Principal Certificate Agent will inform the Issuer thereof. Clearstream, Luxembourg or Euroclear, as the case may be, will on or before the Settlement Date debit the account of the relevant Certificateholder with the Certificates being exercised. If the Certificates are American Style Certificates, upon exercise of less than all the Certificates the Common Depositary will, on the instructions of, and on behalf, of the Principal Certificate Agent, note such exercise on the Schedule to the relevant Global Certificate held by a Common Depositary on behalf of Clearstream, Luxembourg and Euroclear, as the case may be, and the number of Certificates so constituted shall be reduced by the cancellation *pro tanto* of the Certificates so exercised.

(c) *Determinations*

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by Clearstream, Luxembourg or Euroclear, as the case may be, in each case, in consultation with the Principal Certificate Agent, and shall be conclusive and binding on the Issuer, the Guarantor, the Certificate Agents and the relevant Certificateholder. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form, or which is not copied to the Principal Certificate Agent immediately after being delivered or sent to Clearstream, Luxembourg or Euroclear, as the case may be, as provided in Condition 5(a) above or Condition 5(e) below, shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of Clearstream, Luxembourg or Euroclear, as the case may be, in consultation with the Principal Certificate Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to Clearstream, Luxembourg or Euroclear, as the case may be, and copied to the Principal Certificate Agent.

The Issuer shall use reasonable endeavours promptly to notify the Certificateholder submitting an Exercise Notice if it has been determined as provided above that such Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the Guarantor, the Certificate Agents, Clearstream, Luxembourg and Euroclear 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 Certificateholder.

(d) *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Certificateholder to exercise the Certificates specified. After the delivery of such Exercise Notice, such exercising Certificateholder may not transfer such Certificates.

(e) *Settlement*

In order to receive the relevant Entitlement, if the Certificates are Physical Delivery Certificates, in respect of a Certificate, the relevant Certificateholder must deliver or send by tested telex (confirmed in writing) a duly completed Exercise Notice to Clearstream, Luxembourg or Euroclear, as the case

may be, with a copy to the Principal Certificate Agent on any Business Day until not later than 10.00 a.m., Brussels or Luxembourg time (as appropriate), on the day (the **Cut-off Date**) falling 180 days after (i) the Expiration Date, in the case of American Style Certificates, or (ii) the Actual Exercise Date, in the case of European Style Certificates. The Business Day during the period from the Expiration Date or the Actual Exercise Date, as the case may be, until the Cut-off Date on which an Exercise Notice is delivered to Euroclear or Clearstream, Luxembourg, as the case may be, and a copy thereof delivered to the Principal Certificate Agent is referred to in this Condition as the **Exercise Notice Delivery Date**, PROVIDED THAT, if the Exercise Notice is received by Clearstream, Luxembourg or Euroclear, as the case may be, or if the copy thereof is received by the Principal Certificate Agent, in each case, after 10:00 a.m., Luxembourg or Brussels time (as appropriate), on any Business Day or on a day which is not a Business Day, such Exercise Notice shall be deemed to have been delivered on the next Business Day, which Business Day shall be deemed to be the Exercise Notice Delivery Date.

Subject to the relevant Certificateholder performing its obligations in respect of the relevant Certificate in accordance with these Conditions, the relevant Settlement Date for such Certificates shall be, subject to Condition 4(c)(iii), the fifth Settlement Business Day following the Exercise Notice Delivery Date. In the event that a Certificateholder does not so deliver an Exercise Notice in accordance with this Condition prior to 10.00 a.m., Luxembourg or Brussels time (as appropriate), on the Cut-off Date, the Issuer's obligations in respect of such Certificates shall be discharged and no further liability in respect thereof shall attach to the Issuer.

(f) *Exercise Risk*

Exercise of the Certificates is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and none of the Issuer, the Guarantor and the Certificate 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, the Guarantor and the Certificate Agents shall under any circumstances be liable for any acts or defaults of Clearstream, Luxembourg, or Euroclear in relation to the performance of its duties in relation to the Certificates.

**6. Minimum and Maximum Number of Certificates Exercisable**

(a) *American Style Certificates*

This Condition 6(a) applies only to American Style Certificates.

- (i) The number of Certificates exercisable by any Certificateholder on any Actual Exercise Date, or, the number of Certificates held by any Certificateholder on any Actual Exercise Date, in each case as determined by the Issuer, 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 Certificates in breach of this Condition shall, unless the Issuer otherwise decides be void and of no effect.
- (ii) If the Issuer determines that the number of Certificates being exercised on any Actual Exercise Date by any Certificateholder or a group of Certificateholders (whether or not acting in concert) exceeds the Maximum Exercise Number (if any) specified in the applicable Final Terms (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 Certificates, selected by the Issuer, to be such day and the Actual Exercise Date for each additional Quota of such Certificates (and any remaining number thereof) to be each of the

succeeding Business Days until all such Certificates have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Certificates which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Quota of Certificates are exercised on the same day by Certificateholder(s), the order of settlement in respect of such Certificates shall be at the discretion of the Issuer.

(b) *European Style Certificates*

This Condition 6(b) applies only to European Style Certificates.

The number of Certificates exercisable by any Certificateholder on the Exercise Date as determined by the Issuer, 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 Certificates in breach of this provision shall, unless the Issuer otherwise decides, be void and of no effect.

**7. Illegality in relation to the Certificates**

If the Issuer determines that the performance of its obligations under the Certificates or the Guarantor determines that the performance of its obligations under the Deed of Guarantee in respect of the Certificates or that any arrangements made to hedge the Issuer's and/or the Guarantor's obligations under the Certificates and/or the Deed of Guarantee, as the case may be, has or will become unlawful, illegal or otherwise prohibited in whole or in part for any reason, the Issuer may cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10.

Should any one or more of the provisions contained in these Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Certificates, then the Issuer will, if and to the extent permitted by applicable law, pay to each Certificateholder in respect of each Certificate, held by such holder, an amount equal to the fair market value of a Certificate, notwithstanding such illegality, on a day selected by the Issuer, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10 and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**8. Purchases**

The Issuer, the Guarantor or any of their respective subsidiaries or Affiliates may, but is not obliged to, at any time purchase Certificates at any price in the open market or by tender or private treaty or otherwise. Any Certificates so purchased may be held or resold or surrendered for cancellation, however, Certificates so purchased may be held or resold or surrendered for cancellation.

**9. Agents, Determinations, Modifications and Meetings**

(a) *Certificate Agents*

The specified offices of the Certificate Agents are as set out at the end of these Conditions.

The Issuer reserves the right at any time to vary or terminate the appointment of any Certificate Agent and to appoint further or additional Certificate Agents, PROVIDED THAT no termination of appointment of the Principal Certificate Agent shall become effective until a replacement Principal



Certificate Agent shall have been appointed and, PROVIDED THAT so long as any of the Certificates are listed on a stock exchange, there shall be a Certificate Agent having a specified office in each location required by the rules and regulations of the relevant listing authority or stock exchange. Notice of any termination of appointment and of any changes in the specified office of any Certificate Agent will be given to Certificateholders in accordance with Condition 10. In acting under the Certificate Agency Agreement, each Certificate 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 Certificateholders and any determinations and calculations made in respect of the Certificates by any Certificate Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Certificateholders.

(b) *Calculation Agent*

In relation to each issue of Certificates, the Calculation Agent (whether it be the Issuer or another entity) 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 Certificateholders. All discretions exercised and calculations and determinations made in respect of the Certificates by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Certificateholders. The Calculation Agent shall have no responsibility to any person for any errors or omissions in (a) calculation by the Calculation Agent of any amount due in respect of the Certificates or (b) any determination made by the Calculation Agent.

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.

(c) *Determinations*

Whenever any matter falls to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person (including where a matter is to be decided by reference to the Issuer's, the Calculation Agent's or such other person's opinion), unless otherwise stated in the applicable Final Terms, that matter shall be determined, considered or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and in its sole and absolute discretion.

In relation to Certificates listed on the Italian Stock Exchange, any adjustments to the terms of these Conditions and/or the applicable Final Terms made by the Calculation Agent pursuant to the Conditions to account for any extraordinary or other event in respect of the asset(s) to which such Certificate relate shall be based on generally accepted methods and shall neutralise the distortionary effects of the relevant adjustment or other event as far as possible. The Calculation Agent shall notify Borsa Italiana S.p.A. of any such adjustment to these Conditions and/or the applicable Final Terms for dissemination to the market appropriately in advance of the date on which the adjustment(s) will take effect.

(d) *Modifications*

The Issuer may modify these Conditions and/or the Certificate Agency Agreement without the consent of the Certificateholders in any manner which the Issuer may deem necessary or desirable PROVIDED THAT either:

- (i) such modification is not materially prejudicial to the interests of the Certificateholders (without considering the individual circumstances of any holders of Certificates or the tax or other consequences of such adjustment in any particular jurisdiction); or

- (ii) such modification is of a formal, minor or technical nature or to correct a manifest or proven error or to cure, correct or supplement any defective provision contained herein and/or therein; or
- (iii) in respect of Certificates which the Issuer determines (whether before or after issue) to list on a stock exchange, market or quotation system, such modification is made to enable such Certificates to be listed on such stock exchange, market or quotation system.

The Deed of Guarantee may be amended without the consent of the Certificateholders to correct a manifest error.

Notice of any such modification will be given to the Certificateholders in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

(e) *Meetings*

The Certificate Agency Agreement contains provisions for convening meetings of Certificateholders to consider any matter affecting their interests, including modification by Extraordinary Resolution (as defined in the Certificate Agency Agreement of the Certificates (including these Conditions insofar as the same may apply to the Certificates or the Deed of Guarantee). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Certificates, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend any date for payment thereon, (ii) to reduce or cancel the Certificates or any amount payable on the Certificates, (iii) to vary the method or basis of calculating any amount in respect thereof, (iv) to change the currency or currencies of payment of the Certificates, or (v) to modify the provisions concerning the quorum required at any meeting of holders of the Certificates or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the holders of Certificates (or at any adjournment thereof) at which a special quorum (provided for in the Certificate Agency Agreement) is present.

These Conditions may be amended, modified, or varied in relation to any Series of Certificates by the terms of the Final Terms in relation to such Series.

**10. Notices**

All notices to Certificateholders shall be valid if delivered (i) to Clearstream, Luxembourg and Euroclear and (ii) if and so long as the Certificates are listed on a stock exchange, in accordance with the rules and regulations of the relevant stock exchange or other relevant authority. If the Certificates are listed on the Luxembourg Stock Exchange, and so long as the rules of the Luxembourg Stock Exchange so require, notices shall either be published on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or shall be published in a daily newspaper with general circulation in Luxembourg which is expected to be the *Luxemburger Wort*. If the Certificates are listed on the Italian Stock Exchange, and so long as the rules of the Italian Stock Exchange so require, notices shall be published by the Borsa Italiana S.p.A. Any such notice shall be deemed to have been given on the date of such delivery or, if earlier, the date of such publication or, if published more than once, on the date of the first such publication.

**11. Exercise Expenses and Taxation**

- (a) A Certificateholder must pay all Exercise Expenses relating to such Certificates as provided above.
- (b) Neither the Issuer nor the Guarantor shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or

enforcement of any Certificate by any person and all payments and/or deliveries made by the Issuer or the Guarantor shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

## **12. Further Issues**

The Issuer may from time to time, without the consent of Certificateholders, create and issue further Certificates which (i) are expressed to be consolidated and form a single Series with the outstanding Certificates and (ii) are identical in all respects with such Certificates (including as to listing) except for their respective issue dates and/or issue prices.

## **13. Substitution of the Issuer and/or the Guarantor**

- (a) The Issuer, or any previous substituted company may, at any time, without the consent of the Certificateholders, substitute for itself as principal obligor under the Certificates any company which is, on the date of such substitution and in the opinion of the Issuer, of at least the equivalent standing and creditworthiness to the Issuer (the **Substitute**) subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Certificates represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;
  - (ii) the Substitute becoming party to the Certificate Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
  - (iii) the Substitute and the Issuer having obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and England that the obligations of the Substitute under the Certificates are legal, valid and binding obligations and that all consents and approvals as aforesaid have been obtained and, that the Substitute and the Certificates comply with all applicable requirements of the Securities Act;
  - (iv) each stock exchange on which the Certificates are listed confirming that, following the proposed substitution of the Substitute, the Certificates will continue to be listed on such stock exchange;
  - (v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Certificates; and
  - (vi) the Issuer giving at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with Condition 10.

Upon such substitution, any reference in these Conditions to the Issuer shall be deemed to be a reference to the Substitute.

For so long as any Certificates are listed on the Luxembourg Stock Exchange, the Issuer and/or the Substitute shall notify the Luxembourg Stock Exchange of any such substitution and shall comply with the requirements of the Luxembourg Stock Exchange in respect of such substitution (including any requirement to publish a supplement).

For the avoidance of doubt, for so long as any Certificates are listed on the Italian Stock Exchange and the rules of the Italian Stock Exchange prohibit the substitution of the Guarantor by a substitute, the Guarantor shall not be entitled to substitute for itself any Substitute pursuant to Condition 13(b) below in conjunction with any substitution of the Issuer pursuant to the above.

- (b) Unless otherwise specified in the applicable Final Terms the Guarantor, or any previous substituted company may, at any time, without the consent of the Certificateholders, substitute for itself as guarantor under the Deed of Guarantee in respect of the Certificates any company which is, on the date of such substitution and in the opinion of the Guarantor, of at least the equivalent standing and creditworthiness to the Guarantor (the **Substitute**) subject to:
- (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed of Guarantee represents legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;
  - (ii) the Substitute becoming party to the Certificate Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
  - (iii) the Substitute and the Guarantor having obtained legal opinions from independent legal advisers of recognised standing in the country of incorporation of the Substitute and England that the obligations of the Substitute under the Deed of Guarantee are legal, valid and binding obligations and that all consents and approvals as aforesaid have been obtained and, that the Substitute and the Deed of Guarantee comply with all applicable requirements of the Securities Act;
  - (iv) each stock exchange on which the Certificates are listed confirming that, following the proposed substitution of the Substitute, the Certificates will continue to be listed on such stock exchange;
  - (v) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Deed of Guarantee; and
  - (vi) the Issuer giving at least 30 days' prior notice of the date of such substitution to the Certificateholders in accordance with Condition 10.

Upon such substitution, any reference in these Conditions and the Deed of Guarantee to the Guarantor shall be deemed to be a reference to the Substitute.

For so long as any Certificates are listed on the Luxembourg Stock Exchange, the Issuer and/or the Substitute shall notify the Luxembourg Stock Exchange of any such substitution and shall comply with the requirements of the Luxembourg Stock Exchange in respect of such substitution (including any requirement to publish a supplement).

For so long as any Certificates are listed on the Italian Stock Exchange and the rules of the Italian Stock Exchange prohibit the substitution of the Guarantor by a substitute, the Guarantor shall not be entitled to substitute for itself any Substitute.

#### **14. Adjustments for European Monetary Union**

The Issuer may, without the consent of the Certificateholders, on giving notice to the Certificateholders in accordance with Condition 10:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Certificates shall be redenominated in euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Certificates 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 Issuer may decide, after consultation with the Calculation Agent, and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Certificates will be made solely in euro as though references in the Certificates to the Settlement Currency were to euro;
  - (B) where the Exchange Rate and/or any other terms of these 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 these Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted from or, as the case may be, into euro at the Established Rate; and
  - (C) such other changes shall be made to these Conditions as the Issuer may decide, after consultation with the Calculation Agent, to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) require that the Calculation Agent make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price (if applicable) and/or any other terms of these Conditions and/or the applicable Final Terms as the Calculation Agent 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 (if applicable) and/or such other terms of these Conditions and/or the applicable Final Terms.

Notwithstanding the foregoing, none of the Issuer, the Calculation Agent and the Certificate Agents shall be liable to any Certificateholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

**Adjustment Date** means a date specified by the Issuer in the notice given to the Certificateholders pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

**Established Rate** means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 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 such unit is defined on the day before the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union; and

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

## 15. Listing of Certificates

In respect of Certificates which are to be listed on a stock exchange, market or quotation system, the Issuer shall use all reasonable endeavours to have such Certificates approved for listing on the relevant stock exchange, market or quotation system and to maintain such listing so long as any of such Certificates are outstanding, PROVIDED THAT:

- (i) if it is impracticable or unduly burdensome (and it shall be deemed to be unduly burdensome if the Guarantor wishes to substitute for itself a Substitute as provided in Condition 13(b) and is prevented from doing so by the rules of the relevant stock exchange, market or quotation system), in the opinion of the Issuer acting in good faith, to maintain such listing, or
- (ii) if the maintenance of the listing of the Certificates has, in the opinion of the Issuer, become unduly onerous for any reason whatsoever, including, but not limited to, (i) the need for the Issuer to meet the requirements of (x) Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading or (y) of Directive 2004/109/EC of the European Parliament and of the Council on the harmonisation of transparency requirements with regard to information about issuers whose securities are admitted to trading on a regulated market (which test, for the avoidance of doubt but without limitation, would be satisfied if the Issuer would be required to publish financial information according to accounting principles or standards that are materially different from United States generally accepted accounting principles) or (ii) the need for the Issuer to comply with any continuing obligation of the relevant stock exchange, market or quotation system,

then the Issuer may apply to the relevant stock exchange, market or quotation system to de-list such Certificates from such stock exchange, market or quotation system in accordance with the rules of the relevant stock exchange, market or quotation system PROVIDED THAT it shall use all reasonable endeavours to obtain and maintain as soon as reasonably practicable after such de-listing an alternative admission to listing, trading and/or quotation of the relevant Certificates by an appropriate stock exchange, market or quotation system within or outside the European Union, as it may decide.

If, in the opinion of the Issuer, such admission to listing, trading and/or quotation on an appropriate stock exchange, market or quotation system is not available or if obtaining or maintaining such admission would be, in the opinion of the Issuer, impracticable or unduly burdensome, the Issuer shall not be required to obtain such admission and shall have no further obligation to obtain or maintain any listing, trading and/or quotation for the relevant Certificates.

**Appropriate stock exchange** means a stock exchange, market or quotation system on which, in the opinion of the Issuer, it is customary in the sphere of international finance to list securities such as the relevant Certificates.

## 16. Governing Law and Jurisdiction

### (a) *Governing Law*

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

(b) *Jurisdiction*

The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Certificates (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in connection with any Certificates (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with them) (**Proceedings**) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each Certificateholder and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited, Citigroup Centre, Canada Square, Canary Wharf, London E14 5CB to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify the Certificateholders of such appointment in accordance with Condition 10. Nothing shall affect the right to serve process in any manner permitted by law.

**17. Rights of Third Parties**

The Certificates confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Certificates, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

**ANNEX 1**  
**ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED CERTIFICATES**

*The terms and conditions applicable to Certificates linked to an index/indices shall comprise the General Conditions and the additional terms and conditions set out below (the **Index Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Index Linked Conditions, the Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Index Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

**1. Market Disruption**

**Market Disruption Event** means:

- (a) in respect of a Composite Index and a Component Security included in such Index:
    - (i) the occurrence or existence, in respect of any Component Security, of:
      - (A) a Trading Disruption in respect of such Component Security at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the time at which the level of the Index is being determined (the **Determination Time**), or (y) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security;
      - (B) an Exchange Disruption in respect of such Component Security at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time or (y) in all other circumstances, ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; or
      - (C) an Early Closure in respect of such Component Security,
- which, in any such case, the Calculation Agent determines is material; and
- either:
- (1) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists expressed as a percentage of the level of the Index comprises 20 per cent. or more of the level of such Index; or
  - (2) where the applicable Final Terms specify that the X Percentage applies, the sum of (I) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists, expressed as a percentage of the level of the Index, and (II) the X Percentage, 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 such Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time, or (y) in all other circumstances, ends at the Valuation Time in respect of any Related Exchange; or (c) an Early Closure, in each case, in respect of such futures or options contracts and which the Calculation Agent determines is material.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of that Index attributable to that Component Security to (y) the overall level of that Index, in each case, using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data"; and

- (b) in the case of an Index other than a Composite Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, at any time during the one hour period that (x) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time, or (y) in all other circumstances ends at the relevant Valuation Time, or (iii) an Early Closure which, in each case, the Calculation Agent determines is material.

For the purposes of determining whether a Market Disruption Event exists in relation to such Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in such Index at that time, then the relevant percentage contribution of that security to the level of such Index shall be based on a comparison of (x) the portion of the level of that Index attributable to that security and (y) the overall level of that Index, in each case, immediately before the occurrence of such Market Disruption Event.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the level of an Index (a **Relevant Day**) is:

- (i) not a Scheduled Trading Day in respect of an Index because one or more Related Exchanges relating to such Index is/are not scheduled to be open; or
- (ii) a Disrupted Day for an Index solely because any Related Exchange relating to such Index fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of an Index because one or more Related Exchanges is/are not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Certificates.

The Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 of the General Conditions of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been a Relevant Day.

## 2. Adjustments to an Index

### (a) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (i) not calculated and announced by or on behalf of the relevant Index Sponsor but is calculated and announced by or on behalf of a successor to the relevant Index 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 relevant Index.

### (b) Modification and Cessation of Calculation of an Index

If (i) on or prior to any Relevant Day, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating an Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an **Index Modification**), or permanently cancels a relevant Index and no Successor Index exists (an **Index Cancellation**), or (ii) on any Relevant Day, the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce an Index (an **Index Disruption** and, together with an Index Modification and an Index Cancellation, each an **Index Adjustment Event**), then the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Certificates and, if so, to either (A) in relation to any Relevant Day, calculate the relevant level for such Index for such day using, *in lieu* of a published level for that Index, the level for that Index as at the relevant time on that Relevant Day, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event or (B) substitute the relevant Index with a replacement index using, in the determination of the Calculation Agent, the same or a substantially similar method of calculation as used in the calculation of such Index (the **Substitute Index**) and the Calculation Agent shall determine the adjustments, if any, to be made to these Conditions and/or the applicable Final Terms to account for such substitution; or
- (ii) cancel the Certificates by giving notice to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the Index Adjustment Event, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

(c) Notice

The Calculation Agent shall, as soon as practicable, notify the Principal Certificate Agent of any determination made by it pursuant to Conditions 2(b) of the Index Linked Conditions above and the action proposed to be taken in relation thereto and the Principal Certificate Agent shall make available for inspection by Certificateholders copies of any such determinations.

**3. Correction of Index levels**

With the exception of any corrections published after the day which is two Business Days prior to the due date for any payment (a **Payment Date**) of any amounts payable under the Certificates (if any), if the level of the Index published on any Relevant Day and used or to be used by the Calculation Agent to determine any such amounts payable under the Certificates, is subsequently corrected and the correction published by the relevant Index Sponsor within 30 days of the original publication, the level to be used shall be the level of the Index as so corrected. Corrections published after the day which is two Business Days prior to the relevant Payment Date will be disregarded by the Calculation Agent for the purposes of determining any such amounts payable under the Certificates.

**4. Additional Disruption Events**

- (a) If an Additional Disruption Event occurs, the Issuer may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine the appropriate adjustment(s), if any, to be made to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for the Additional Disruption Event and determine the effective date(s) of the adjustment(s); or
  - (ii) cancel the Certificates by giving notice to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of such Certificate, on a day selected by the Issuer, taking into account the Additional Disruption Event, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.
- (b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the holders in accordance with Condition 10 of the General Conditions stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

**5. Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then unless previously exercised or cancelled, if on any Mandatory Early Repayment Valuation Date a Mandatory Early Repayment Event occurs, then the Certificates will be automatically cancelled in whole, but not in part, on the Mandatory Early Repayment Date immediately following such Mandatory Early Repayment Valuation Date and the Issuer will pay to each Certificateholder in

respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means (unless otherwise specified in the applicable Final Terms) (A) in case of a single Index, that the level of the Index determined by the Calculation Agent as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date is, and (B) in the case of a Basket of Indices, the amount for the Basket of Indices determined by the Calculation Agent equal to the sum of the value for each Index equal to the product of (i) the level of such Index as determined by the Calculation Agent as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date and (ii) the relevant Weighting is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Mandatory Early Repayment Level.

**Mandatory Early Repayment Level** means (unless otherwise specified in the applicable Final Terms) (A) in respect of a single Index, the level specified for such Index and (B) in respect of a Basket of Indices, the level specified for the Basket of Indices, in the applicable Final Terms.

**Mandatory Early Repayment Valuation Date** means each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the Indices, the immediately succeeding Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day for any of the Indices, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if (a) references in such provisions to "Averaging Date" were to "Mandatory Early Repayment Valuation Date", (b) references to "Settlement Price" in the definition of "Valuation Date" were references to the level of the relevant Index in respect of such Mandatory Early Repayment Valuation Date, (c) references to "Valuation Time" in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Valuation Time" and (d) references to "Settlement Date" in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Date".

**Mandatory Early Repayment Valuation Time** means, in respect of an Index, the time(s) on any Mandatory Early Repayment Valuation Date specified as such in the applicable Final Terms or, if not specified in the applicable Final Terms, the Valuation Time.

## **6. Adjustment and Disruption Definitions**

**Additional Disruption Event** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**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 (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Certificates (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 is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Positions** means any one or more of (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) entered into by the Issuer and/or any of its Affiliates in order to hedge, individually or on a portfolio basis, the Certificates.

**Hedging Shares** means the number of securities/commodities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Certificates.

**Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), PROVIDED THAT any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any security/commodity comprised in an Index that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a security/commodity comprised in an Index, the initial stock loan rate specified in relation to such security/commodity in the applicable Final Terms or, if no such rate is so specified, the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such security/commodity, as the case may be, as of the Trade Date, as determined by the Issuer.

**Loss of Stock Borrow** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any securities/commodities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

**Maximum Stock Loan Rate** means, in respect of a security/commodity comprised in an Index, the Maximum Stock Loan Rate specified for such security/commodity in the applicable Final Terms or, if no such rate is so specified, the lowest rate at which the Issuer and/or any of its Affiliates, after using commercially reasonable efforts, would have incurred to borrow (and maintain a borrowing of) such security/commodity, as the case may be, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

## 7. General Definitions

**Averaging Date** means each date specified as an Averaging Date in the applicable Final Terms or, if any such day is not a Scheduled Trading Day for all the Indices, the immediately succeeding Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day for any of the Indices, then:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Settlement Price PROVIDED THAT if, through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level 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 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 Certificates are Index Linked Certificates relating to a single Index, that Averaging Date shall be the earliest of:
    - (A) the first succeeding Valid Date (as defined below);
    - (B) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of a Disrupted Day would have been that Averaging Date (a **Scheduled Averaging Date**); and
    - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Averaging Date falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day, then (X) that Scheduled Trading Day shall be deemed to be that Averaging Date (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Averaging Date), and (Y) the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below;

- (ii) where the Certificates are Index Linked Certificates relating to a Basket of Indices:
  - (A) where "Move in Block" is specified as applying in the applicable Final Terms, that Averaging Date for all the Indices shall be the earliest of:
    - (1) the first succeeding Valid Date for all the Indices;
    - (2) the Scheduled Trading Day for all the Indices falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and

- (3) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for all the Indices, the immediately preceding Scheduled Trading Day for all the Indices.

If the relevant Averaging Date falls within (2) or (3) above, such Scheduled Trading Day shall be such Averaging Date (irrespective of whether that Scheduled Trading Day is already an Averaging Date) and if the relevant Scheduled Trading Day is a Disrupted Day for an Index (the **Affected Index**), (x) that Scheduled Trading Day shall be deemed to be that Averaging Date for that Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant level for such Affected Index for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of **Valuation Date** below;

- (B) where "Value What You Can" is specified as applying in the applicable Final Terms, that Averaging Date for each Index in respect of which no Disrupted Day has occurred shall be the Scheduled Averaging Date and that Averaging Date for each Index in respect of which a Disrupted Day has occurred (each an **Affected Index**) shall be the earliest of:

- (1) the first succeeding Valid Date for the Affected Index;
- (2) the Scheduled Trading Day for the Affected Index falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and
- (3) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Index, the immediately preceding Scheduled Trading Day for the Affected Index.

If the relevant Averaging Date for an Affected Index falls within (2) or (3) above and the relevant Scheduled Trading Day is a Disrupted Day for that Affected Index, (x) that Scheduled Trading Day shall be deemed to be that Averaging Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day for the Affected Index and irrespective of whether that Scheduled Trading Day is already an Averaging Date) and (y) the Calculation Agent shall determine the relevant level for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below.

For the purposes of these Index Linked Conditions **Valid Date** means, in respect of an Index, a Scheduled Trading Day for such Index that is not a Disrupted Day for such Index and on which another Averaging Date for such Index does not or is not deemed to occur.

**Component Security** means, in respect of a Composite Index, each component security of such Index.

**Composite Index** means any Index specified as such in the applicable Final Terms, or if not specified, any Index the Calculation Agent determines as such.

**Disrupted Day** means:

- (a) in relation to a Composite Index, any Scheduled Trading Day for such Index on which: (i) the relevant Index Sponsor fails to publish the level of such Index; (ii) any Related Exchange for such Index fails to open for trading during its regular trading session; or (iii) a Market Disruption Event in respect of such Index has occurred; and
- (b) in relation to an Index which is not a Composite Index, any Scheduled Trading Day for such Index on which a relevant Exchange or any Related Exchange for such Index fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Index has occurred.

**Early Closure** means:

- (a) in relation to a Composite Index, the closure on any Exchange Business Day for such Index of the Exchange in respect of any Component Security or any Related Exchange for such Index 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: (i) 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; and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Determination Time, Mandatory Early Repayment Valuation Time or Valuation Time, as the case may be, on such Exchange Business Day; and
- (b) in relation to an Index which is not a Composite Index, the closure on any Exchange Business Day for such Index of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of such Index or any Related Exchange(s) for such Index 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 relevant Exchange or Related Exchange system for execution at the relevant Determination Time, Mandatory Early Repayment Valuation Time or Valuation Time, as the case may be, on such Exchange Business Day.

**Exchange** means:

- (a) in relation to a Composite Index, in respect of each Component Security of such Index, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent; and
- (b) in relation to an Index which is not a Composite 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/commodities comprising such Index has temporarily relocated (PROVIDED THAT the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange).

**Exchange Business Day** means:

- (a) in relation to a Composite Index, any Scheduled Trading Day for such Index on which (i) the Index Sponsor for such Index publishes the level of such Index; and (ii) each Related



Exchange for such Index is open for trading during its regular trading session, notwithstanding such Related Exchange closing prior to its Scheduled Closing Time; and

- (b) in relation to an Index which is not a Composite Index, any Scheduled Trading Day for such Index on which each Exchange and each Related Exchange for such Index is open for trading during its respective regular trading session, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Exchange Disruption** means:

- (a) in relation to a Composite 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: (A) any Component Security on the Exchange in respect of such Component Security; or (B) futures or options contracts relating to such Index on any relevant Related Exchange; and
- (b) in relation to an Index which is not a Composite 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 (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s), securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

**Index** and **Indices** mean, subject to adjustment in accordance with these Index Linked Conditions, the index or indices specified in the applicable Final Terms.

**Index Currency** means, in respect of an Index, the currency specified for such Index in the applicable Final Terms.

**Index Sponsor** means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day for such Index, which as of the Issue Date of the Certificates is the index sponsor specified for such Index in the applicable Final Terms.

**Observation Date** means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day for all the Indices, the immediately following Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Indices. If any such day is a Disrupted Day for any of the Indices, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply mutatis mutandis as if (a) references in such provisions to "Averaging Date" were to "Observation Date" and (b) references to "Settlement Price" in the definition of "Valuation Date" were references to the level of the relevant Index in respect of the relevant Observation Date.

**Observation Period** means the period specified as the Observation Period in the applicable Final Terms.

**Related Exchange** means, in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, or 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 THAT where **All Exchanges** is specified as the Related Exchange for such Index 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 Index and an Exchange or Related Exchange and a Scheduled Trading Day for such Index, 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:

- (a) in relation to a Composite Index, any day on which (i) the relevant Index Sponsor is scheduled to publish the level of such Index; (ii) each Related Exchange for such Index is scheduled to be open for trading for its regular trading session and (iii) where the applicable Final Terms specify that the X Percentage applies in relation to such Index, no more than 20 per cent. of the Component Securities that comprise the level of such Index are scheduled to be unavailable for trading on the relevant Exchange(s) by virtue of such day not being a day upon which any such relevant Exchange is scheduled to be open for trading for its regular trading sessions (such unavailable percentage being the **X Percentage**).

For the purposes of determining the X Percentage, the relevant percentage contribution of each Component Security unavailable for trading shall be based on a comparison of (a) the portion of the level of that Index to that Component Security relative to (b) the overall level of that Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market "opening data"; and

- (b) in relation to an Index which is not a Composite Index, any day on which each Exchange and each Related Exchange for such Index are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date.

**Settlement Price** means, unless otherwise specified in the applicable Final Terms and as referred to in "Valuation Date" below or "Averaging Date" above, as the case may be:

- (a) in the case of Index Linked Certificates relating to a Basket of Indices, either (i) an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the sum of the values calculated for each Index as the official closing level for each Index, as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of each Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date, multiplied by the relevant Weighting (the **Basket Settlement Price**) or (ii) and in relation to an Index and the Valuation Date or an Averaging Date, as the case may be, an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level for such Index as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of such Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (A) if Averaging is not specified as

applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date (the **Per Index Settlement Price**), as specified in the applicable Final Terms; and

- (b) in the case of Index Linked Certificates relating to a single Index, an amount (which, if an Index Currency is specified in the applicable Final Terms, shall be deemed to be a monetary amount in the Index Currency) equal to the official closing level of the Index, as determined by the Calculation Agent (or, if so specified in the applicable Final Terms, the level of the Index determined by the Calculation Agent as set out in the applicable Final Terms at the Valuation Time) on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date.

**Specified Maximum Days of Disruption** means eight (8) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

**Trading Disruption** means:

- (a) in the case of a Composite 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 any Related Exchange; and
- (b) in the case of an Index which is not a Composite 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 either (a) relating to securities/commodities that comprise 20 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange.

**Valuation Date** means the date, specified in the applicable Final Terms or, if such day is not a Scheduled Trading Day for all the Indices, the immediately succeeding Scheduled Trading Day for all the Indices unless, in the opinion of the Calculation Agent, such day is a Disrupted Day for any of the Indices.

If such day is a Disrupted Day for any of the Indices, then:

- (a) where the Certificates are Index Linked Certificates relating to a single Index, the Valuation Date shall be the earliest of:
  - (i) the first succeeding Scheduled Trading Day that is not a Disrupted Day;
  - (ii) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (iii) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the Valuation Date falls within (ii) or (iii) above and the relevant Scheduled Trading Day is a Disrupted Day, (A) that Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (B) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price by determining

the level of the Index as of the Valuation Time on that Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that Scheduled Trading Day of each security/commodity) comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity) on that Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity) as of the Valuation Time on that Scheduled Trading Day); or

- (b) where the Certificates are Index Linked Certificates relating to a Basket of Indices,
  - (i) where "Move in Block" is specified as applying in the applicable Final Terms, the Valuation Date for all the Indices shall be the earliest of:
    - (A) the first succeeding Scheduled Trading Day for all the Indices that is not a Disrupted Day for any of the Indices;
    - (B) the Scheduled Trading Day for all the Indices falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
    - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for all the Indices, the immediately preceding Scheduled Trading Day for all the Indices.

If the Valuation Date falls within (B) or (C) above, such Scheduled Trading Day shall be the Valuation Date and if the relevant Scheduled Trading Day is a Disrupted Day for an Index (the **Affected Index**), (x) that Scheduled Trading Day shall be deemed the Valuation Date for that Affected Index (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the level of the Affected Index as set out in sub-paragraph (iii) below.

- (ii) where "Value What You Can" is specified as applying in the applicable Final Terms, the Valuation Date for each Index in respect of which no Disrupted Day has occurred shall be the Scheduled Valuation Date and the Valuation Date for each Index in respect of which a Disrupted Day has occurred (each an **Affected Index**) shall be the earliest of:
  - (A) the first succeeding Scheduled Trading Day for the Affected Index that is not a Disrupted Day for the Affected Index;
  - (B) the Scheduled Trading Day for the Affected Index falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Index, the immediately preceding Scheduled Trading Day for the Affected Index.

If the Valuation Date for an Affected Index falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Index, (i) that Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index (notwithstanding the fact that such day is a Disrupted Day for the Affected

Index) and (ii) the Calculation Agent shall determine the level of the Affected Index as set out in sub-paragraph (iii) below.

- (iii) the Calculation Agent shall determine the relevant level for the purposes of sub-paragraphs (i) and (ii) above 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 that Scheduled Trading Day determined in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day relating to the Affected Index using the Exchange traded or quoted price as of the Valuation Time on that Scheduled Trading Day of each security/commodity comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity) on that Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity) as of the Valuation Time on that Scheduled Trading Day) and otherwise in accordance with the above provisions.

**Valuation Time** means the Relevant Time specified in the applicable Final Terms or, if no such time is so specified:

- (a) in relation to a Composite Index, (i) for the purposes of determining whether a Market Disruption Event in respect of such Index has occurred: (A) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or future 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 such Index is calculated and published by the relevant Index Sponsor; and
- (b) in relation to an Index which is not a Composite Index, the Scheduled Closing Time on the Exchange for such Index on the relevant Scheduled Trading Day. 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.

**Weighting** means, in respect of the Certificates linked to a Basket of Indices and in respect of an Index, the weighting for such Index specified in the applicable Final Terms.

## ANNEX 2

### ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED CERTIFICATES

*The terms and conditions applicable to Inflation Linked Certificates shall comprise the General Conditions and the additional terms and conditions set out below (the **Inflation Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Inflation Linked Conditions set out below, the Inflation Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Inflation Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

#### 1. Delay in Publication

(a) If the Calculation Agent determines, in respect of an Index and a Payment Date, that the level of such Index for a Reference Month (an **Underlying Level**) has not been published or announced by the Valuation Date for such Payment Date, the Calculation Agent shall determine the level of such Index for such Reference Month (the **Substitute Index Level**) in place of such Underlying Level by using the following methodology:

- (i) if applicable, the Calculation Agent will take the same action to determine the Substitute Index Level for the Affected Payment Date as that taken by the calculation agent pursuant to the terms and conditions of any relevant Related Bond; or
- (ii) if the Calculation Agent is not able to determine a Substitute Index Level under Condition 1(a)(i) of the Inflation Linked Conditions above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$(\text{Substitute Index Level} = \text{Base Level} \times (\text{Latest Level}/\text{Reference Level}); \text{ or}$$

- (iii) otherwise in accordance with any formula or provisions specified in the applicable Final Terms.

where:

**Base Level** means, in respect of an Index, the level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

**Latest Level** means, in respect of an Index, the latest level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

**Reference Level** means, in respect of an Index, the level of such Index (excluding any "flash" estimates) published or announced by the relevant Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall promptly give notice to the Certificateholders in accordance with Condition 10 of the General Conditions of any Substitute Index Level.

- (b) If an Underlying Level in respect of a Payment Date is published or announced at any time after the Valuation Date for such Payment Date, such Underlying Level will not be used in any calculations. The Substitute Index Level determined pursuant to Condition 1(a) of the Inflation Linked Conditions above will be the definitive level for that Reference Month.

## 2. Cessation of Publication

If the Calculation Agent determines that the level of an Index has not been published or announced for two consecutive months or such other period as is specified in the applicable Final Terms (the Terms (the **Period of Cessation of Publication**)) and/or the relevant Index Sponsor announces that it will no longer continue to publish or announce such Index and/or the relevant Index Sponsor cancels the relevant Index then the Calculation Agent shall determine a successor index (a **Successor Index**) (in lieu of any previously applicable Index) for the purposes of the Certificates by using the following methodology:

- (i) if a successor index has been designated by the calculation agent pursuant to the terms and conditions of any relevant Related Bond, such successor index shall be designated the "Successor Index" for the purposes of all Payment Dates on and after the Affected Payment Date in relation to the Certificates, notwithstanding that any other Successor Index may previously have been determined pursuant to Conditions 2(ii) or 2(iii) of the Inflation Linked Conditions below;
- (ii) if a Successor Index is not determined pursuant to Condition 2(i) of the Inflation Linked Conditions above and a notice has been given or an announcement has been made by the relevant Index Sponsor specifying that such Index will be superseded by a replacement index specified by the relevant Index Sponsor and the Calculation Agent determines that such replacement Index is calculated and announced using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Index, such replacement index shall be the "Successor Index" for the purposes of the Certificates from the date that such Successor Index comes into effect;
- (iii) if a Successor Index is not determined pursuant to Condition 2(i) or 2(ii) of the Inflation Linked Conditions above prior to the Valuation Date in respect of each succeeding Affected Payment Date, the Calculation Agent will determine an appropriate alternative index for such Affected Payment Date and such index will be deemed to be the "Successor Index"; or
- (iv) if the Calculation Agent determines that there is no appropriate alternative index, there will be deemed to be no Successor Index (an **Inflation Index Cancellation**) and the Issuer shall cancel each Certificate on the date notified by the Issuer to Certificateholders in accordance with Condition 10 of the General Conditions at its fair market value, on a day selected by the Issuer, taking into account the Inflation Index Cancellation, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

If a Successor Index is determined in accordance with the above, the Calculation Agent may make appropriate adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary, or appropriate to account for such replacement and determine the effective date(s) of the adjustment(s) to the Certificates.

Notice of the determination of a Successor Index and the date from which such index becomes the Successor Index and any relevant adjustment(s) to the terms of these Conditions and/or the applicable Final Terms or an Inflation Index Cancellation will be given to the Certificateholders by the Issuer in accordance with Condition 10 of the General Conditions.

### 3. Revised Index Levels and Manifest Error in Publication

- (a) In relation to an Index, either (i) the first publication and announcement of a level of such Index for a Reference Month shall final and conclusive and later revisions to the level for such Reference Month will not be used in any calculations (**No Revision**) or (ii) the first publication or announcement of a level of such Index, or, if revised, any subsequent revisions of such level for a Reference Month shall be final and conclusive, PROVIDED THAT such revisions are published or announced up to and including the relevant Revision Cut-off Date (**Revision**), as specified in the applicable Final Terms PROVIDED THAT if neither "No Revision" nor "Revision" is so specified, "No Revision" shall be deemed to apply.
- (b) If, in respect of a Payment Date and an Underlying Level in respect of such Payment Date, the Calculation Agent determines that the relevant Index Sponsor has corrected such Underlying Level to correct a manifest error prior to the earlier of thirty days of publication of such Underlying Level and the Manifest Error Cut-off Date for such Payment Date the Calculation Agent may use such corrected Underlying Level to calculate any payments under the Certificates in respect of such Payment Date. Corrections published after the Manifest Error Cut-off Date in respect of such Payment Date will be disregarded by the Calculation Agent for the purposes of determining any payments under the Certificates.

### 4. Rebasing

If the Calculation Agent determines that an Index has been or will be rebased at any time, such Index as so rebased (the **Rebased Index**) will be used for purposes of determining any Underlying Level in respect of such Index from the date of such rebasing; provided, however, that the Calculation Agent shall make (A) such adjustments as are made by the calculation agent pursuant to the terms and conditions of any relevant Related Bond to the levels of such Rebased Index so that such Rebased Index levels reflect the same rate of inflation as the Index before it was rebased and/or (B) if there is no Related Bond, the Calculation Agent shall make such adjustments to the levels of such Rebased Index so that such Rebased Index levels reflect the same rate of inflation as the relevant Index before it was rebased and, in each case, the Issuer may make appropriate adjustment(s) to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for such rebasing and determine the effective date(s) of the adjustment(s) to the Certificates. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Issuer may cancel each Certificate on a date notified by the Issuer to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the rebasing, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

Notice of any adjustment, cancellation or determination pursuant to this Condition shall be given to Certificateholders in accordance with Condition 10 of the General Conditions.

### 5. Material Modification Prior to Payment Date

If, on or prior to the Valuation Date in respect of any Payment Date, an Index Sponsor announces that it will make a material change to an Index, the Calculation Agent shall (A) make appropriate adjustment(s) to the terms of these Conditions and/or the applicable Final Terms, consistent with any adjustments made to any relevant Related Bond as the Calculation Agent determines necessary or



appropriate to account for such change to such Index and determine the effective date(s) of the adjustment(s) to the Certificates, or (B) if there is no Related Bond, make only those adjustments to the terms of the Certificates as the Calculation Agent determines necessary for the modified Index to continue as the Index. If the Calculation Agent determines that neither (A) nor (B) above would produce a commercially reasonable result, the Issuer may cancel each Certificate on a date notified by the Issuer to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the change to the Index, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

Notice of any adjustment, cancellation or determination pursuant to this Condition shall be given to Certificateholders in accordance with Condition 10 of the General Conditions.

## **6. Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then unless previously exercised or cancelled, if a Mandatory Early Repayment Event occurs, the Certificates will be automatically cancelled in whole, but not in part, on the relevant Mandatory Early Repayment Date and the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payment will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means the event specified in the applicable Final Terms.

## **7. Change in Law**

Unless previously exercised or cancelled, if a Change in Law occurs, the Issuer may cancel each Certificate on a date notified by the Issuer to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the Change in Law, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and, upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**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 (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines (X) that it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Certificates (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 Positions** means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, the Certificates.

## 8. Definitions

**Affected Payment Date** means each Payment Date in respect of which an Index has not been published or announced.

**Fallback Bond** means, in respect of an Index, a bond selected by the Calculation Agent. The Calculation Agent may determine such bond by reference to the following criteria: a bond which is and issued by the government of the country to whose level of inflation the relevant Index relates and which pays a coupon or redemption amount which is calculated by reference to such Index, with a maturity date which falls on (a) the same day as the End Date as specified in the applicable Final Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Index relates to the level of inflation across the European Monetary Union, the Calculation Agent may select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent may select the Fallback Bond from those inflation linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond may be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent may select a new Fallback Bond on the same basis, but selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

**Index** or **Indices** means the index or indices specified in the applicable Final Terms and any Successor Index as nominated pursuant to these Inflation Linked Conditions.

**Index Sponsor** means, in relation to an Index, the entity that publishes or announces (directly or through an agent) the level of such Index.

**Manifest Error Cut-off Date** means, in respect of a Payment Date, two Business Days prior to such Payment Date, unless otherwise specified in the applicable Final Terms.

**Payment Date** means each date specified as such in the applicable Final Terms or if none is so specified, the Settlement Date.

**Rebased Index** has the meaning given to it under Condition 4 of the Inflation Linked Conditions above.

**Reference Month** means, in respect of an Index, the calendar month for which the level of such Index was reported, regardless of when this information is published or announced. If the period for which the Index level was reported is a period other than a month, the Reference Month shall be the period for which the Index level was reported.

**Related Bond** means, in respect of an Index, the bond specified as such in the applicable Final Terms or, if no bond is so specified, the Fallback Bond. If the relevant Related Bond specified in the applicable Final Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If "Related Bond: Not Applicable" is specified in the applicable Final Terms and "Fallback Bond: Not Applicable" is specified in the applicable Final Terms there will be no Related Bond. If a bond is selected as the Related Bond in the applicable Final Terms and that bond redeems or matures before the End Date, unless "Fallback Bond: Not Applicable" is specified in the applicable Final Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination.

**Revision Cut-off Date** means, in respect of an Index and a level of such Index for a Reference Month, the day that is two Business Days prior to any relevant Payment Date or such other cut-off date as is specified in the applicable Final Terms.

**Successor Index** has the meaning given to it under Condition 2 of the Inflation Linked Conditions above.

**Substitute Index Level** has the meaning given to it under Condition 1 of the Inflation Linked Conditions above.

**Underlying Level** has the meaning given to it under Condition 1 of the Inflation Linked Conditions above.

**Valuation Date** means, in respect of a Payment Date, five Business Days prior to such Payment Date, unless otherwise stated in the applicable Final Terms.

**ANNEX 3**  
**ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED CERTIFICATES**

*The terms and conditions applicable to Certificates linked to a commodity or commodities shall comprise the General Conditions and the additional terms and conditions set out below (the **Commodity Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Commodity Linked Conditions, the Commodity Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Commodity Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

**1. Market Disruption**

**(a) Definition**

**Market Disruption Event** means an event that, if applicable to the Certificates, would give rise, in accordance with an applicable Disruption Fallback, to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price or the cancellation of the Certificates were the event to occur or exist on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source).

Each of "Price Source Disruption", "Trading Disruption", "Disappearance of Commodity Reference Price", "Material Change in Formula", "Material Change in Content" and "Tax Disruption" as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 1(b) of the Commodity Linked Conditions below shall be a Market Disruption Event.

**(b) Deemed Market Disruption Events**

If no Market Disruption Events are specified in the applicable Final Terms, the following Market Disruption Events will be deemed to have been specified:

- (i) in respect of a Commodity other than a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity: (A) "Price Source Disruption", (B) "Trading Disruption", (C) "Disappearance of Commodity Reference Price", (D) "Material Change in Formula" and (E) "Material Change in Content"; and
- (ii) in respect of a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity, (A) "Price Source Disruption", (B) "Trading Disruption" and (C) "Disappearance of Commodity Reference Price".

**(c) If the Calculation Agent determines that a Market Disruption Event applicable to the Certificates has occurred or exists on a day that is a Pricing Date, the Relevant Price for that Pricing Date will be determined in accordance with the first applicable Disruption Fallback (applied in accordance with its terms) that provides the Relevant Price or, if there is no such Relevant Price, the first applicable Disruption Fallback that provides for the cancellation of the Certificates.**

The Calculation Agent shall, as soon as practicable, notify the Issuer and the Principal Certificate Agent if it has determined that a Market Disruption Event has occurred and the Principal Certificate Agent shall make available for inspection by holders copies of any such determinations.

## 2. **Disruption Fallbacks**

### (a) Definition

**Disruption Fallback** means the source or method that, if applicable to the Certificates, may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price or the cancellation of the Certificates when a Market Disruption Event occurs or exists on a day that is a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source).

Each of "Fallback Reference Dealers", "Fallback Reference Price", "Cancellation", "Postponement", "Calculation Agent Determination" and "Delayed Publication and Announcement" or such other events as specified in the applicable Final Terms or as deemed to be specified pursuant to Condition 2(b) of the Commodity Linked Conditions below shall be a Disruption Fallback.

### (b) Deemed Disruption Fallbacks

If no Disruption Fallbacks are specified in the applicable Final Terms, the following Disruption Fallbacks will be deemed to have been specified (in the following order): (A) "Fallback Reference Price" (if an alternate Commodity Reference Price is specified in the applicable Final Terms), (B) "Delayed Publication or Announcement" and "Postponement" (each to operate concurrently with the other and each subject to two Commodity Business Days as the applicable Maximum Days of Disruption PROVIDED THAT the price determined by "Postponement" shall be the Relevant Price only if "Delayed Publication or Announcement" does not yield a Relevant Price within the Maximum Days of Disruption), (C) "Calculation Agent Determination" and (D) "Cancellation".

### (c) Cancellation

If a Market Disruption Event occurs or exists on a day that would otherwise be a Pricing Date (or, if different, the day on which prices for that Pricing Date would, in the ordinary course, be published or announced by the relevant Price Source) and none of the applicable Disruption Fallbacks provides the parties with a Relevant Price, the Issuer will cancel the Certificates by giving notice to the Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of a Certificate, on a day selected by the Issuer, taking into account the lack of the Relevant Price, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

## 3. **Correction of Published Prices**

With the exception of any corrections published after the day which is two Business Days prior to the due date for any payment (a **Payment Due Date**) of any amounts payable under the Certificates (if any), if the price published or announced on a given day and used or to be used by the Calculation Agent to determine any such amounts payable under the Certificates is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 days of the original publication or announcement, the price to be used shall be such price as so corrected. Corrections published after the day which is two Business Days prior to the relevant Payment Due Date will be disregarded by the Calculation Agent for the purposes of determining any such amounts payable under the Certificates.

#### 4. **Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms, then unless previously exercised or cancelled, if a Mandatory Early Repayment Event occurs, the Certificates will be automatically cancelled in whole, but not in part, on the relevant Mandatory Early Repayment Date and the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payment will be made in such manner and on such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means the event specified in the applicable Final Terms.

#### 5. **Definitions**

**Calculation Agent Determination** means that the Calculation Agent will determine the Relevant Price (or method for determining a Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that it deems relevant.

**Cancellation** means that the Certificates will be cancelled in accordance with the provisions of Condition 2(c) of the Commodity Linked Conditions above.

**Commodity** means the commodity (or commodities) specified in applicable Final Terms.

**Commodity Business Day** means:

- (a) in respect of a Commodity (other than a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity):
  - (i) where the Commodity Reference Price for such Commodity is a price announced or published by an Exchange, any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding that Exchange closing prior to its scheduled closing time; and
  - (ii) where the Commodity Reference Price for such Commodity is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price; and
- (b) in respect of a Commodity which is specified in the applicable Final Terms to be a Bullion Commodity, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and New York City or as otherwise specified in the applicable Final Terms.

**Commodity Business Day Convention** means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Commodity Business Day. The following terms, when

used in conjunction with the term "Commodity Business Day Convention" and a date, will mean that an adjustment will be made if that date would otherwise fall on a day that is not a Commodity Business Day so that:

- (a) if "Following" is specified, that date will be the first following day that is a Commodity Business Day;
- (b) if "Modified Following" or "Modified" is specified, that date will be the first following day that is a Commodity 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 Commodity Business Day;
- (c) if "Nearest" is specified, that date will be the first preceding day that is a Commodity Business Day if the relevant date otherwise falls on a day other than a Sunday or a Monday and will be the first following day that is a Commodity Business Day if the relevant date otherwise falls on a Sunday or a Monday; and
- (d) if "Preceding" is specified, that date will be the first preceding day that is a Commodity Business Day.

**Commodity-Reference Dealers** means, in respect of a Commodity, that the price for a Pricing Date will be determined on the basis of quotations provided by Reference Dealers on that Pricing Date of that day's Specified Price for a Unit of such Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that Pricing Date will be the arithmetic mean of the Specified Prices for such Commodity provided by each Reference Dealer, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations are provided as requested, the price for that Pricing Date will be the Specified Price provided by the relevant Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values. For this purpose, if more than one quotation has the same highest or lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the Pricing Date cannot be determined.

**Commodity Reference Price** means, in respect of any Commodity and for the purposes of determining a Relevant Price, the relevant commodity reference price for such Commodity specified in the applicable Final Terms.

**Common Pricing** means, with respect to Certificates linked to two or more Commodities and Commodity Reference Prices:

- (i) if "Common Pricing" is specified as "Applicable" in the applicable Final Terms, then 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, as determined on the Trade Date of the Certificates as of the Issue Date;

- (ii) if "Common Pricing" is specified as "Not Applicable" in the applicable Final Terms, then if the Calculation Agent determines that a Market Disruption Event has occurred or exists on a Pricing Date in respect of any Commodity (each an **Affected Commodity**), the Relevant Price of each Commodity which is not affected by the occurrence of a Market Disruption Event shall be determined on the relevant 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.

**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 consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

**Delivery Date** means, in respect of a Commodity Reference Price, the relevant date or month for delivery of the underlying Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (a) if a date is, or a month and year are, specified in the applicable Final Terms, that date or that month and year;
- (b) if a Nearby Month is specified in the applicable Final Terms, the month of expiration of the relevant Futures Contract; and
- (c) if a method is specified in the applicable Final Terms for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method.

**Disappearance of Commodity Reference Price** means (A) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange or (B) the disappearance of, or of trading in, the relevant Commodity or (C) 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 relevant Commodity.

**Exchange** means, in relation to a Commodity, each exchange or principal trading market for such Commodity specified in the applicable Final Terms or any successor to such exchange or principal trading market.

**Fallback Reference Dealers** means that the Relevant Price will be determined in accordance with Commodity Reference Price, "Commodity-Reference Dealers".

**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 referred to in that Commodity Reference Price.

**Material Change in Formula** means the occurrence since the Trade Date of a material change in the formula for or the method of calculating the relevant Commodity Reference Price.



**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 the relevant Futures Contract.

**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 that numerical adjective, so that, for example, (A) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following that Pricing Date and (B) "Second Nearby Month" means the month of expiration of the second Futures Contract to expire following that Pricing Date etc.

**Postponement** means, in respect of a Pricing Date, that such Pricing Date will be deemed, for purposes of the application of this Disruption Fallback only, 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 (measured from and including the original day that would otherwise have been such Pricing Date) for consecutive Commodity Business Days equal in number to the Specified Maximum Days of Disruption. In that case, the next Disruption Fallback specified in the applicable Final Terms will apply.

**Pricing Date** means each date specified as such in the applicable Final Terms (or determined pursuant to a method specified for such purpose), such date(s) being subject to the provisions of the Commodity Business Day Convention specified in the applicable Final Terms.

**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 applicable Final Terms or any successor.

**Price Source Disruption** means (A) 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, (B) the temporary or permanent discontinuance or unavailability of the Price Source or (C) if a Commodity Reference Price is "Commodity-Reference Dealers", the failure to obtain at least three quotations as requested from the relevant Reference Dealers.

**Reference Dealers** means the four dealers specified in the applicable Final Terms or, if four dealers are not so specified, four leading dealers in the relevant market selected by the Calculation Agent.

**Relevant Price** means, in respect of a Commodity and a Pricing Date, the price, expressed as a price per Unit, determined with respect to that day for the relevant Commodity Reference Price.

**Specified Maximum Days of Disruption** means the number of Commodity Business Days specified in the applicable Final Terms or, if no such number is so specified, five Commodity Business Days.

**Specified Price** means, in respect of a Commodity Reference Price, the price (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) specified in the applicable Final Terms (and, if applicable, as of the time so specified).

**Tax Disruption** means the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to, the relevant Commodity (other than a tax on, or measured by reference to overall gross or net income) by any government or taxation authority after the Trade Date, if the direct effect of such imposition, change or removal is to raise or lower the Relevant Price on the day that would otherwise be a Pricing Date from what it would have been without that imposition, change or removal.

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

**Trading Disruption** means the material suspension of, or the material limitation imposed on, trading in the relevant Futures Contract or the relevant Commodity on the relevant Exchange or in any additional futures contract, options contract or commodity on any Exchange as specified in the applicable Final Terms. For these purposes:

- (a) a suspension of the trading in the relevant Futures Contract or the relevant Commodity on any Commodity Business Day shall be deemed to be material only if:
  - (i) all trading in the relevant Futures Contract or the relevant Commodity is suspended for the entire Pricing Date; or
  - (ii) all trading in the relevant Futures Contract or the relevant 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 Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the relevant Futures Contract or the relevant 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 relevant Futures Contract or the relevant Commodity may fluctuate and the closing or settlement price of the relevant Futures Contract or the relevant Commodity on such day is at the upper or lower limit of that range.

**Unit** means, in respect of a Commodity, the unit of measure of such Commodity, as specified in the relevant Commodity Reference Price or the applicable Final Terms, as the case may be.

**ANNEX 4**  
**ADDITIONAL TERMS AND CONDITIONS FOR SHARE LINKED CERTIFICATES**

*The terms and conditions applicable to Certificates linked to a share or shares shall comprise the General Conditions and the additional terms and conditions set out below (the **Share Linked Conditions**), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the General Conditions and the Share Linked Conditions, the Share Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the General Conditions and/or the Share Linked Conditions and (ii) the Final Terms, the Final Terms shall prevail.*

**1. Market Disruption**

**Market Disruption Event** means, in respect of a Share:

- (a) the occurrence or existence at any time during the one hour period that ends (x) in relation to an Observation Date, at the Observation Time or, if the Observation Time is specified to be "at any time" in the applicable Final Terms, at the time at which the price of the Share is being determined (the **Determination Time**), (y) for the purposes of the occurrence of a Mandatory Early Repayment Event, ends at the relevant Mandatory Early Repayment Valuation Time or, if the Mandatory Early Repayment Valuation Time is specified to be "at any time" in the applicable Final Terms, the Determination Time, or (z) in all other circumstances, at the Valuation Time for such Share:
  - (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 any Related Exchange or otherwise:
    - (A) relating to the Share on the relevant Exchange; or
    - (B) in futures or options contracts relating to the Share on any relevant Related Exchange; or
  - (ii) of any event (other than as described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions, in or obtain market values for, the Share on the relevant Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share on any relevant Related Exchange; or
- (b) 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 such Related Exchange(s), 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(s) or such Related Exchange(s) on such Exchange Business Day and (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time, the Observation Time, the Determination Time or the Mandatory Early Repayment Valuation Time, as the case may be, on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

If the Calculation Agent determines that it is not material that any day in respect of which the Calculation Agent is required to determine the price of a Share (a **Relevant Day**) is:

- (iii) not a Scheduled Trading Day for a Share because one or more Related Exchanges relating to such Share is/are not scheduled to be open; or
- (iv) a Disrupted Day for a Share solely because any Related Exchange relating to such Share fails to open,

the Calculation Agent shall have the discretion to determine such day to be the Relevant Day (notwithstanding the fact that such day is not a Scheduled Trading Day in respect of a Share because one or more Related Exchanges is/are not scheduled to be open or is a Disrupted Day solely because any Related Exchange fails to open).

In determining what is "material", the Calculation Agent shall have regard to such circumstances as it deems appropriate, which may include (but are not limited to) the Issuer's hedging arrangements in respect of the Certificates.

The Issuer shall give notice as soon as practicable to Certificateholders in accordance with Condition 10 of the General Conditions of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Relevant Day.

## **2. Adjustment Events and Additional Disruption Events**

If an Adjustment Event or an Additional Disruption Event occurs, the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to (i) make such adjustment(s), if any, to the terms of these Conditions and/or the applicable Final Terms as the Calculation Agent determines necessary or appropriate to account for the Adjustment Event or the Additional Disruption Event, as the case may be, and such adjustment may include, if "Share Substitution" is specified as applying in the applicable Final Terms, the substitution of the Share the subject of the Adjustment Event (the **Substituted Share**) by a share (the **New Share**) selected by the Calculation Agent from the Reference Index, and (ii) determine the effective date(s) of the adjustment(s) to the Certificates. If "Share Substitution" is specified as applying in the applicable Final Terms, and the Calculation Agent selects a New Share in substitution for the Substituted Share, the Issuer shall make such other adjustments to the terms of the Certificates as it deems appropriate. The Calculation Agent may (but need not) determine necessary or appropriate adjustment(s) by reference to the adjustment(s) in respect of such Adjustment Event or Additional Disruption Event, as the case may be, made by any Related Exchange to options contracts or futures contracts on the relevant Share traded on such Related Exchange. The Calculation Agent shall make all adjustments arising from an Adjustment Event or Additional Disruption Event, as the case may be, in such a way as to ensure that the direct economic link between the value of the Shares and the value of the Certificates is preserved; or
- (ii) cancel the Certificates by giving notice to Certificateholders in accordance with Condition 10 of the General Conditions. If the Certificates are so cancelled, the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the fair market value of such Certificate, on a day selected by the Issuer, taking into account the Adjustment Event or the Additional Disruption Event, as the case may be, less (except in the case of Certificates listed on the Italian Stock Exchange) the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent. Payments will be made in such manner and subject to

such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

Upon the occurrence of an Adjustment Event or an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Certificateholders in accordance with Condition 10 of the General Conditions stating the occurrence of the Adjustment Event or the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

### 3. **Correction of Share prices**

With the exception of any corrections published after the day which is two Business Days prior to the due date for any payment (a **Payment Date**) of any amounts payable under the Certificates (if any), if the price of a Share published on any Relevant Day and used or to be used by the Calculation Agent to determine any such amounts payable under the Certificates, is subsequently corrected and the correction published within 30 days of the original publication, the level to be used shall be the price of the Share as so corrected. Corrections published after the day which is two Business Days prior to the relevant Payment Date will be disregarded by the Calculation Agent for the purposes of determining any such amounts payable under the Certificates.

### 4. **Mandatory Early Repayment Event**

If "Mandatory Early Repayment Event" is specified as applicable in the applicable Final Terms then, unless previously exercised or cancelled, if on any Mandatory Early Repayment Valuation Date, a Mandatory Early Repayment Event occurs, the Certificates will be automatically cancelled in whole, but not in part, on the Mandatory Early Repayment Date immediately following such Mandatory Early Repayment Valuation Date and the Issuer will pay to each Certificateholder in respect of each Certificate held by such holder an amount equal to the relevant Mandatory Early Repayment Amount. Payment will be made in such manner and subject to such conditions as shall be notified to the Certificateholders in accordance with Condition 10 of the General Conditions and upon such payment in respect of such Certificate, the Issuer's obligations in respect thereof shall be discharged.

**Mandatory Early Repayment Amount** means, in respect of a Certificate and a Mandatory Early Repayment Event, the amount specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Date** means, in respect of a Mandatory Early Repayment Event, the date specified for such Mandatory Early Repayment Event in the applicable Final Terms.

**Mandatory Early Repayment Event** means (unless otherwise specified in the applicable Final Terms) (A) in case of a single Share, that the price quoted on the relevant Exchange for such Share as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date is, and (B) in the case of a Basket of Shares, the amount for the Basket of Shares determined by the Calculation Agent equal to the sum of the value for each Share equal to the product of (i) the price of such Share quoted on the relevant Exchange for such Share as of the Mandatory Early Repayment Valuation Time on any Mandatory Early Repayment Valuation Date and (ii) the relevant Weighting is, as specified in the applicable Final Terms, (i) "greater than", (ii) "greater than or equal to", (iii) "less than" or (iv) "less than or equal to" the Mandatory Early Repayment Level

PROVIDED THAT if, in the opinion of the Calculation Agent, any such price cannot be so determined and the relevant Mandatory Early Repayment Valuation Date is not a relevant Disrupted Day, such price shall be an amount determined by the Calculation Agent to be equal to the arithmetic

mean of the fair market buying price for such Share at the Mandatory Early Repayment Valuation Time on such Mandatory Early Repayment Valuation Date and the fair market selling price for such Share at the Mandatory Early Repayment Valuation Time on such Mandatory Early Repayment Valuation Date based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Share or on such other factors as the Calculation Agent shall decide.

**Mandatory Early Repayment Level** means (unless otherwise specified in the applicable Final Terms) (A) in respect of a single Share, amount specified for such Share or (B) in respect of a Basket of Shares, the amount specified for the Basket of Shares, in the applicable Final Terms.

**Mandatory Early Repayment Valuation Date** means each date specified as such in the applicable Final Terms or, if any such date is not a Scheduled Trading Day for all the Shares, the immediately succeeding Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Shares. If any such day is a Disrupted Day for any of the Shares, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms, the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if (a) references in such provisions to "Averaging Date" were to "Mandatory Early Repayment Valuation Date", (b) and references to "Settlement Price" in the definition of "Valuation Date" were references to the price of such Share in respect of that Mandatory Early Repayment Valuation Date, (c) references to Valuation Time in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Valuation Time" and (d) references to "Settlement Date" in the definitions of "Averaging Date" and "Valuation Date" were references to "Mandatory Early Repayment Date".

**Mandatory Early Repayment Valuation Time** means, in respect of a Share, the time(s) on any Mandatory Early Repayment Valuation Date specified as such in the applicable Final Terms or, if not specified in the applicable Final Terms, the Valuation Time.

## 5. Adjustment and disruption definitions

**Additional Disruption Event** means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case, if specified in the applicable Final Terms.

**Adjustment Event** means, in relation to a Share, De-listing, Merger Event, Nationalisation, Insolvency, Tender Offer or Potential Adjustment Event.

**Basket Company** means a company whose shares are included in the Basket of Shares and **Basket Companies** means all such companies.

**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 (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any relevant Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Certificates (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).

**De-listing** means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not (or will not be) 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 any member state of the European Union) or another exchange or quotation system located in another country which exchange or quotation system and country is deemed acceptable by the Calculation Agent.

**Hedging Disruption** means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

**Hedging Positions** means any one or more of (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) entered into by the Issuer and/or any of its Affiliates in order to hedge, individually or on a portfolio basis, the Certificates.

**Hedging Shares** means the number of Shares that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Certificates.

**Increased Cost of Hedging** means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Certificates, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), PROVIDED THAT any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

**Increased Cost of Stock Borrow** means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Share that is greater than the Initial Stock Loan Rate.

**Initial Stock Loan Rate** means, in respect of a Share, the initial stock loan rate specified in relation to such Share in the applicable Final Terms or, if no such rate is so specified, the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such Share, as of the Trade Date, as determined by the Issuer.

**Insolvency** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Basket Company or Share Company, as the case may be, (i) all the Shares of that Basket Company or Share Company, as the case may be, are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or Share Company, as the case may be, become legally prohibited from transferring them.

**Insolvency Filing** means that a Share Company or Basket Company, as the case may be, institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, PROVIDED THAT

proceedings instituted or petitions presented by creditors and not consented to by the Share Company or Basket Company, as the case may be, shall not be deemed an Insolvency Filing.

**Loss of Stock Borrow** means that the Issuer and/or any of its 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 relation to such Share in the applicable Final Terms or, if no such rate is so specified, the lowest rate at which the Issuer and/or any of its Affiliates, after using commercially reasonable efforts, would have incurred to borrow (and maintain a borrowing of) such Share in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

**Merger Date** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**Merger Event** means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, or (ii) consolidation, amalgamation, merger or binding share exchange of a Basket Company or Share Company, as the case may be, with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such 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 Shares of the Basket Company or Share Company, as the case may be, that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Basket Company or its subsidiaries or the Share Company or its subsidiaries, as the case may be, with or into another entity in which the Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before (a) in the case of Cash Settled Certificates, the last occurring Relevant Day or (b) in the case of Physical Delivery Certificates, the Settlement Date.

**Nationalisation** means that all the Shares or all or substantially all the assets of a Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

**Potential Adjustment Event** means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) 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 Basket Company or Share Company, as the case may be, equally or proportionately with such payments to holders of such Shares or (c) share capital or other securities of another share issuer acquired or owned (directly or indirectly) by the Basket Company or Share Company, as the case may be, as a result of a spin-off or other



similar transaction or (d) any other type of securities, rights or 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;

- (c) an extraordinary dividend;
- (d) a call by a Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
- (e) a repurchase by a Basket Company or any of its subsidiaries or a 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;
- (f) in respect of a Basket Company or Share Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Basket Company or Share Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides, upon the occurrence of certain events, for a distribution of preferred stock, 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 may, in the discretion of the Calculation Agent, be readjusted upon any redemption of such rights; or
- (g) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Shares.

**Reference Index** means, in relation to a Substituted Share (as defined above), the index (a) of which the Substituted Share is a component, or of which it has been a component of at any time during the six months immediately preceding the relevant substitution, and (b) over which futures contracts are actively traded, as determined by the Calculation Agent. If more than one index satisfies the above criteria or if no index satisfies the above criteria, the Calculation Agent shall determine the Reference Index for the Substituted Share by reference to such criteria as it deems appropriate.

**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 a Basket Company or Share Company, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

## 6. General Definitions

**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 for all the Shares, the immediately succeeding Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent any such day is a Disrupted Day for any of the Shares. If any such day is such a Disrupted Day for any of the Shares then:

- (a) if **Omission** is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Settlement Price PROVIDED THAT if, through the operation of this provision, no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for

purposes of determining the relevant 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 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:
  - (i) where the Certificates are Shares Linked Certificates relating to a single Share, that Averaging Date shall be the earliest of:
    - (A) the first succeeding Valid Date (as defined below);
    - (B) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of a Disrupted Day would have been that Averaging Date (a **Scheduled Averaging Date**); and
    - (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Averaging Date falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day, then (X) that Scheduled Trading Day shall be deemed to be that Averaging Date (notwithstanding the fact that such day is a Disrupted Day and irrespective of whether that Scheduled Trading Day is already an Averaging Date), and (Y) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below;

- (ii) where the Certificates are Share Linked Certificates relating to a basket of Shares,
  - (A) where "Move in Block" is specified as applying in the applicable Final Terms, that Averaging Date for all the Shares shall be the earliest of:
    - (1) the first succeeding Valid Date for all the Shares;
    - (2) the Scheduled Trading Day for all the Shares falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and
    - (3) the second Business Day prior to the Settlement Date, or, if such day is not a Scheduled Trading Day for all the Shares, the immediately preceding Scheduled Trading Day for all the Shares.

If the relevant Averaging Date falls within (2) or (3) above, such Scheduled Trading Day shall be such Averaging Date (irrespective of whether that Scheduled Trading Day is already an Averaging Date) and if the relevant Scheduled Trading Day is a Disrupted Day for a Share (the **Affected Share**), (x) that Scheduled Trading Day shall be deemed to be that Averaging Date for that Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the relevant level for such Affected Share for that Averaging Date in

accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below;

- (B) where "Value What You Can" is specified as applying in the applicable Final Terms, that Averaging Date for each Share in respect of which no Disrupted Day has occurred shall be the Scheduled Averaging Date and that Averaging Date for each Share in respect of which a Disrupted Day has occurred (each an **Affected Share**) shall be the earliest of:
- (1) the first succeeding Valid Date for the Affected Share;
  - (2) the Scheduled Trading Day for the Affected Share falling the Specified Maximum Days of Disruption immediately following that Scheduled Averaging Date; and
  - (3) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Share, the immediately preceding Scheduled Trading Day for the Affected Share.

If the relevant Averaging Date for an Affected Share falls within (2) or (3) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Share, (x) that Scheduled Trading Day shall be deemed that Averaging Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day for the Affected Share and irrespective of whether that Scheduled Trading Day is already an Averaging Date) and (y) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (b)(iii) of the definition of "Valuation Date" below.

For the purposes of these Share Linked Conditions, **Valid Date** means, in respect of a Share, a Scheduled Trading Day for such Share that is not a Disrupted Day for such Share and on which another Averaging Date for such Share does not or is not deemed to occur.

**Disrupted Day** means, in relation to a Share, any Scheduled Trading Day for such Share on which a relevant Exchange or any Related Exchange for such Share fails to open for trading during its regular trading session or on which a Market Disruption Event in respect of such Share has occurred.

**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, in relation to a Share, any Scheduled Trading Day for such Share on which each Exchange and each Related Exchange for such Share are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

**Observation Date** means each date specified as an Observation Date in the applicable Final Terms, or if any such date is not a Scheduled Trading Day for all the Shares, the immediately following Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day for any of the Shares. If any such day is a Disrupted Day for any of the

Shares, then either (i) the provisions specified in the applicable Final Terms shall apply or (ii) if so specified in the applicable Final Terms, the provisions relating to "Omission", "Postponement" or "Modified Postponement", as the case may be, contained in the definition of "Averaging Date" shall apply *mutatis mutandis* as if (a) references in such provisions to "Averaging Date" were to "Observation Date", (b) references to "Settlement Price" in the definition of "Valuation Date" were references to the price of the relevant Shares in respect of the relevant Observation Date and (c) references to Valuation Time in the definitions of "Averaging Date" and "Valuation Date" were references to "Observation Time".

**Observation Period** means the period specified as the Observation Period in the applicable Final Terms.

**Observation Time** means the time(s) on any Observation Date specified as such in the applicable Final Terms or, if not specified in the applicable Final Terms, the Valuation Time.

**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 THAT where **All Exchanges** is specified as the Related Exchange for a Share 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 relation to a Share and an Exchange or Related Exchange and a Scheduled Trading Day for such Share, 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, in relation to a Share, any day on which each Exchange and each Related Exchange for such Share are scheduled to be open for trading for their respective regular trading sessions.

**Scheduled Valuation Date** means the original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date.

**Settlement Price** means, in relation to Share Linked Certificates and as referred to in "Averaging Date" above or "Valuation Date" below, as the case may be:

- (a) in the case of Share Linked Certificates relating to a Basket of Shares, either (i) an amount equal to the sum of the values calculated for each Share as the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, any such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or such Averaging Date, as the case may be, is not a relevant Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the

applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the relevant Share whose official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be determined based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the relevant Share or on such other factors as the Calculation Agent shall decide), multiplied by the relevant Weighting, each such value to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Calculation Agent (the **Basket Settlement Price**) or (ii) and in relation to a Share and the Valuation Date or an Averaging Date, as the case may be, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (X) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (Y) if Averaging is specified as applying in the applicable Final Terms, such Averaging Date (or if, in the opinion of the Calculation Agent, any such closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) cannot be so determined and the Valuation Date or Averaging Date, as the case may be, is not a relevant Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for such Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of such Share or on such other factors as the Calculation Agent shall decide), such value to be converted, if so specified in the applicable Final Terms, into the Specified Currency at the Exchange Rate and such converted amount to be the Settlement Price for such Share, all as determined by or on behalf of the Calculation Agent (the **Per Share Settlement Price**), as specified in the applicable Final Terms; and

- (b) in the case of Share Linked Certificates relating to a single Share, an amount equal to the official closing price (or the price at the Valuation Time on the Valuation Date or an Averaging Date, as the case may be, if so specified in the applicable Final Terms) quoted on the relevant Exchange for such Share on (A) if Averaging is not specified as applying in the applicable Final Terms, the Valuation Date or (B) if Averaging is specified as applying in the applicable Final Terms, an Averaging Date (or if, in the opinion of the Calculation Agent, no such official closing price (or the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) can be so determined and the Valuation Date or Averaging Date, as the case may be, is not a Disrupted Day, an amount determined by the Calculation Agent to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Final Terms) for the Share based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Share or on such other factors as the

Calculation Agent shall decide), such amount to be converted, if so specified in the applicable Final Terms, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Calculation Agent.

**Share** and **Shares** mean, in the case of an issue of Certificates relating to a Basket of Shares, each share and, in the case of an issue of Certificates relating to a single Share, such share specified in the applicable Final Terms and related expressions shall be construed accordingly.

**Share Company** means, in the case of an issue of Certificates relating to a single share, the company that has issued such share.

**Specified Maximum Days of Disruption** means eight (8) Scheduled Trading Days or such other number of Scheduled Trading Days specified in the applicable Final Terms.

**Valuation Date** means the Valuation Date specified in the applicable Final Terms, or, if such day is not a Scheduled Trading Day for all the Shares, the immediately succeeding Scheduled Trading Day for all the Shares unless, in the opinion of the Calculation Agent, such day is a Disrupted Day for any of the Shares.

If such day is such a Disrupted Day for any of the Shares, then:

- (a) where the Certificates are Share Linked Certificates relating to a single Share, the Valuation Date shall be the earliest of:
  - (i) the first succeeding Scheduled Trading Day that is not a Disrupted Day;
  - (ii) the Scheduled Trading Day falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
  - (iii) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day, the immediately preceding Scheduled Trading Day.

If the relevant Valuation Date falls within (ii) or (iii) above and the relevant Scheduled Trading Day is a Disrupted Day, (A) that Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (B) the Calculation Agent shall determine the Settlement Price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the Settlement Price in accordance with its good faith estimate of the Settlement Price as of the Valuation Time on that Scheduled Trading Day; or

- (b) where the Certificates are Share Linked Certificates relating to a Basket of Shares,
  - (i) where "Move in Block" is specified as applying in the applicable Final Terms, the Valuation Date for all the Shares shall be the earliest of:
    - (A) the first succeeding Scheduled Trading Day for all the Shares that is not a Disrupted Day for any of the Shares;
    - (B) the Scheduled Trading Day for all the Shares falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and

- (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for all the Shares, the immediately preceding Scheduled Trading Day for all the Shares.

If the relevant Valuation Date falls within (B) or (C) above, such Scheduled Trading Day shall be the Valuation Date and if the relevant Scheduled Trading Day is a Disrupted Day for a Share (the **Affected Share**), (x) that Scheduled Trading Day shall be deemed the Valuation Date for that Affected Share (notwithstanding the fact that such day is a Disrupted Day) and (y) the Calculation Agent shall determine the price of the Affected Share as set out in sub-paragraph (iii) below.

- (ii) where "Value What You Can" is specified as applying in the applicable Final Terms, the Valuation Date for each Share in respect of which no Disrupted Day has occurred shall be the Scheduled Valuation Date and the Valuation Date for each Share in respect of which a Disrupted Day has occurred (each an **Affected Share**) shall be the earliest of:

- (A) the first succeeding Scheduled Trading Day for the Affected Share that is not a Disrupted Day for the Affected Share;
- (B) the Scheduled Trading Day for the Affected Share falling the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date; and
- (C) the second Business Day prior to the Settlement Date or, if such day is not a Scheduled Trading Day for the Affected Share, the immediately preceding Scheduled Trading Day for the Affected Share.

If the relevant Valuation Date for an Affected Share falls within (B) or (C) above and the relevant Scheduled Trading Day is a Disrupted Day for the Affected Share, (i) that Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Share (notwithstanding the fact that such day is a Disrupted Day for the Affected Share) and (ii) the Calculation Agent shall determine the price of the Affected Share as set out in sub-paragraph (iii) below.

- (iii) the Calculation Agent shall determine the relevant price for the purposes of sub-paragraphs (i) and (ii) above 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 that Scheduled Trading Day, and otherwise in accordance with the above provisions.

**Valuation Time** means, in relation to a Share, the Relevant Time specified in the applicable Final Terms for such Share or, if no such Relevant Time is specified, the Scheduled Closing Time on the Exchange for such Share on the relevant Scheduled Trading Day. 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.

**Weighting** means, in respect of Certificates linked to a Basket of Shares and in respect of a Share, the weighting for such Share specified in the applicable Final Terms.

## **USE OF PROCEEDS**

The net proceeds of the issue of Securities will be used for general corporate purposes primarily to provide funds to the Guarantor and its subsidiaries, and may be used to refinance or extend the maturity of certain of the Issuer's existing debt obligations.



## DESCRIPTION OF THE ISSUER

### CITIGROUP FUNDING INC.

#### **Incorporation**

Citigroup Funding Inc. is a wholly-owned subsidiary of Citigroup Inc. It was incorporated as a Stock Company on 13 January 2005, and is organised under the laws of the State of Delaware with file number 3912224. Its principal executive offices are located at 399 Park Avenue, New York, NY 10043, and its telephone number is (212) 559-1000. Its business activities consist primarily of providing funds to the Guarantor and its subsidiaries for general corporate purposes.

#### **Business Activity**

The Issuer has filed registration statements with the SEC, has issued securities from those registration statements, has issued securities guaranteed by the U.S. Federal Deposit Insurance Corporation (the **FDIC**) and has issued commercial paper, some of which is also guaranteed by the FDIC. The Issuer's purpose is to "engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware", as stated in Article THIRD of the Issuer's Certificate of Incorporation. Other than the foregoing activities and the issuance of securities under the Issuer's U.S.\$15,000,000,000 Global Structured Note Programme and the establishment of certain programmes for the issuance of securities in the domestic market in Italy pursuant to which the Issuer may issue securities, the Issuer has not engaged, since its incorporation, in any material activities other than those relating to the proposed issue of the Securities and the authorisation of documents and agreements referred to in this document to which it is, or will be, a party. The Issuer is directly owned by Citigroup Inc., and its debt is fully guaranteed by Citigroup Inc.

#### **Directors and Officers**

The directors of the Issuer are:

<i>Name</i>	<i>Position (at Citigroup Funding Inc.)</i>
James Garnett	Vice President, Citibank, N.A.
John C. Gerspach	Controller and Chief Accounting Officer, Citigroup Inc.
Saul M. Rosen	Chief Tax Officer, Citigroup Inc.
Eric Aboaf	Chairman and President
John Trohan	Executive Vice President

Other officers of the Issuer are:

<i>Name</i>	<i>Position (at Citigroup Funding Inc.)</i>
David S. Winkler	Executive Vice President and Chief Financial Officer
Jacqueline P. Linden	Executive Vice President and Senior Risk Officer
William Bozarth	Executive Vice President
Michael Verdeschi	Executive Vice President
Clifford Verron	Executive Vice President
Charles E. Wainhouse	Executive Vice President and Treasurer
Julie Bell Lindsay	Secretary

<i>Name</i>	<i>Position (at Citigroup Funding Inc.)</i>
Michael Conway	Vice President and Controller
Melanie J. Alfano	Vice President and Assistant Treasurer
Gregory C. Ehlke	Vice President and Assistant Treasurer
Ruth S. Lenrow	Vice President and Assistant Treasurer
Joseph Martinelli	Vice President and Assistant Treasurer
Peter Mozer	Vice President and Assistant Treasurer
Edward D. Prince	Vice President and Assistant Treasurer
Geoff Richards	Executive Vice President and Assistant Treasurer
Martin A. Waters	Vice President and Assistant Treasurer
Joseph Hargrove	Vice President (Tax)
Keith J. Anzel	Assistant Secretary (Tax)
Ali Karshan	Assistant Secretary
Michael J. Tarpley	Assistant Secretary
Douglas C. Turnbull	Assistant Secretary

The business address of each director of the Issuer in his capacity as such is 399 Park Avenue, New York, NY 10043, United States of America. The Issuer is not aware of any potential conflicts of interest between the duties to the Issuer of the officers listed herein and their private interests or other duties.

### **Corporate Governance**

To the best of its knowledge and belief, the Issuer complies with the laws and regulations of Delaware regarding corporate governance.

### **Capitalisation**

The authorised share capital of the Issuer is U.S.\$10 consisting of 1,000 shares of U.S.\$0.01 par value each, all of which have been issued and are fully paid up. The Issuer is a direct wholly-owned subsidiary of Citigroup Inc.

As of 31 December 2008 the Issuer had total assets of U.S.\$137,662,932,000, comprising principally inter-company advances.

## SELECTED FINANCIAL INFORMATION RELATING TO THE ISSUER

The following table sets out in summary form selected financial information for the Issuer. The summary form was derived from the audited consolidated financial information of the Issuer for the year ended 31 December 2008, which was published on 28 April 2009, and from the Guarantor's June 2009 Form 10-Q.

	At or for the six months ended 30 June 2009 (unaudited) <i>(thousands of U.S. dollars)</i>	At or for the six months ended 30 June 2008 (unaudited) <i>(thousands of U.S. dollars)</i>	At or for the year ended 31 December 2008 audited) <i>(thousands of U.S. dollars)</i>	At or for the year ended 31 December 2007 audited) <i>(thousands of U.S. dollars)</i>
<b>Income Statement Data:</b>				
Total revenues, net of interest expense.....	383,000	848,000	2,731,487	397,747
Net Income .....	262,000	521,000	1,776,797	251,753
<b>Balance Sheet Data:</b>				
Total assets .....	151,200,000	-	137,662,932	112,639,630
Long-term debt.....	44,120,000	-	38,229,604 <sup>(1)</sup>	37,095,456 <sup>(1)</sup>
Total stockholder's equity .....	3,961,000	-	3,715,528	1,938,731

<sup>(1)</sup> including U.S.\$10,921,828 and U.S.\$12,713,234 at 31 December 2008 and 31 December 2007, respectively, at fair value

### Auditors

The auditors of the Issuer are KPMG LLP of 345 Park Avenue, New York, NY 10154, United States of America. KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

KPMG LLP audited the consolidated financial statements of the Issuer as of 31 December 2008 and 2007.

### Material Contracts

The Issuer has no contracts that are material to its ability to fulfil its obligations under the Securities.

## DESCRIPTION OF THE GUARANTOR

### CITIGROUP INC.

Citigroup Inc. (**Citi**, the **Company** or the **Guarantor**) is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage and wealth management. Citi has approximately 200 million customer accounts and does business in more than 140 countries. Citi is a bank holding company within the meaning of the U.S. Bank Holding Company Act of 1956 registered with, and subject to examination by, the Board of Governors of the Federal Reserve System. Some of Citi's subsidiaries are subject to supervision and examination by their respective federal and state authorities. At 30 June 2009, Citi had approximately 279,000 full-time employees worldwide.

Citi's purpose is to "engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware", as stated in Article THIRD of Citi's Restated Certificate of Incorporation. Citi's businesses are aligned in three reporting segments: (i) Citicorp, which consists of Regional Consumer Banking (in North America, EMEA, Asia and Latin America) and the Institutional Clients Group (Securities and Banking, including the Private Bank, and Transaction Services); (ii) Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool; and (iii) Corporate/Other.

The Guarantor is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries. The Guarantor's subsidiaries that operate in the banking and securities businesses can only pay dividends if they are in compliance with the applicable regulatory requirements imposed on them by federal and state bank regulatory authorities and securities regulators in the United States. The Guarantor's subsidiaries may be party to credit agreements that also may restrict their ability to pay dividends. The Guarantor currently believes that none of these regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect the Guarantor's ability to service its own debt.

Under the regulations of The Board of Governors of the Federal Reserve System, a bank holding company is expected to act as a source of financial strength for its subsidiary banks. As a result of this regulatory policy, the Federal Reserve might require the Guarantor to commit resources to its subsidiary banks when doing so is not otherwise in the interests of the Guarantor or its shareholders or creditors.

The principal offices for the Guarantor are located at 399 Park Avenue, New York, NY 10043, and its telephone number is (212) 559-1000. The Guarantor was established as a corporation incorporated in Delaware on 8 March 1988 with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254. Citi's authorised capital stock consists of 15 billion shares of common stock and 30 million shares of preferred stock. As at 30 June 2009, there were 5,507,716,974 fully paid common stock shares outstanding. A common stock share carries one vote, and no pre-emptive or other subscription rights or conversion rights. A preferred stock share carries no general voting rights.

No Shareholder, or associated group of shareholders acting together, owns enough shares of Citigroup Inc.'s common stock to directly or indirectly exercise control over Citi.

### **TARP and other U.S. Regulatory Programs**

#### *Issuance of U.S.\$45 Billion of Preferred Stock and Warrants to Purchase Common Stock under TARP*

On 28 October 2008 and 31 December 2008, Citi raised U.S.\$25 billion and U.S.\$20 billion, respectively, through the sale of preferred stock and warrants to purchase common stock to the U.S. Treasury (**UST**) as part of the UST's Troubled Asset Relief Program (**TARP**) Capital Purchase Program.

As part of the public and private exchange offers, discussed below, the aggregate U.S.\$25 billion of preferred stock issued to the UST in October 2008 was exchanged for interim securities and a warrant. The warrant will terminate and the interim securities will automatically convert into Citi common stock, following shareholder approval of the increase in the Citi's authorised common stock. In addition, as part of the public and private exchange offers, the aggregate U.S.\$20 billion of preferred stock issued to the UST in December 2008 was exchanged for newly issued 8 per cent. trust preferred securities. The warrants issued to the UST in October and December 2008 remain outstanding.

#### *Loss-Sharing Agreement*

On 15 January 2009, Citigroup issued preferred shares to the UST and the FDIC (together, the **USG**), and a warrant to the UST, in exchange for U.S.\$301 billion of loss protection on a specified pool of Citi assets. As a result of receipt of principal repayments and charge-offs, the total asset pool has declined by approximately U.S.\$35 billion from the original U.S.\$301 billion to approximately U.S.\$266.4 billion as of 30 June 2009. The shares of preferred stock issued to the UST and FDIC, with an aggregate liquidation value of approximately U.S.\$7.1 billion, in consideration for the loss-sharing agreement, were subsequently exchanged into newly issued 8 per cent. trust preferred securities pursuant to the exchange offers, as described below. The warrant issued to the UST remains outstanding.

#### **Public and Private Exchange Offers**

As a result of the closing of its private and public exchange offers on 23, 29 and 30 July 2009, respectively, approximately U.S.\$58 billion in aggregate liquidation value of previously-outstanding preferred stock and trust preferred securities of Citi, including approximately U.S.\$25 billion in aggregate liquidation value of preferred stock held by the UST, as described above, were exchanged to common stock and interim securities. Interim securities were issued to the UST and the private holders of Citi preferred stock. The interim securities will automatically convert into Citi common stock upon the increase, subject to shareholder approval, in Citi's authorised common stock at a ratio of one million shares of common stock for each interim security. The shareholder approval on the proposed increase in Citi's authorised common stock is scheduled to occur on 2 September 2009.

Upon the increase in Citi's authorised common stock and the conversion of the interim securities to common stock, the UST will own approximately 33.6 per cent. of Citigroup's outstanding common stock, not including the exercise of warrants issued to the UST as part of TARP and pursuant to the loss-sharing agreement in October and December 2008 and January 2009, respectively, which remain outstanding (as described above). Certain private holders of Citi preferred stock outstanding prior to the exchange offers may also own 5 per cent. or more of the outstanding common stock of Citi as a result of the exchange offers. In addition, as part of the exchange offers, the remaining approximately U.S.\$27.1 billion of aggregate liquidation value of preferred stock held by the USG was exchanged for newly-issued 8 per cent. trust preferred securities, resulting in the issuance of an aggregate of approximately U.S.\$27.1 billion in aggregate liquidation amount of trust preferred securities to the USG.

## DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

The members of the board of directors of Citi are:

<b>Board of Directors</b>	<b>Title</b>	<b>Main duties outside the Guarantor</b>
C. Michael Armstrong		Chairman, Board of Trustees, Johns Hopkins Medicine, Health System Corporation and Hospital.
Alain J.P. Belda		Chairman, Alcoa Inc.
Timothy C. Collins		CEO, Ripplewood Holdings L.L.C.
John M. Deutch		Institute Professor, Massachusetts Institute of Technology.
Jerry A. Grundhofer		Chairman Emeritus, U.S. Bancorp.
Robert L. Joss, Ph.D.		Dean and Philip H. Knight Professor of the Graduate School of Business at Stanford University.
Andrew N. Liveris		Chairman and CEO, The Dow Chemical Company.
Anne M. Mulcahy		Chairman and CEO, Xerox Corporation.
Michael E. O'Neill		Former Chairman and CEO, Bank of Hawaii Corporation.
Vikram Pandit	CEO	—
Richard D. Parsons	Chairman	
Lawrence Ricciardi		Senior Vice President, General Counsel, and Advisor to the Chairman, Retired, IBM Corporation.
Judith Rodin		President, Rockefeller Foundation.
Robert L. Ryan		Chief Financial Officer, Retired, Medtronic Inc.
Anthony M. Santomero		Former President, Federal Reserve Bank of Philadelphia.
Diana L. Taylor		Managing Director, Wolfensohn Capital Partners
William S. Thompson, Jr.		CEO, Retired, Pacific Investment Management Company (PIMCO).

The executive officers of Citi are: Shirish Apte, Don Callahan, Michael Corbat, Terri Dial, John C. Gerspach, John Havens, Michael S. Helfer, Lewis B. Kaden, Edward J. Kelly, III, Brian Leach, Gene McQuade, Manuel Medina-Mora, William J. Mills, Jeffrey R. Walsh, and Vikram Pandit.

The business address of each director and executive officer of Citi in such capacities is 399 Park Avenue, New York, New York 10043.

The Guarantor is not aware of any conflicts of interest between the private interests of its senior management and the interests of the Guarantor that would be material in the context of any Issuance of Securities.

The Guarantor is in compliance with the laws and regulations of the United States relating to corporate governance.

### **Committees of the Board of Directors**

The standing committees of Citi's board of directors are:

*The audit and risk management committee*, which assists the board in fulfilling its oversight responsibility relating to (i) the integrity of Citi's financial statements and financial reporting process and Citi's systems of internal accounting and financial controls, (ii) the performance of the internal audit function – Audit and Risk Review, (iii) the annual independent integrated audit of Citi's consolidated financial statements and internal control over financial reporting, the engagement of the independent registered public accounting firm and the evaluation of the independent registered public accounting firm's qualifications, independence and performance, (iv) policy standards and guidelines for risk assessment and risk management, (v) the compliance by Citi with legal and regulatory requirements, including Citi's disclosure controls and procedures, and (vi) the fulfilment of the other responsibilities set out in its charter, as adopted by the board.

The members of the audit and risk management committee are: Timothy C. Collins, Jerry A. Grundhofer (Chair), Andrew Liveris, Michael E. O'Neill, Lawrence Ricciardi, Robert Ryan and Anthony M. Santomero.

*The nomination and governance committee*, which is responsible for identifying individuals qualified to become board members and recommending to the board the director nominees for the next annual meeting of stockholders. It leads the board in its annual review of the board's performance and recommends to the board director candidates for each committee for appointment by the board. The committee takes a leadership role in shaping corporate governance policies and practices, including recommending to the board the Corporate Governance Guidelines and monitoring Citi's compliance with these policies and the Guidelines. Some of the committee's other responsibilities include the following:

- review and assess the adequacy of the Company's policies and practices on corporate governance including the Corporate Governance Guidelines of the Company and recommend any proposed changes to the Board for approval;
- review and assess the adequacy of the Company's Code of Conduct, the Code of Ethics for Financial Professionals and other internal policies and guidelines and monitor that the principles described therein are being incorporated into the Company's culture and business practices;
- review the appropriateness of the size of the Board relative to its various responsibilities. Review the overall composition of the Board, taking into consideration such factors as business experience and specific areas of expertise of each Board member, and make recommendations to the Board as necessary;
- in consultation with the Board and the CEO, either the Committee as a whole or a subcommittee thereof shall, as part of its executive succession planning process, evaluate and nominate potential successors to the CEO. The Committee will also provide an annual report to the Board on CEO succession;
- develop appropriate criteria and make recommendations to the Board regarding the independence of directors and nominees;
- assist the Board in developing criteria for identifying and selecting qualified individuals who may be nominated for election to the Board, which shall reflect at a minimum all applicable laws, rules, regulations and listing standards;
- consider nominations for Board membership recommended by security holders;

- report annually to the Board with an assessment of the Board's performance; and
- review adherence by directors to corporate guidelines regarding transactions with the Company and insure that the Transaction Review Committee reports to the Committee on any transaction it reviews.

The Committee's other duties and responsibilities include reviewing requests for any waiver of Citi's Code of Conduct, periodically reviewing and recommending to the Board the compensation structure for non-employee directors for Board and Committee service and monitoring the orientation and continuing education program for directors.

*The personnel and compensation committee*, which is responsible for determining the compensation for the Chairman of the Board and the Chief Executive Officer and approving the compensation structure for senior management, including members of the business planning groups, the most senior managers of corporate staff and other highly paid professionals in accordance with guidelines established by the committee from time to time. The committee annually reviews and discusses the Compensation Discussion and Analysis with management and, if appropriate, recommends to the Board that the Compensation Discussion and Analysis be included in Citi's filings with the SEC. The committee also produces an annual report on executive compensation that is included in the annual proxy statement.

Some of the committee's other responsibilities include the following:

- annually review and approve corporate goals and objectives relevant to the Chairman of the Board and the Chief Executive Officer (CEO) compensation, evaluate the Chairman's and the CEO's performance in light of these goals and objectives, and provide a report thereon to the Board;
- annually review and determine, reflecting the advice of an independent compensation consultant, base salary, incentive compensation and long-term compensation for the Chairman and the CEO, and report the Committee's determination to the Board. In determining long-term incentive compensation of the Chairman and the CEO, the Committee shall consider, among other factors, the Company's performance, the individual's performance, relative stockholder return, the value of similar incentive awards to individuals at these positions at comparable companies and, if appropriate, the awards given to the Chairman and the CEO in past years;
- annually review and approve, reflecting the advice of an independent compensation consultant, base salary, incentive compensation and long-term incentive compensation for senior management;
- in consultation with the CEO, review the talent development process within the Company to ensure it is effectively managed. Senior management will provide a report to the Committee regarding its talent and performance review process for key Executive Committee members and other high potential individuals. The purpose of the performance and talent review is to ensure that there is a sufficient pool of qualified internal candidates to fill senior and leadership positions and to identify opportunities, performance gaps and next steps as part of the Company's executive succession planning and development process, all of which shall be reviewed with the Committee;
- review and approve employment agreements, severance arrangements and change in control agreements and provisions when, and if, appropriate, as well as any special supplemental benefits; and
- annually review the Company's progress in meeting diversity goals with respect to the employee population.



*The public affairs committee*, which is responsible for reviewing Citi's policies and programmes that relate to public issues of significance to Citi and the public at large and reviewing Citi's relationships with external constituencies and issues that impact Citi's reputation.

Some of the Committee's other responsibilities include the following:

- receive reports from management on political contributions made by the Company and charitable contributions made by the Company and the Citi Foundation;
- review Citi's Community Reinvestment Act performance and compliance with fair lending practices;
- review and advise management on shareholder proposals, management responses and other shareholder activism issues;
- review and advise management on Citi's policies and practices regarding supplier diversity; and
- receive reports from and advise management on the Company's sustainability policies and programs, including the environment and human rights.

*The Citi Holdings oversight committee*, which is responsible for overseeing management's strategy and execution for the disposition of Citi Holdings' assets and businesses.

## SELECTED FINANCIAL INFORMATION RELATING TO THE GUARANTOR

The following tables set out in summary form selected financial information for the Guarantor and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of the Guarantor contained in the Guarantor's 2008 Form 10-K as filed with the SEC on 27 February 2009.

	At or for the year ended 31 December		
	2008 (audited)	2007 (audited)	2006 (audited)
<i>(in millions of U.S. dollars)</i>			
<b>Income Statement Data:</b>			
Total revenues, net of interest expense .....	52,793	78,495	86,327
Income (loss) from continuing operations.....	(32,094)	2,989	20,451
Net Income (loss).....	(27,684)	3,617	21,538
<b>Balance Sheet Data:</b>			
Total assets .....	1,938,470	2,187,480	—
Total deposits.....	774,185	826,230	—
Long-term debt <sup>(1)</sup> .....	359,593	427,112	—
Total stockholders' equity .....	141,630	113,447	—

(1) Including U.S.\$27,263 and U.S.\$79,312 at 31 December 2008 and 2007, respectively, at fair value.

The following tables set out in summary form selected financial information for the Guarantor and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of the Guarantor contained in the Guarantor's June 2009 Form 10-Q as filed with the SEC on 7 August 2009.

	At or for the six months ended 30 June	
	2009 (unaudited)	2008 (unaudited)
<i>(in millions of U.S. dollars)</i>		
<b>Income Statement Data:</b>		
Total revenues, net of interest expense .....	54,490	29,695
Income (loss) from continuing operations.....	6,081	(7,515)
Net Income (loss).....	5,872	(7,606)
<b>Balance Sheet Data:</b>		
Total assets .....	1,848,533	—
Total deposits.....	804,736	—
Long-term debt <sup>(1)</sup> .....	348,046	—
Total stockholders' equity .....	152,302	—

(1) Including U.S.\$24,690 at 30 June 2009 at fair value.

## Auditors

The auditors of the Guarantor are KPMG LLP of 345 Park Avenue, New York, NY 10154, United States of America. KPMG LLP is a member of the American Institute of Certified Public Accountants and is regulated by the U.S. Public Company Accounting Oversight Board.

KPMG LLP audited the consolidated balance sheets of the Guarantor as of 31 December 2008 and 2007 and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended 31 December 2008. KPMG LLP expressed an unqualified opinion on such financial statements in its report dated 27 February 2009.

**Material Contracts**

The Guarantor has no contracts that are material to its ability to fulfil its obligations under the Securities.

## DESCRIPTION OF THE FDIC

*The following paragraphs entitled "General" and "The FDIC Budget" have been extracted from the website of the Federal Deposit Insurance Corporation ([www.fdic.gov](http://www.fdic.gov)). The Issuer and the Guarantor confirm only that this information has been accurately reproduced from the information contained on such website.*

### *General*

The Federal Deposit Insurance Corporation (**FDIC**) preserves and promotes public confidence in the United States financial system by insuring deposits in banks and thrift institutions; by identifying, monitoring and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails.

As an independent agency of the federal government, the FDIC was created in 1933 in response to the thousands of bank failures that had occurred in the 1920s and early 1930s. The FDIC is funded by premiums that banks and thrift institutions pay for deposit insurance coverage and from earnings on investments in U.S. Treasury securities. The FDIC insures deposits in virtually every bank and thrift in the United States.

Savings, checking and other deposit accounts, when combined, are generally insured to a specified maximum amount per depositor in each bank or thrift the FDIC insures. Deposits held in different categories of ownership – such as single or joint accounts – may be separately insured.

The FDIC insures deposits only. Other than in certain limited circumstances, it does not insure securities, mutual funds or similar types of investments that banks and thrift institutions may offer.

The FDIC directly examines and supervises more than half of the institutions in the United States banking system. Banks can be chartered by the states or by the federal government. Banks chartered by states have the choice of whether to join the Federal Reserve System. The FDIC is the primary federal regulator of banks that are chartered by the states that do not join the Federal Reserve System. In addition, the FDIC is the back-up supervisor for the remaining insured banks and thrift institutions.

To protect insured depositors, the FDIC responds immediately when a bank or thrift institution fails. Institutions generally are closed by their chartering authority: the state regulator, the Office of the Comptroller of the Currency, or the Office of Thrift Supervision. The FDIC has several options for resolving institution failures, but the one most used is to sell deposits and loans of the failed institution to another institution. Customers of the failed institution automatically become customers of the assuming institution. Most of the time, the transition is seamless from the customer's point of view.

The FDIC is headquartered in Washington, D.C., but conducts much of its business in six regional offices and in field offices around the country. The FDIC is managed by a five-person Board of Directors, all of whom are appointed by the President and confirmed by the Senate, with no more than three being from the same political party.

Under U.S. law, the FDIC is not entitled to any special immunity from legal proceedings.

The address of the headquarters of the FDIC in Washington, D.C. is 550 17th Street, Washington, D.C. 20429 and its telephone number is 877-275-3342.

### *The FDIC Budget*

The FDIC Board of Directors approves an annual Corporate Operating Budget to fund the operations of the FDIC. The Corporate Operating Budget consists of two components, Ongoing Operations and Receivership Funding. The Receivership Funding component of the operating budget includes funds for all resolutions

and receivership management activities, except the costs associated with maintenance of the core platform staff that is maintained to perform these functions regardless of the level of failure activity.

The FDIC also has a separate Investment Budget that is composed of individual project budgets approved by the Board of Directors for major investment projects. Budgets for investment projects are approved on a multi-year basis, and funds for an approved project may be carried over from year to year until the project is completed.

The Corporate Operating Budget provides resources for the operations of the FDIC's three major programs or business lines – Insurance, Supervision and Receivership Management – as well as its major program support functions (legal, administrative, financial, information technology, etc.). Program support costs are allocated to the three business lines in order to permit the fully loaded costs of each business line to be displayed in the operating budget approved by the Board.

Expenditures from the Corporate Operating and Investment Budgets are paid from two funds managed by the FDIC – the Deposit Insurance Fund (**DIF**) and the FSLIC Resolution Fund (**FRF**). The DIF is funded by deposit insurance premiums paid by insured financial institutions as well as interest earned on the investment of those funds, while the FRF consists of public funds appropriated by the Congress of the United States. In addition, receiverships managed by the FDIC reimburse the insurance funds for services provided by the FDIC.

For more information on the FDIC budget, see [www.fdic.gov/about/strategic/budget/expenses.html](http://www.fdic.gov/about/strategic/budget/expenses.html).

#### *United States of America Tax and Budget Process*

The expenditures of the United States Government are financed primarily through the direct U.S. federal corporate and individual income tax and the federal estate and gift tax, as well as through other direct and indirect taxation of the U.S federal government.

The budget process for the U.S. government revenues and expenditures each year involves a series of steps including:

- the submission of a proposed budget by the President to Congress;
- consideration of the budget by the U.S. Congress;
- passage of a Congressional Budget Resolution by the House of Representatives and the Senate;
- consideration and final passage of the final budget by both houses of Congress and signature of the President.

#### *Financial Statements of the United States Government*

The United States Government releases financial statements for each fiscal year and posts such statements on the website of the Department of the Treasury ([www.fms.treas.gov](http://www.fms.treas.gov)). The fiscal year of the United States Government begins October 1 and ends September 30 of each year. The financial statements of the United States Government for the years ended 30 September 2008 and 30 September 2007, have been filed with the CSSF, are incorporated by reference in, and form a part of, this Base Prospectus.

***The Issuer and the Guarantor take no responsibility for any information contained in such financial statements, the manner in which such information is compiled or presented, or the completeness, accuracy or relevance thereof.***

More current financial information with respect to the United States Government may be available from time to time on the website of the United States Department of the Treasury and investors are advised that they

must look only to the website of the United States Department of the Treasury for more complete or current information than that contained or incorporated herein by reference.

## THE FDIC GUARANTEE

If so specified in the applicable Final Terms, one or more Series of Registered Notes may be guaranteed by the FDIC under the FDIC's Temporary Liquidity Guarantee Program. The Issuer has agreed to participate in the TLG Program and comply with the requirements of the TLG Program in order for relevant Registered Notes to qualify for the FDIC guarantee. This section is applicable only to Series of Registered Notes specified in the applicable Final Terms as being guaranteed under the FDIC's TLG Program.

### Terms of the FDIC guarantee

Under the TLG Program, the uncured failure of the Issuer and the Guarantor to make a timely payment of any principal or interest under the Conditions of any FDIC Guaranteed Notes obliges the FDIC to make such payment following notification to the FDIC of such payment failure and the Representative's timely demand for payment under the FDIC guarantee. The Issuer's and the Guarantor's failure to pay any principal or interest due on the FDIC Guaranteed Notes that is then paid by the FDIC on a timely basis will not constitute an event of default under the FDIC Guaranteed Notes and Noteholders will not be permitted to accelerate the maturity of the FDIC Guaranteed Notes as a result of such event of default during any period when the FDIC is making timely guarantee payments of principal and interest on the FDIC Guaranteed Notes.

The Bank of New York Mellon, has agreed to act as Representative of the holders of FDIC Guaranteed Notes in connection with claims and other matters arising under the FDIC guarantee. A holder of FDIC Guaranteed Notes may elect not to be represented by the Representative, in which case such Noteholder must individually undertake the actions (including those described below) required to make claims under the FDIC guarantee. Unless the FDIC Guaranteed Notes cease to be issued in global form, however, only the relevant nominee for Euroclear and/or Clearstream, Luxembourg (which is anticipated to be Citivic Nominees Limited), as the sole registered holder, will be able to make such an election in respect of the FDIC Guaranteed Notes.

The FDIC's payment obligation under its guarantee will be triggered by the Issuer's and the Guarantor's uncured failure to make a timely payment of principal or interest on the FDIC Guaranteed Notes (a **payment default**). The Issuer and the Representative are obliged to give notice to the FDIC if the Issuer is in default of any payment under the relevant FDIC Guaranteed Notes (without regard to any grace period) within one business day (being a day that is not a Saturday, a Sunday or a day on which banks are required or authorised by law to be closed in the State of New York) of such failure to pay. Upon a payment default, the Representative, as duly authorised representative of holders of FDIC Guaranteed Notes, will be required under the Fiscal Agency Agreement to make a demand for payment of the FDIC guaranteed amount on behalf of all holders of FDIC Guaranteed Notes that are represented by the Representative within one New York business day of (i) in the case of any payment default prior to the maturity date of the relevant Notes, the later of (a) the date on which the relevant payment was due or (b) the date that any applicable grace period ends and (ii) in the case of any payment due on the maturity date of the FDIC Guaranteed Notes, such maturity date. If the demand is not made within 60 days of a payment default, the FDIC will be under no obligation to make payments on the Notes under the FDIC guarantee. The Representative, on behalf of all holders of FDIC Guaranteed Notes that are represented by the Representative, will be required to assign all of such Noteholders' rights, title and interest in the FDIC Guaranteed Notes (including its rights in relation to claims in respect thereof in any insolvency proceedings) to the FDIC. If a holder of FDIC Guaranteed Notes receives any distribution from the Issuer or the Guarantor or their bankruptcy estates prior to the FDIC's payment under the FDIC guarantee, the guaranteed amount paid by the FDIC will be reduced by the amount the Noteholder has so received. Upon receipt of a timely filed conforming proof of claim, the FDIC will make payment of the FDIC guaranteed amount.

The TLG Program does not specify a deadline by which the FDIC must make payment following receipt of a demand from the Representative. The FDIC will not pay any additional interest or penalty amounts in respect of any event of default or resulting delay in payment that may occur. The FDIC will make all determinations

as to amounts payable under its guarantee. The FDIC's determinations will be final and binding on all persons, including the holders of FDIC Guaranteed Notes, subject only to the right of a holder of FDIC Guaranteed Notes to seek judicial review by commencing an action in the U.S. District Court for the District of Columbia or New York within 60 days after the FDIC makes its final determination.

The FDIC has concluded that the FDIC Guarantee is backed by the full faith and credit of the United States, subject to the limitations of the Guarantee.



## PLAN OF DISTRIBUTION FOR NOTES

Subject to the terms and conditions contained in an Amended and Restated Dealership Agreement dated 21 August 2008 as supplemented by a First Supplemental Dealership Agreement dated 19 August 2009 (together, the **Dealership Agreement**) between the Issuer, the Guarantor and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Dealers (as defined in the Dealership Agreement). However, the Issuer reserves the right to sell Notes directly on its own behalf to other entities and to offer Notes in specified jurisdictions directly to the public through distributors, in accordance with all applicable rules and regulations. Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Issuer or the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agent of the Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by the Issuer or, in relation to itself and the Issuer only, by any Dealer, at any time on giving not less than ten business days' notice.

### United States of America

The Notes, the Deed of Guarantee and any Entitlements to be delivered in respect of any Physical Delivery Notes have not been and will not be registered under the Securities Act. The Issuer has not registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended. No issue of Notes may be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Hedging transactions involving Physical Delivery Notes which are Share Linked Notes may not be conducted unless in compliance with the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed that, except as permitted by the Dealership Agreement, it, its affiliates (if any) or any person acting on its or their behalf have not offered and sold or, in the case of Notes in bearer form, delivered the Notes of any Tranche, and will not offer and sell the Notes of any Tranche (i) as part of their distribution at any time and (ii) (A) otherwise until 40 days after the later of the commencement of the offering of such Tranche as determined and certified by the Dealers (or such longer distribution compliance period as may be specified in the applicable Final Terms) and the date of issue thereof or (B) in the event of a distribution of a Tranche that is fungible therewith, from the earlier of the commencement of the offering of such fungible Tranche and the date of issue thereof until 40 days after the later of the commencement of the offering of such fungible Tranche and the date of issue thereof (or such longer distribution compliance period as may be specified in the applicable Final Terms), within the United States or to, or for the account or benefit of, U.S. persons, and at or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each issuance of Notes shall be subject to such additional U.S. selling restrictions as the Dealer(s) may agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

### **Public Offer Selling Restrictions 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**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, PROVIDED THAT any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

PROVIDED THAT no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measures in each Relevant Member State.

## **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Programme or the Notes has been or will be lodged with the Australian Securities Investments Commission (ASIC). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

- (a) has not (directly or indirectly) offered, and will not offer, for issue or sale and has not invited, and will not invite, applications for issue or offers to purchase any Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Base Prospectus or any other offering material or advertisement relating to any Notes in Australia;

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in another currency, in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to be made to investors in accordance with Part 6D.2 of the Corporations Act 2001 of Australia;
- (ii) such action complies with all applicable laws, regulations and directives; and
- (iii) such action does not require any document to be lodged with ASIC.

## **Bahrain**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, and will not offer, Notes to the Public (as defined in Articles 142-146 of the Commercial Companies Law (Decree Law No. 21/2001) of Bahrain).

## **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is (a) deemed to be an "Exempt Offer" in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the **DFSA**); and (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

## **Hong Kong**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Hungary**

In addition to the rules applicable to the European Economic Area as described above, in connection with any private placement in Hungary, each Dealer has represented and agreed and each further Dealer appointed under the Programme Agreement will be required to represent and agree that (i) all written documentation prepared in connection with a private placement in Hungary will clearly indicate that it is a private placement, (ii) it will ensure that all investors receive the same information which is material or necessary to the evaluation of the Issuer's current market, economic, financial and legal situation and its expected development, including that which was discussed in any personal consultation with an investor, and (iii) the following standard wording will be included in all such written communication:

"PURSUANT TO SECTION 18 OF ACT CXX OF 2001 ON THE CAPITAL MARKETS, THIS [NAME OF DOCUMENT] WAS PREPARED IN CONNECTION WITH A PRIVATE PLACEMENT IN HUNGARY."

## **Ireland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland, including, without limitation, Regulations 7 and 152 thereof or any codes of

conduct used in connection therewith and the provisions of the Irish Investor Compensation Act 1998;

- (b) it will not underwrite the issue of, or place any Notes otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 1998 (as amended) and any codes of conduct rules made under Section 117(1) thereof; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of any Notes otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Irish Financial Services Regulatory Authority.

## Italy

Until an offering of Notes has been registered, pursuant to Italian securities legislation, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus (including the Final Terms) or of any other document relating to Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No.11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of Notes or distribution of copies of the Base Prospectus or any other document relating to Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) or (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## Japan

Each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to acknowledge and agree, that Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (law No. 25 of 1948, as amended) (the **FIEA**) and, accordingly, each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake, that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of,

any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

## **Kuwait**

No Notes have been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The offering of Notes in Kuwait on the basis of a private placement or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Ministerial Order No. 113 of 1992, as amended. No private or public offering of Notes is being made in Kuwait, and no agreement relating to the sale of Notes will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market Notes in Kuwait.

## **The Grand Duchy of Luxembourg**

In addition to the cases described in the Public Offer Selling Restriction under the Prospectus Directive selling restrictions in which each Dealer may make an offer of Notes to the public in an EEA Member State (including the Grand Duchy of Luxembourg) (**Luxembourg**), each Dealer may also make an offer of Notes to the public in Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

## **Oman**

This Base Prospectus does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/47) or the Capital Market Law of Oman (Royal Decree No. 80/98) or Ministerial Decision No. 1/2009, or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This Base Prospectus is strictly private and confidential. It may be provided to a limited number of sophisticated investors within the Sultanate of Oman solely to enable them to decide whether or not to make an offer to enter into commitments to invest in Notes upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Base Prospectus is not intended to lead to the making of any contract within the territory of the Sultanate of Oman.

The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Base Prospectus or for the performance of any Notes nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

## **Poland**

In addition to the rules applicable to the European Economic Area as described above, in connection with any private placement in the Republic of Poland (**Poland**), no permit has been obtained from the Polish Financial Supervisory Authority (the **Polish FSA**) in relation to the issue of any Notes nor has the issue of any Notes been notified to the Polish FSA in accordance with applicable procedures. Accordingly, Notes may not be publicly offered in Poland, as defined in the Polish Act on Public Offerings and on the Conditions of Introducing Financial Instruments to an Organised Trading System and on Public Companies of 29 July 2005 (as amended) as: an offering to sell or purchase of securities, made in any form and by any means, if the offering is directed at 100 or more people or at an unnamed addressee (a **Polish Public Offering**). Each Dealer has confirmed and each further Dealer appointed under the Programme will be required to confirm, and each Noteholder, by the purchase of a Note, is deemed to confirm that it is aware that no such permit has been obtained nor such notification made.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, and each Noteholder is deemed to represent, that it has not offered, sold or delivered and shall not offer, sell or deliver the Notes in Poland in the manner defined as a Polish Public Offering as part of its initial distribution or otherwise to residents of Poland or in Poland. Each Dealer acknowledges and each further Dealer appointed under the Programme will be required to acknowledge, and each Noteholder is deemed to acknowledge, that the acquisition and holding of the Notes by residents of Poland may be subject to restrictions imposed by Polish law (including foreign exchange regulations), and that offers and sales of Notes to Polish residents or in Poland in secondary trading may also be subject to restrictions.

## **Portugal**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme and any person offering the Notes in Portugal (a **Portuguese Offeror**) will be required to represent and agree that Notes may only be offered by any such Dealer or any such Portuguese Offeror to the public in the Portuguese Republic (**Portugal**) under circumstances which are deemed to be a public offer (*oferta pública*) under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of November 13 as amended from time to time, subject to the fulfilment of the requirements and provisions applicable to public offerings in Portugal.

Particularly, no offering materials will be publicly distributed in Portugal by any such Dealer or any such Portuguese Offeror and no publicity or marketing activities related to Notes will be conducted in Portugal by any such Dealer or any such Portuguese Offeror unless the requirements and provisions applicable to public offerings in Portugal are met.

In addition, each Dealer has represented and agreed and each further Dealer appointed under the Programme and any Portuguese Offeror will be required to represent and agree that: (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, or in circumstances

which could qualify the issue of Notes as an issue in the Portuguese market except in accordance with all applicable laws and regulations; (ii) all offers, sales and distributions by it of Notes have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Notes (*oferta particular*) except if such offers, sales and distributions qualify as and follow the requirements applicable to a public offer (*oferta pública*) pursuant to the aforementioned provisions; (iii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed this Base Prospectus or any other offering material relating to Notes in Portugal except in accordance with all applicable laws and regulations; (iv) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable Regulations of the Portuguese Securities Commission and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having a permanent establishment located in Portuguese territory, as the case may be, including the publication of a prospectus, when applicable, or commencing a prospectus recognition procedure with the Portuguese Securities Commission, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

## **Qatar**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in Qatar, except (a) in compliance with all applicable laws and regulations of Qatar and (b) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in Qatar.

## **Russian Federation**

Each Dealer has represented, warranted and agreed that it has not offered or sold or otherwise transferred and will not offer or sell or otherwise transfer as part of their initial distribution or at any time thereafter any Note 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.

Information set forth in this Base Prospectus is not an offer, or an invitation to make offers, to sell, exchange or otherwise transfer, Notes in the Russian Federation or to or for the benefit of any Russian person or entity.

Notes may not be sold or offered to or for the benefit of any person (including legal entities) that is 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; it being understood and agreed that the Dealers may distribute the Base Prospectus to qualified investors (as defined under Russian law) in the Russian Federation in a manner that does not constitute advertisement (as defined in Russian law) of Notes and may sell Notes to Russian qualified investors in a manner that does not constitute "placement" or "public circulation" of Notes in the Russian Federation (as defined in Russian law).

Since neither the issuance of any Notes nor a Russian securities prospectus in respect of any Notes has been registered, or is intended to be registered, with the Federal Service for Financial Markets of the Russian Federation, Notes are not eligible for initial offering or public circulation in the Russian Federation.



## Kingdom of Saudi Arabia

Any investor in the Kingdom of Saudi Arabia or who is a Saudi person (a **Saudi Investor**) who acquires Notes pursuant to an offering should note that the offer of any such Notes is a limited offer under Article 11 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 (the **KSA Regulations**). Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that any offer of such Notes to a Saudi Investor will comply with the KSA Regulations. An offer of Notes shall not therefore constitute a "public offer" pursuant to the KSA Regulations but is subject to the restrictions on secondary market activity under Article 17 of the KSA Regulations.

Any Saudi Investor who has acquired Notes pursuant to a limited offer may not offer or sell such Notes to any person unless the offer or sale is made through an authorised person appropriately licensed by the Saudi Arabian Capital Market Authority and: (a) the Notes are offered or sold to a "Sophisticated Investor" (as defined in Article 10 of the KSA Regulations); (b) the price to be paid for the Notes in any one transaction is equal to or exceeds Saudi Riyal 1 million or an equivalent amount; or (c) the offer or sale is otherwise in compliance with Article 17 of the KSA Regulations.

## Singapore

This Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore and Notes will be offered pursuant to the exemptions under Section 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore, (the **Securities and Futures Act**). Accordingly, Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is:

- (a) a corporation (which is not an accredited investor as defined in Section 4A of the Securities and Futures Act) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired Notes under Section 275 of the Securities and Futures Act except:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1) and Section 275(1A) of the Securities and Futures Act, respectively, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;
- (b) where no consideration is or will be given for the transfer; or

(c) by operation of law.

## **Taiwan**

Notes other than Structured Notes (as defined below) may be sold from outside the Republic of China (**Taiwan**) to investors resident in Taiwan (either directly or through properly licensed intermediaries), but may not be marketed, offered or sold in Taiwan. If such Notes are sold through properly licensed intermediaries, then any such Notes must (a) be financial debentures or corporate bonds and (b) meet specified credit ratings.

Notes that are Structured Notes may be sold directly from outside Taiwan to investors resident in Taiwan, but may not be marketed, offered or sold in Taiwan, where, for the purpose of this paragraph and the immediately preceding paragraph, **Structured Notes** means combination products issued outside of the Republic of China by means of securities that link fixed income products and underlying financial derivative products that derive from equities, interest rates, foreign exchange rates, indexes commodities, credit events or other interests.

## **Republic of Turkey**

Notes issued under the Programme have not been, and will not be, registered with the Turkish Capital Markets Board (the **CMB**) under the provisions of Law No. 2499 relating to capital markets (the **Capital Markets Law**) and Communiqué Serial III, No. 20 of the CMB. Turkish residents are free to purchase and sell Notes PROVIDED THAT such transaction is affected through banks or brokerage firms licensed by the CMB, and that proceeds are transferred outside Turkey via banks. Under the Capital Markets Law and implementing regulations, sale of Notes through invitation is considered a public offering or a private placement and both are subject to registration requirements of the CMB if the invitation is not limited to a small number and is made through advertisements, announcements, video shows or presentations which are open to public. Neither the Base Prospectus nor any other offering material related to the offering will be utilized in connection with any general offering to the public within Turkey for the purpose of the sale of Notes without the prior approval of the CMB. Notes will not be sold or caused to be sold outside of Turkey to Turkish residents, unless such sale is authorised pursuant to Article 15(d)(ii) of Decree 32 of Council of Ministers (as amended from time to time) and the CMB regulations.

## **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes to be issued under the Programme have not been and will not be publicly offered, sold or promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the information contained in this Base Prospectus does not constitute an offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusions of any contract of whatsoever nature within the territory of the United Arab Emirates.

## **General**

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where, or under circumstances in which action for that purpose is required and has not been taken. No offers, sales, resales or deliveries of any Notes, or distribution of any offering material relating to any Notes, 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, the Guarantor and/or any Dealer.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer, the Guarantor nor any other Dealer shall have responsibility therefor.

## PLAN OF DISTRIBUTION FOR CERTIFICATES

The Certificates will be offered on a continuous basis by the Issuer to Citigroup Global Markets Limited (CGML). However, the Issuer reserves the right to sell Certificates directly on its own behalf to other entities and to offer Certificates in specified jurisdictions directly to the public through distributors, in accordance with all applicable rules and regulations. Certificates may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Issuer or CGML. Certificates may also be sold by the Issuer through CGML, acting as agent of the Issuer.

### United States of America

The Certificates, the Deed of Guarantee and any Entitlements to be delivered in respect of any Physical Delivery Certificates have not been and will not be registered under the Securities Act. The Issuer has not registered as an investment company pursuant to the United States Investment Company Act of 1940, as amended. No issue of Certificates, or any interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, 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 U.S. person. Consequently, any offer, sale, resale or delivery of an issue of Certificates, or interests therein, made directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons will not be recognised by the Issuer or any agent thereof. Hedging transactions involving Physical Delivery Certificates which are Share Linked Certificates may not be conducted unless in compliance with the Securities Act. 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, and **U.S. person** has the meaning given in Regulation S under the Securities Act.

CGML or any other entity or entities nominated by the Issuer for any offer will be required to agree in relation to an issue of Certificates that it will not at any time offer, sell, resell or deliver, directly or indirectly, such Certificates 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. Any person purchasing any Certificates must agree with CGML or the seller of such Certificates that, (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, any such Certificates 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 or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (ii) it is not purchasing any such Certificates for the account or benefit of any U.S. person and (iii) it will not make offers, sales, resales or deliveries of any such Certificates (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. CGML or any other entity or entities nominated by the Issuer for any offer will also be required to agree, and any person purchasing any Certificates must agree, to send each person who purchases such Certificates from it a written confirmation (which shall include the definitions of **United States** and **U.S. persons** set forth herein) stating that the Certificates have not been and will not be registered under the Securities Act and that such purchaser agrees that it will not at any time offer, sell, resell or deliver such Certificates, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Any person exercising such Certificate will be required to represent that it is not a U.S. person and is not acting on behalf of a U.S. person. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

### 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**), CGML and any other entity or entities nominated by the Issuer for any offer of the Notes 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 Certificates 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 Certificates to the public in that Relevant Member State:

- (a) if the final terms in relation to the Certificates specify that an offer of those Certificates 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 Certificates 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;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of CGML or any other entity or entities nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

PROVIDED THAT no such offer of Certificates referred to in (b) to (e) above shall require the Issuer or CGML or any other entity or entities nominated by the Issuer for any such offer 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 Certificates to the public**" in relation to any Certificates 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 Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### **United Kingdom of Great Britain & Northern Ireland (the United Kingdom)**

All applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) must be complied with in respect to anything done in relation to any Certificates in, from or otherwise involving the United Kingdom.

In respect of Certificates which constitute debentures and which are exercisable at any time prior to one year from their date of issue, such Certificates (a) will only be offered or sold to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses and (b) will not be offered or sold to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the

issue of such Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of any Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## Italy

Until an offering of Certificates has been registered pursuant to Italian securities legislation, no Certificates may be offered, sold or delivered, nor may copies of the Base Prospectus (including Final Terms) or of any other document relating to Certificates be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of Certificates or distribution of copies of the Base Prospectus or any other document relating to Certificates in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993, as amended (the **Banking Act**);
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of Certificates in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) or (ii) above, the subsequent distribution of the Certificates on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Certificates being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## General

These selling restrictions may be modified following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Certificates to which it relates or in a supplement to this Base Prospectus.

No action has been taken or will be taken in any jurisdiction that would permit a public offering of any of the Certificates, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where, or under circumstances in which action for that purpose is required and has not been taken. No offers, sales, re-sales or deliveries of any Certificates, or distribution of any offering material relating to any Certificates, 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 and/or CGML and/or or any other entity or entities nominated by the Issuer for any offer.

CGML or any other entity or entities nominated by the Issuer for any offer will be required to agree that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Certificates or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor the Guarantor shall have responsibility therefor.

## PRO FORMA FINAL TERMS FOR ISSUES OF NOTES

Final Terms dated [ ]

**Citigroup Funding Inc.**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by Citigroup Inc.

Under the U.S.\$30,000,000,000 Euro Medium Term Note and Certificate Programme

**[This debt is guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program and is backed by the full faith and credit of the United States. The details of the FDIC guarantee are provided in the FDIC's regulations, 12 CFR Part 370, and at the FDIC's website, [www.fdic.gov/tlgp](http://www.fdic.gov/tlgp). The expiration date of the FDIC's guarantee is the earlier of the maturity date of the debt or 31 December 2012][This debt is not guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program]**

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (b) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (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 Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (a) 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
- (b) in those Public Offer Jurisdictions mentioned in item 47 of Part A below, provided such person is one of the persons mentioned in item 47 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

None of the Issuer, the Guarantor and any Dealer has authorised, nor do any of them authorise, the making of any offer of Notes in any other circumstances.]

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (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 Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the 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. None of the Issuer, the Guarantor and any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]

The Notes and the Deed of Guarantee [and any Entitlements] have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or, in the case of bearer Notes, delivered within the United States or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act), except in certain transactions exempt from the registration requirements of the Securities Act. For a description of certain restrictions on offers and sales of Notes, see "*Plan of Distribution for Notes*" in the Base Prospectus.



## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled "*Terms and Conditions of the Notes*" [and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Prospectus [and the Supplement[s]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**).

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus [as so supplemented].

The Base Prospectus [and the Supplement[s]] [and the translation of the Summary into *[insert language required by any relevant Public Offer Jurisdictions]*] [is] [are] available for viewing at the office of the paying agent in London and on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). [In addition, the Final Terms is available [on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and] *[insert method of publication required in any relevant Public Offer Jurisdiction(s)]*.] (N.B. Consideration should be given as to how the Final Terms will be published in the event that the Notes are not listed on the Luxembourg Stock Exchange but are publicly offered).

*[Use this paragraph if the Base Prospectus has not been supplemented:* For the purposes hereof, **Base Prospectus** means the Base Prospectus in relation to the Programme dated [ ].]

*[Use this paragraph if the Base Prospectus has been supplemented:* For the purposes hereof, **Base Prospectus** means the Base Prospectus relating to the Programme dated [ ], as supplemented by a Base Prospectus Supplement (No.[ ]) dated [ ] ([the] **Supplement** [No.[ ]]) [and a Base Prospectus Supplement (No.[ ]) dated [ ] (**Supplement No.**[ ]) and, together with Supplement No.[ ], the **Supplements**)].]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section[s] entitled "*Terms and Conditions of the Notes*" [and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Prospectus [as supplemented by the Supplement[s] to the Base Prospectus].

This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Current Base Prospectus [and the Supplement[s] to the Current Base Prospectus], 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 [as supplemented by the Supplement[s] to the Base Prospectus] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Final Terms and the Base Prospectus [and the Supplement[s] to the Base Prospectus] and the Current Base Prospectus [and the Supplement[s] to the Current Base Prospectus].

The Base Prospectus [and the Supplement[s] to the Base Prospectus] and the Current Base Prospectus [and the Supplement[s] to the Current Base Prospectus] [and the translation of the Summary into *[insert language required by any relevant Public Offer Jurisdictions]*] are available for viewing at the office of the paying agent in London and on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). [In addition, the Final Terms is available [on the web-site of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and] *[insert method of publication required in any relevant Public Offer Jurisdiction(s)]*.] (N.B. Consideration should be given as to how the Final Terms will be published in the event that the Notes are not listed on the Luxembourg Stock Exchange but are publicly offered).

*[Use this paragraph if the Conditions have not been amended by way of a Supplement to the Base Prospectus: For the purposes hereof, **Base Prospectus** means the Base Prospectus relating to the Programme dated [ ].]*

*[Use this paragraph if the Conditions have been amended by way of a Supplement to the Base Prospectus: For the purposes hereof, **Base Prospectus** means the Base Prospectus relating to the Programme dated [ ], as supplemented by a Base Prospectus Supplement (No.[ ]) dated [ ] ([the] **Supplement [to the Base Prospectus]** [No.[ ]]) [and a Base Prospectus Supplement (No.[ ]) dated [ ] (**Supplement No.**[ ] and, together with Supplement No.[ ], the **Supplements to the Base Prospectus**)].]*

*[Use this paragraph if the Current Base Prospectus has not been supplemented: For the purposes hereof, **Current Base Prospectus** means the Base Prospectus relating to the Programme dated [ ].]*

*[Use this paragraph if the Current Base Prospectus has been supplemented: For the purposes hereof, **Current Base Prospectus** means the Base Prospectus relating to the Programme dated [ ], as supplemented by a Base Prospectus Supplement (No.[ ]) dated [ ] ([the] **Supplement [to the Current Base Prospectus]** [No.[ ]]) [and a Base Prospectus Supplement (No.[ ]) dated [ ] (**Supplement No.**[ ] and, together with Supplement No.[ ], the **Supplements to the Current Base Prospectus**)].]*

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

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

1.
  - (i) Issuer: Citigroup Funding Inc.
  - (ii) Guarantor: Citigroup Inc.
  - (iii) FDIC Guarantee: [Applicable – the provisions of Condition 19 apply to the Notes/Not Applicable]
2.
  - [(i)] Series Number: [ ]
  - [(ii)] Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]*
3.
  - [(i)] Specified Currency or [ ] Currencies:
  - [(ii)] Relevant Currency (if different [ ]) to the Specified Currency)
4. Aggregate Principal Amount:
  - [(i)] Series: [ ]
  - [(ii)] Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from [insert date] (*in the case of fungible issues, if applicable*)]

6. (i) Specified Denominations: [   ]
- (in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)* *(N.B. For Notes with a maturity of 183 days or less, the Notes must have a minimum denomination of U.S.\$500,000 or its equivalent based on the spot rate on the Issue Date)*
- (ii) Calculation Amount: [   ]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations)*
7. (i) Issue Date: [   ]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
9. Types of Notes:
- (i) [Fixed Rate/Floating Rate/Zero Coupon/ Dual Currency/Underlying Linked /specify other] Notes
- (ii) [The Notes relate to the Underlying(s) specified in item 16(i) below]
- (iii) The Notes are [Cash Settled Notes/Physical Delivery Notes]
10. Interest Basis:
- [Fixed Rate. The Notes bear interest as specified in item 17 below]
- [Floating Rate. The Notes bear interest as specified in item 18 below]
- [Zero Coupon]
- [Dual Currency]
- [Underlying Linked Interest. The Notes bear interest as specified in item 16 and item 21 below]
- [Other (specify)]
- [The Notes do not bear or pay any interest]
11. Redemption/Payment Basis
- [Redemption at par]
- [Partly Paid]
- [Instalment]
- [Underlying Linked Redemption]
- [Other (specify)]
- (N.B. If the Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the*

*Prospectus Directive Regulation will apply)*

12. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
13. Put/Call Options: [Issuer Call as specified in item 22 below]  
[Investor Put as specified in item 23 below]  
[Not Applicable]
14. (i) Status of the Notes: Senior  
(ii) Status of the Deed of Guarantee: Senior
15. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO UNDERLYING LINKED NOTES**

16. **Underlying Linked Notes Provisions:** [Applicable – the provisions in Condition 20 of the General Conditions apply][Not Applicable]

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

- (i) Underlying:  
*(the following information may be tabulated)*
- (A) Description of Underlying(s): [Specify each Underlying]
- (B) Classification: [Share Index/Inflation Index/Commodity Index/Commodity/Share/Depository Receipt/ETF Share/Mutual Fund Interest/other]
- (C) Electronic Page: [ ]
- (ii) Particulars in respect of each Underlying: *(Delete the sub-paragraphs which are not applicable)*  
*(the following information may be tabulated)*
- [Share Index/Indices: *(Specify for each Share Index)*
- (A) Type of Index: [Single Exchange Index/Multiple Exchange Index]
- (B) Exchange(s): [ ]
- (NB: Only required in relation to Single Exchange Indices)*
- (C) Related Exchange(s): [Specify/All Exchanges]
- [Inflation Index/Indices: *(Specify for each Inflation Index)*
- (A) Fallback Bond: [Applicable: The definition set out in Condition 1 of the Inflation Index Conditions shall apply/specify][Not

- Applicable]
- (B) Revision of level of Inflation Index: [Revision/No Revision]
- (NB: If neither "Revision" nor "No Revision" is specified, "No Revision" will be deemed to apply)*
- [Commodity Index/Indices: *(Specify for each Commodity Index)*
- (A) Exchange(s): [ ]
- [Commodity/Commodities: *(Specify for each Commodity)*
- (A) Commodity Price: [[high price][low price][average of high and low prices][closing price][opening price][bid price][asked price][average of bid and asked prices][settlement price][official settlement price][official price][morning fixing][afternoon fixing][spot price][other] [per [insert unit]] of [insert commodity] on [the relevant Exchange/specify] [of the [relevant] Futures Contract for the [relevant] Delivery Date] as made public by [the [relevant] Exchange] on [the [relevant] Price Source]] [specify][Fallback Commodity Dealers]
- (B) Delivery Date: [date] [month and year] [[First/Second/Third/other] Nearby Month] [specify method]
- (C) Exchange(s): [ ]
- (D) Price Source: [ ]
- (E) Scheduled Trading Day: [ ]
- (NB: Only applicable if the definition for Bullion Commodities in the Commodity Conditions is not applicable)*
- [Share: *(Specify for each Share)*
- (A) Share Company: [ ]
- (B) Exchange(s): [ ]
- (C) Related Exchange(s): [Specify/All Exchanges]
- [Depository Receipt: *(Specify for each Depository Receipt)*
- (A) Full Lookthrough: [Applicable/Not Applicable]
- (B) Partial Lookthrough: [Applicable/Not Applicable]
- (C) Depository Receipt Exchange(s): [ ]
- (D) Depository Receipt [Specify/All Exchanges]

Related Exchange(s):

(E) Underlying Share [ ]  
Company:

(F) Underlying Share [ ]  
Exchange(s):

(G) Underlying Share [Specify/All Exchanges]  
Related Exchange(s):

[ETF Share: (Specify for each ETF Share)

(A) Fund: [ ]

(B) Exchange(s): [ ]

(C) Related Exchange(s) [Specify/All Exchanges]

[Mutual Fund Interest: (Specify for each Fund Interest)

(A) Mutual Fund: [ ]

(B) Scheduled Trading Day: [Scheduled Interim Valuation Date/Scheduled  
Redemption Valuation Date]

(iii) Elections in respect of each type of Underlying: (Delete the sub-paragraphs which are not applicable)  
(the following information may be tabulated)

[Share Index/Indices:

(A) Additional Disruption [Hedging Disruption]  
Event(s): [Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]

(B) Trade Date: [ ]

[Inflation Index/Indices:

(A) Reference Month: [In respect of a Valuation Date [specify]]

(B) Manifest Error Cut-off [2 Business Days prior to the [relevant] Payment  
Date: Date/Specify]

(NB: If no Manifest Error Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date)

(C) Revision Cut-off Date: [2 Business Days prior to the [relevant] Payment  
Date/Specify]

(NB: If no Revision Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date)

*Payment Date)*

[Commodity Index/Indices:

(A) Additional Adjustment Tax Disruption: [Applicable/Not Applicable]  
Event:

(B) Trade Date: [ ]

[Commodity/Commodities:

(A) Commodity Dealers [The definition set out in Condition 1 of the Commodity Conditions shall apply/*Specify*]

*(NB: If no Commodity Dealers are specified, the Commodity Dealers shall be four leading dealers in the relevant market selected by the Calculation Agent)*

(B) Disruption Event(s): [Condition 3(a) of the Commodity Conditions applies]  
[Disappearance of Commodity Price]  
[Material Change in Content]  
[Material Change in Formula]  
[Price Source Disruption]  
[Tax Disruption]  
[Trading Disruption (*specify any additional futures/options contracts*)]

(C) Disruption Fallback(s): [Condition 3(b) of the Commodity Conditions applies.]  
[The following Disruption Fallbacks apply, in the following order:

[Fallback Commodity Price (*specify alternative Commodity Price*)]  
[Fallback Commodity Dealers]  
[Delayed Publication and Announcement]  
[Postponement]  
[Calculation Agent Determination]  
[Cancellation]  
[*specify other*]

(D) Trade Date: [ ]

[Share:

(A) Additional Disruption [Hedging Disruption]  
Event(s): [Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]

(B) Trade Date: [ ]]

(C) Share Substitution [Reference Index/*specify*/As determined by the  
Criteria: Calculation Agent]

[Depository Receipt:

- (A) Additional Disruption Event(s): [Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]
- (B) Trade Date: [ ]
- (C) Depository Receipt Substitution Criteria: [*Specify*/As determined by the Calculation Agent]]
- [ETF Share:
- (A) Additional Disruption Event(s): [Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]
- (B) Trade Date: [ ]
- (C) ETF Share Substitution Criteria: [*Specify*/As determined by the Calculation Agent]]
- [Mutual Fund Interest:
- (A) Mutual Fund Interest Substitution Criteria: [*Specify*/As determined by the Calculation Agent]]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Rate[(s)]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]
- (iii) Interest Period End Date(s): [Interest Payment Date(s)/[ ] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]
- (iv) Interest Amount[(s)]: [ ] per Calculation Amount
- (v) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)*
- (vi) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / other]



(vii) [Determination Dates: [ ] 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. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]

(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes [Not Applicable/give details]

18. **Floating Rate Note Provisions** [Applicable/Not Applicable]

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

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

(ii) Interest Period End Date(s): [Interest Payment Date(s)/[ ] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]

(iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]

(iv) Manner in which the Interest Rate(s) is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]

(v) Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s) (if not the Calculation Agent): [ ]

(vi) Screen Rate Determination: [Applicable/Not Applicable]

– Reference Rate: [ ]

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

– Interest Determination Date(s): [ ]

*(Second day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

– 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)*

- (vii) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
- (viii) Margin(s): [+/-][ ] per cent. per annum *(or insert details of any rate multiplier)*
- (ix) Minimum Interest Rate: [[ ] per cent. per annum/Not Applicable]
- (x) Maximum Interest Rate: [[ ] per cent. per annum/Not Applicable]
- (xi) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (sterling)  
Actual/360  
30/360/360/360/Bond Basis  
30E/360/Eurobond Basis  
30E/360 (ISDA)  
RBA Bond Basis/Australian Bond Basis  
*(See General Condition 4 for alternatives)*]
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the General Conditions: [ ] *(Include details of Interest Determination Date(s), any Reference Banks, details of any Business Centres and all other relevant terms)*

19. **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

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

- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable (including Day Count Fraction): [ ]

20. **Dual Currency Interest Provisions**

[Applicable/Not Applicable]

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

(i) Exchange rate/method of [give details]  
calculating exchange rate:

(ii) Provisions applicable where [ ]  
calculation by reference to  
exchange rate impossible or  
impracticable:

(iii) Person at whose option Specified [ ]  
Currency(ies) is/are payable:

21. **Underlying Linked Notes Interest** [Applicable/Not Applicable]  
**Provisions**

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

(i) Interest Amount/Interest Rate: [See the Schedule attached hereto/[specify] per  
Calculation Amount]

(ii) Interest Period(s): [ ]

(iii) Interest Payment Date(s): [ ]

(iv) Interest Period End Date(s): [Interest Payment Date(s)/[ ] in each year [adjusted in  
accordance with [specify Business Day Convention]/not  
adjusted]]

(v) Day Count Fraction: [ ]

(vi) Specified Valuation Date(s): [Specify in respect of an Interest Payment Date] [[Each]  
such date shall be subject to adjustment [as provided in  
Condition 20 of the General Conditions/specify]] [[In  
respect of an Underlying,] Each Scheduled Trading Day  
for [the/all the/such] Underlying[s] during [specify  
period]. The provisions of Condition 20(c) [and  
Condition 20(d)] of the General Conditions shall not  
apply in respect of [each] such Specified Valuation  
Date]

(vii) Valuation Disruption (Scheduled [Move in Block/Value What You Can/Not  
Trading Days): Applicable/specify]

(viii) Valuation Disruption (Disrupted [Move in Block/Value What You Can/Not  
Days): Applicable/specify]

*(In relation to determination of Underlying Levels,  
specify adjustments to Valuation Dates where different  
to the Conditions)*

(ix) Valuation Roll: [ ]/[eight] [Not Applicable]

*(If no Valuation Roll is stated, Specified Maximum Days  
of Disruption will be equal to eight)*

## PROVISIONS RELATING TO REDEMPTION

### 22. 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 and method, if any, of calculation of such amount: [ ] per Calculation Amount  
*(Consideration to be given to whether the Optional Redemption Amount should include accrued interest or whether, as provided in the General Conditions, the amount payable in the Optional Redemption Amount plus accrued interest)*
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ] per Calculation Amount
  - (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Notice period (if other than as set out in Condition 5(e) of the General Conditions) [ ]  
*(N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent).*

### 23. 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 and method, if any, of calculation of such amount: [ ] per Calculation Amount  
*(Consideration to be given to whether the Optional Redemption Amount should include accrued interest or whether, as provided in the General Conditions, the amount payable is the Optional Redemption Amount plus accrued interest)*
- (iii) Notice period (if other than as set out in Condition 5(f) of the General Conditions) [ ]  
*(N.B. If setting notice periods which are different to those provided in the General Conditions, the Issuer is*

*advised to consider the practicalities of distribution of information through intermediaries, for example clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*

24. **Redemption Amount of each Calculation Amount** [[ ] per Calculation Amount/See item 25 below (*N.B. only applicable in relation to Underlying Linked Notes*)]/ [Physical Delivery]

*(N.B. If the Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*

25. **Underlying Linked Notes Redemption Provisions** [Applicable/Not Applicable]

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

- (i) Redemption Amount for Underlying Linked Notes: [See the Schedule attached hereto/[specify] per Calculation Amount]

- (ii) Specified Valuation Date(s): [Specify] [[Each] such date shall be subject to adjustment [as provided in Condition 20 of the General Conditions/specify]] [[In respect of an Underlying,] Each Scheduled Trading Day for [the/all the/such] Underlying[s] during [specify period]. The provisions of Condition 20(c) [and Condition 20(d)] of the General Conditions shall not apply in respect of [each] such Specified Valuation Date]

- (iii) Valuation Disruption (Scheduled Trading Days): [Move in Block/Value What You Can/Not Applicable/specify]

- (iv) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/Not Applicable/specify]

*(In relation to determination of Underlying Levels, specify adjustments to Valuation Dates where different to the Conditions)*

- (v) Valuation Roll: [ ]/[eight] [Not Applicable]

*(If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight)*

26. **Mandatory Early Redemption Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Mandatory Early Redemption Event: [See the Schedule attached hereto/specify]
- (ii) Mandatory Early Redemption Amount(s): [See the Schedule attached hereto/specify in respect of a Mandatory Early Redemption Date and a Calculation Amount]
- (iii) Mandatory Early Redemption Date(s): [See the Schedule attached hereto/specify]
- (iv) Specified Valuation Date(s): [Specify in respect of a Mandatory Early Redemption Date] [[Each] such date shall be subject to adjustment [as provided in Condition 20 of the General Conditions/specify]] [[In respect of an Underlying,] Each Scheduled Trading Day for [the/all the/such] Underlying[s] during [specify period]. The provisions of Condition 20(c) [and Condition 20(d)] of the General Conditions shall not apply in respect of [each] such Specified Valuation Date]
- (v) Valuation Disruption (Scheduled Trading Days): [Move in Block/Value What You Can/Not Applicable/specify]
- (vi) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/Not Applicable/specify]
- (In relation to determination of Underlying Levels, specify adjustments to Valuation Dates where different to the Conditions)*
- (vii) Valuation Roll: [ ]/[eight] [Not Applicable]
- (If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight)*
27. **Early Redemption Amount**
- (i) Early Redemption Amount(s) payable on redemption for taxation reasons or illegality (Condition 5(b) of the General Conditions) or on Event of Default (Condition 9 of the General Conditions) and/or the method of calculating the same: [ ] per Calculation Amount
- (See Condition 5(d) of the General Conditions. N.B. In the case of structured Notes consider whether this should be fair market value as provided in Condition 5(d)(iii) of the General Conditions, which amount would include any accrued interest)*
- (ii) Early Redemption Amount includes amount in respect of [Yes: no additional amount in respect of accrued interest to be paid/No: together with the Early Redemption

accrued interest:

Amount, accrued interest shall also be paid]

28. **Provisions applicable to Physical Delivery** [Applicable/Not Applicable]

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

*(N.B. If the Notes are Physical Delivery Notes, physical delivery of any Relevant Asset must be made in compliance with the provisions of the United States Securities and Exchange Act of 1934)*

- (i) Entitlement: Entitlement per Calculation Amount is [specify]
- (ii) Relevant Asset(s): [As specified above]/[The relevant asset to which the Notes relate [is/are] [ ]]
- (iii) Delivery Method and details required for delivery using such Delivery Method: [Specify]
- (iv) Settlement Business Day(s): [Specify]
- (v) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]  
(Condition 6(j)(vi) of the General Conditions)
- (vi) Cash Adjustment: [Applicable/Not Applicable]

[The value of Fractional Entitlement shall be determined by the Calculation Agent [by reference to the Settlement Price] of the relevant [Share]]

Tradable Amount: [1/Specify] [Share]

29. **Variation of Settlement**

- (i) Issuer's option to vary settlement [The Issuer has the option to vary settlement in respect of the Notes pursuant to Condition 6(k) of the General Conditions] [Not Applicable]
- (ii) Holder's option to vary settlement: [The Noteholder [has/does not have] the option to elect for settlement [by way of cash payment/by way of physical delivery][, subject as provided in the General Conditions to the Issuer's right to cash settlement upon redemption of the Notes]] [Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

30. **Form of Notes:**

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note on or after the Exchange Date which is exchangeable for Definitive Notes on a day falling not

less than 60 days after that on which the notice requiring exchange is given by the holder or the Fiscal Agent and on which banks are open for business in London (being the city in which the specified office of the Fiscal Agent is located) and in Brussels and Luxembourg (*To be amended if Global not held in Euroclear and Clearstream, Luxembourg*)

[Temporary Global Note exchangeable for Definitive Notes on or after the Exchange Date]

[Registered Notes]

[Global Certificate registered in the name of a nominee for Euroclear and Clearstream, Luxembourg which is exchangeable for definitive Certificates in the limited circumstances described in the Global Certificate/Definitive Certificates on issue, details to be provided to the Registrar]

[Australian Domestic Notes – *insert details (including details of the Deed Poll, the Australian Registrar, the provisions of the Fiscal Agency Agreement which apply to the Notes and any process agent)*]

31. New Global Note: [No/Yes]

32. Business Centres: [ ]

*(N.B. this paragraph relates to the definition of Business Day in Condition 4(i) of the General Conditions)*

33. Business Day Jurisdiction(s) or other special provisions relating to payment dates: [Not Applicable/give details]

*(N.B. this paragraph relates to the date and place of payment and Condition 6(i) of the General Conditions)*

34. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No *If yes, give details*][Not Applicable]

35. Coupons to become void upon the due date for redemption of the Notes: [Yes/No/Not Applicable]

36. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]



37. Details relating to Instalment Notes: amount of each Instalment Amount (including any maximum or minimum Instalment Amount), date on which each payment is to be made: [Not Applicable/give details]
38. Redenomination, renominalisation and reconventioning provisions: [Not Applicable/The provisions [of Condition 16 of the General Conditions] apply]  
*(N.B. Specify any changes to Floating Rate Note provisions as applicable)*
39. Consolidation provisions: [Not Applicable/The provisions [of Condition 12 of the General Conditions] apply]
40. Other final terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*
41. Name and address of Calculation Agent: [Citibank, N.A./Citigroup Global Markets Limited/specify other] [address]
42. Determinations: [Any matter falling to be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or any other person shall be determined, considered, elected, selected or otherwise decided upon by such person [in a commercially reasonable manner]/specify other]/[The provisions of Condition 10(c) of the General Conditions apply]

## DISTRIBUTION

43. (i) If syndicated, names and [addresses of Managers and underwriting commitments]\*: [Not Applicable/give names, addresses and underwriting commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)*
- (ii) [Date of [Subscription Agreement: [Not Applicable]/specify]]\*
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
44. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]

45. [Total commission and concession: [ ] per cent. of the Aggregate Principal Amount]\*
46. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA not applicable]
- [Insert any additional selling and transfer restrictions] (N.B.: In the event that any Inflation Index Linked Notes, Commodity Linked Notes and/or Commodity Index Linked Notes are Partly Paid Notes, additional selling restrictions and certifications will be required)*
47. Non-exempt Offer: [Not Applicable] [An offer [(the **Offer**)] of the Notes may be made by the Managers [and [*specify, if applicable*]] other than pursuant to Article 3(2) of the Prospectus Directive [and [*specify any applicable local legislation in the Public Offer Jurisdiction(s)*]] in [*specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported*] (**Public Offer Jurisdictions**) during the period from (and including) [*specify date*] to (and including) [*specify date*] (the **Offer Period**). See further Paragraph [10] of Part B below]
48. Additional selling restrictions: [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

This Final Terms comprises the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market*] of the Notes described herein] pursuant to the U.S.\$30,000,000,000 Euro Medium Term Note and Certificate Programme of Citigroup Funding Inc.

## RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Final Terms. [(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of the Guarantor:

By: .....  
Duly authorised

## PART B – OTHER INFORMATION†

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing [Official List of the Luxembourg Stock Exchange][None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [ ]][Not Applicable]
- [(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)]\**
- (iii) [Estimate of total expenses related to admission to trading: [ ]]\*\*

### 2. RATINGS

- Ratings: The Issuer's long-term/short-term senior debt is rated:
- (i) [S&P: [ ]]
- (ii) [Moody's: [ ]]
- (iii) [Fitch: [ ]]
- (iv) [[Other]: [ ]]
- [The Notes have the benefit of the FDIC Guarantee and have been rated:
- (i) S&P: AAA
- (ii) Moody's: Aaa
- (iii) Fitch: AAA
- on the basis of such guarantee] (NB: expected ratings) (NB: only applicable in relation to FDIC Guaranteed Notes)
- [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 Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

### 3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

*[Need to include a description of any interest, including conflicting ones, that is material to the*

*issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

Save as discussed in ["Plan of Distribution for Notes"], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the Offer]

*(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 Prospectus under Article 16 of the Prospectus Directive)*

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

[(i) Reasons for the Offer: [ ]]

*(See "Use of Proceeds" wording in 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 of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)*

[(iii)] Estimated total expenses: [ ]]

*[Include breakdown of expenses]]\**

*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above)*

#### **5. [Fixed Rate Notes only – YIELD**

Indication of yield: [ ]]

*[Calculated as [include details of method of calculation in summary form] on the Issue Date]\**

*As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]*

[Unified Yield Rate: [ ]] *[Include for Hungarian public offers only]*

#### **6. [Floating Rate Notes only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters]]\*

**7. [PERFORMANCE OF THE UNDERLYING(S), EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING(S)]**

*[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 details of where past and future performance and volatility of the Underlying can be obtained]\*\*\**

*[Where the Underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained]\*\*\**

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

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

**8. UNDERLYING DISCLAIMER\*\*\*\***

*[For use in connection with Indices, Inflation Indices and Commodities where no specific disclaimer is provided]*

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

*[For additional use in connection with Inflation Indices where no specific disclaimer is provided]*

**[Related Bond Disclaimer]**

The Notes are not sponsored, endorsed, sold or promoted by the issuer of the Related Bond and the issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the performance of the Related Bond and/or any amendments, adjustments or modifications to the terms and conditions of the Related Bond, and/or as to the results to be obtained from the use of any

value or index level determined or derived with respect to the Related Bond or otherwise. The issuer of the Related Bond shall not be liable (whether in negligence or otherwise) to any person for any error in the index level or any value determined or derived with respect to the Related Bond and such issuer is under no obligation to advise any person of any error with respect thereto. The issuer of the Related Bond has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the Notes. Neither the issuer of the Related Bond nor any calculation agent in respect thereof shall have any liability to any person for any act or failure to act in connection with the Related Bond]

## 9. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s) and details relating to the relevant depositary, if applicable: [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [Citibank, N.A. at London office, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom [as Fiscal Agent]]

The Bank of New York Mellon at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom as Principal Paying Agent] (NB: only applicable in relation to FDIC Guaranteed Notes)

[KBL European Private Bankers S.A. at 43, Boulevard Royale, L-2955 Luxembourg]

Names and addresses of additional Paying Agent(s) (if any): [ ][Not Applicable]

Name and address of Registrar: [Citibank, N.A. at London office, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom/Citigroup Global Markets Deutschland AG & Co. KGaA at Frankfurter Welle, Reuterweg 16, 60323 Frankfurt-am-Main, Germany] [Not Applicable]

(Care should be taken when selecting the Registrar that there are no U.K. stamp duty or stamp duty reserve tax issues)

Name and addresses of Transfer Agents: [KBL European Private Bankers S.A. at 43, Boulevard Royale, L-2955 Luxembourg and the Registrar][Not Applicable]

Name and address of Representative: [The Bank of New York Mellon at One Canada Square,

Canary Wharf, London E14 5AL, United Kingdom]  
[specify] [Not Applicable]

(NB: only applicable in relation to FDIC Guaranteed Notes)

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized 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 the ECB being satisfied that Eurosystem eligibility criteria have been met](include this text if "yes" selected in which case the Notes must be issued in NGN form)

## 10. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price][specify]

Conditions to which the Offer is subject: [Not Applicable/give details]

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 minimum and/or maximum amount of application: [Not Applicable/give details]

Details of the method and time limits for paying up and delivering the Notes: [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 Notes 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*]

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*]

## **11. OTHER INFORMATION**

[*e.g. secondary market information*]

### **Notes:**

- \* Delete if the minimum denomination is greater than or equal to EUR50,000 (or its equivalent)
- \*\* Delete if the minimum denomination is less than EUR50,000 (or its equivalent)
- \*\*\* Required for Derivative Securities
- \*\*\*\* Required for Share Index Linked Notes and, where relevant, Inflation Index Linked Notes Commodity Index Linked Notes and Commodity Linked Notes
- † If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic Area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend and/or delete certain of the above paragraphs of Part B



## PRO FORMA FINAL TERMS FOR ISSUES OF CERTIFICATES

Final Terms dated [ ]

**Citigroup Funding Inc.**

Issue of [Aggregate Number] [Title of Certificates]

Guaranteed by Citigroup Inc.

Under the Euro Medium Term Note and Certificate Programme

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (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 Certificates. Accordingly any person making or intending to make an offer of the Certificates may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer or any Distributor 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 [34] of Part A below, provided such person is one of the persons mentioned in Paragraph [34] of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

None of the Issuer, the Guarantor, any Dealer and any Distributor has authorised, nor do any of them authorise, the making of any offer of Certificates in any other circumstances.]

[The Base Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that any offer of Certificates in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (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 Certificates. Accordingly any person making or intending to make an offer in that Relevant Member State of the Certificates 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. None of the Issuer, the Guarantor and any Dealer has authorised, nor do any of them authorise, the making of any offer of Certificates in any other circumstances.]

**The Certificates and the Deed of Guarantee [and any Entitlements]\* have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the Securities Act). Certificates may not be offered, sold or delivered within the United States or to U.S. persons. Definitive Certificates will not be issued.**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth under the section[s] entitled "*Terms and Conditions of the Certificates*" [and "*Annex 1 - ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED CERTIFICATES*" / "*Annex 2 - ADDITIONAL TERMS AND CONDITIONS FOR INFLATION LINKED CERTIFICATES*" / "*Annex 3 – ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED CERTIFICATES*" / "*Annex 4 - ADDITIONAL TERMS AND CONDITIONS FOR SHARE LINKED CERTIFICATES*"] in the Base Prospectus dated [ ] [and the supplement[s] to the Base Prospectus dated [ ] and [ ]] which [together] constitute[s] a base prospectus for

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\* Include with respect to Physical Delivery Certificates only.

the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Certificates 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, the Guarantor and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [and the translation of the Summary into *[insert language required by any relevant Public Offer Jurisdictions]*] [is] [are] available for viewing at the office of the Principal Certificate Agent and on the web-site of the Luxembourg Stock Exchange (www.bourse.lu). [In addition, the Final Terms is available [on the web-site of the Luxembourg Stock Exchange (www.bourse.lu) and] *[insert method of publication required in any relevant Public Offer Jurisdiction(s)]*.] (N.B. Consideration should be given as to how the Final Terms will be published in the event that the Certificates are not listed on the Luxembourg Stock Exchange but are publicly offered).

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth under the section[s] entitled "*Terms and Conditions of the Certificates*" [and "*Annex 1 - Additional Terms and Conditions for Index Linked Certificates*" / "*Annex 2 - Additional Terms and Conditions for Share Linked Certificates*" / "*Annex 3 - Additional Terms and Conditions for Inflation Linked Certificates*" / "*Annex 4 – Additional Terms and Conditions for Commodity Linked Certificates*"] in the Base Prospectus dated [ ] [and the supplement[s] to the Base Prospectus dated [ ] and [ ]]. This document constitutes the Final Terms of the Certificates described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) 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, the Guarantor and the offer of the Certificates is only available on the basis of the combination of this Final Terms and the Base Prospectuses dated *[original date]* and *[current date]* [and the supplement[s] to the Base Prospectus dated [ ] and [ ]]. The Base Prospectuses [and the supplement[s] to the Base Prospectus] [and the translation of the Summary into *[insert language required by any relevant Public Offer Jurisdictions]*] [is] [are] available for viewing at the office of the Principal Certificate Agent and on the web-site of the Luxembourg Stock Exchange (www.bourse.lu). [In addition, the Final Terms is available [on the web-site of the Luxembourg Stock Exchange (www.bourse.lu) and] *[insert method of publication required in any relevant Public Offer Jurisdiction(s)]*.] (N.B. Consideration should be given as to how the Final Terms will be published in the event that the Certificates are not listed on the Luxembourg Stock Exchange but are publicly offered).]

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

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

1. (i) Issuer: Citigroup Funding Inc.
- (ii) Guarantor: Citigroup Inc.

[The Guarantor may not be substituted and the provisions of Condition 13(b) of the General Conditions shall not apply to the Certificates] (N.B. To be included for Certificates listed on the Italian Stock Exchange only)

- |     |   |   |
|-----|---|---|
| 2.  | [(i)] Series Number:                          | [ ]   |
|     | (ii) Consolidation:                           | The Certificates are to be consolidated and form a single Series with [ <i>insert title of relevant Series of Certificates</i> ] issued on [ <i>insert issue date</i> ]   |
| 3.  | Type of Certificate:                          | The Certificates are [Index Linked Certificates / Inflation Linked Certificates / Commodity Linked Certificates / Share Linked Certificates / Foreign Exchange Rate Linked Certificates / Formula Linked Certificates/ ( <i>specify other type of Certificate</i> )]  |
| 4.  | Exercise Style:                               | The Certificates are [European Style/American Style/ <i>specify other</i> ] Certificates]   |
| 5.  | Call/Put Certificates:                        | The Certificates are [Call Certificates/Put Certificates]   |
| 6.  | [(i)] Number of Certificates being issued:    | The number of Certificates being issued is [ ]  |
|     | [(ii)] Total number of Certificates in issue: | The total number of Certificates in issue is [ ]<br><br>(NB: Only applicable for fungible issues of Certificates)   |
| 7.  | Issue Price:                                  | The issue price per Certificate is [ ]  |
| 8.  | Exercise Price:                               | The exercise price per Certificate is [ ]<br><br>(N.B. This should take into account any relevant Weighting and, in the case of an Index Linked Certificate, must be expressed as a monetary value if an Index Currency is specified for such Index)  |
| 9.  | Issue Date:                                   | The issue date of the Certificates is [ ]   |
| 10. | Exercise Date(s):                             | [The exercise date of the Certificates is [ ], PROVIDED THAT, if such date is not a Business Day, the Exercise Date shall be the immediately [preceding/succeeding] Business Day]<br><br>[The exercise date of the Certificates is the Business Day following the [last occurring] Valuation Date] (N.B. Only applicable for Certificates listed on the Italian Stock Exchange which are linked to Shares listed on the Italian Stock Exchange)<br><br>[The exercise date of the Certificates is the [last occurring] Valuation Date] (N.B. Only applicable for Certificates listed on the Italian Stock Exchange <b>other than</b> such Certificates linked to Shares listed on the Italian Stock Exchange) [The Certificates will be automatically exercised as provided in the General Conditions subject to each holder's right to renounce such automatic exercise by delivering a Renouncement Notice |

as provided in the General Conditions at or prior to [10.00 a.m. (Milan time) on the Exercise Date] *(N.B. Only applicable for Certificates listed on the Italian Stock Exchange which are linked to Shares listed on the Italian Stock Exchange or Indices managed by Borsa Italiana S.p.A.)* [5.00 p.m. (Milan time) on the Business Day following the Exercise Date] *(N.B. Only applicable for Certificates listed on the Italian Stock Exchange **other than** such Certificates linked to Shares listed on the Italian Stock Exchange or Indices managed by Borsa Italiana S.p.A.)* *(N.B. To be included for Certificates listed on the Italian Stock Exchange only)*

*(N.B. Only applicable in relation to European Style Certificates)*

11. Exercise Period: The exercise period in respect of the Certificates is from and including [ ] to and including [ ] [, or if [ ] is not a Business Day, the immediately succeeding Business Day]  
  
*(N.B. Only applicable in relation to American Style Certificates)*
12. Business Day Centre(s): The applicable Business Day Centre[s] for the purposes of the definition of "Business Day" in Condition 3 of the General Conditions [is/are] [ ]
13. Settlement Date: The settlement date for the Certificates is [ ] [PROVIDED THAT if such day is not a [Settlement] Business Day, the Settlement Date shall be the immediately [succeeding/preceding] [Settlement] Business Day]
14. Settlement: Settlement will be by way of [cash payment (**Cash Settled Certificates**)] [and/or] [physical delivery (**Physical Delivery Certificates**)]
15. Cash Settlement Amount(s): *[Insert details for calculation including any fallback provisions if different to the Conditions]*
16. Hedging Taxes: [Applicable/Not Applicable]
17. Calculation Agent: The Calculation Agent is [Citigroup Global Markets Limited]/[specify other] at [insert address]
18. Determinations: [The provisions of Condition 9(c) of the General Conditions apply/specify other]
19. Settlement Currency: The settlement currency for the payment of the Cash Settlement Amount *(in the case of Cash Settled Certificates)*/[the Disruption Cash Settlement Price] [and/or the Failure to Deliver Settlement Price] *(in the case of Physical Delivery Certificates)* [and/or any other

amounts payable in respect of the Certificates] is [ ]

20. Minimum Exercise Number: The minimum number of Certificates that may be exercised (including automatic exercise) on any day by any Certificateholder is [ ] [and Certificates may only be exercised (including automatic exercise) in integral multiples of [ ] Certificates in excess thereof]
21. Maximum Exercise Number: The maximum number of Certificates that may be exercised on any day by any Certificateholder or group of Certificateholders (whether or not acting in concert) is [ ] (*N.B. Not applicable for European Style Certificates*)
22. **Index Linked Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Certificates relate to a Basket of Indices or a Single Index: [Basket of Indices/Single Index]
- (ii) Index/Indices: [ ]
- [Composite/non-Composite]
- (iii) Index Currency: [ ]
- (iv) Formula: [*Specify*]
- (v) Settlement Price: The Settlement Price will be calculated [*insert calculation method*]/[[Basket Settlement Price/Per Index Settlement Price] as set out in paragraph [(a)(i)/(a)(ii)] of the definition of "Settlement Price" in the Index Linked Conditions] (*N.B. Only applicable for Certificates relating to a Basket of Indices*)/[As set out in paragraph (b) of the definition of "Settlement Price" in the Index Linked Conditions] (*N.B. Only applicable for Certificates relating to a Single Index*)
- (vi) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable: [*Specify*/As set out in the Index Linked Conditions]
- (vii) Averaging: Averaging [applies/does not apply] to the Certificates
- [The Averaging Dates are [ ]]
- [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply]
- Specified Maximum Days of Disruption will be equal to [ ]

]/[eight]

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Indices)*

(viii) Valuation Date: [Specify]

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

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Indices)*

(ix) Observation Date(s): [The Observation Date(s) is/are [ ]/Not Applicable]]

[In the event that an Observation Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply/specify fallbacks]

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

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Indices)*

(x) Observation Period: [Specify/Not Applicable]

(xi) Exchange(s) and Index (d) the relevant Exchange[s] [is/are] [ ]; and

Sponsor:

(e) the relevant Index Sponsor is [ ]

- (xii) Related Exchange(s): [Specify/Each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded/All Exchanges]
- (xiii) Weighting: [Not Applicable/The weighting to be applied to each item comprising the basket to ascertain the Settlement Price is [ ]/specify other]  
*(N.B. Only applicable in relation to Cash Settled Certificates relating to a Basket of Indices)]*
- (xiv) Relevant Time: [Scheduled Closing Time/specify]  
*(N.B. if no Relevant Time is specified, the Valuation Time will be as specified in the Index Linked Conditions)*
- (xv) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Certificates:  
*(Specify each of the following which applies)*  
  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Loss of Stock Borrow]  
  
[(b)] [The Trade Date is [ ]]  
  
*(N.B. only applicable if Change in Law and/or Increased Cost of Hedging is applicable)]*  
  
[(c)] [The Maximum Stock Loan Rate in respect of [specify in relation to each relevant security/commodity] is [ ]]  
  
*(N.B. only applicable if Loss of Stock Borrow is applicable)]*  
  
[(d)] [The Initial Stock Loan Rate in respect of [specify in relation to each relevant security/commodity] is [ ]]  
  
*(N.B. only applicable if Increased Cost of Stock Borrow is applicable)]*
- (xvi) X Percentage: [Applicable/Not Applicable]
- (xvii) Mandatory Early Repayment Event: [Not Applicable/Applicable: specify/["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] the Mandatory Early Repayment Level] [other]]  
  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Mandatory Early Repayment Amount: [Specify]
- (b) Mandatory Early Repayment Date(s): [Specify] [PROVIDED THAT if such date is not a Business Day, that Mandatory Early Repayment Date shall be the immediately [succeeding/preceding] Business Day]
- (c) Mandatory Early Repayment Level: [Specify]
- (d) Mandatory Early Repayment Valuation Date(s): [Specify]  
[In the event that a Mandatory Early Repayment Valuation Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply/specify fallbacks]
- Specified Maximum Days of Disruption will be equal to [ ]/[eight]
- (If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*
- Move in Block: [Applicable/Not Applicable]
- Value What You Can: [Applicable/Not Applicable]
- (N.B. Only applicable in relation to Certificates linked to a Basket of Indices)*
- (e) Mandatory Early Repayment Valuation Time: [Scheduled Closing Time/At any time/Valuation Time/specify]

23. **Inflation Linked Provisions**

[Applicable/Not Applicable]

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

- (i) Index/Indices: [ ]
- (ii) Formula: [ ]
- (iii) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable: [Specify/As set out in the Inflation Linked Conditions]
- (iv) Formula for determining the Underlying Level pursuant to Condition 1(a)(iii) of the [Specify/Condition 1(a) of the Inflation Linked Conditions applies]



Inflation Linked Conditions:

- (v) Payment Date(s): [Settlement Date/*Specify*]
- (vi) Valuation Date: [*Specify*/Five Business Days prior to [each/the] Payment Date]/[Not Applicable]
- (vii) Related Bond: [Applicable/Not Applicable]  
[*Specify for an Index/Fallback Bond*]
- (viii) Issuer of Related Bond: [ ]/[Not Applicable]
- (ix) Fallback Bond: [Applicable/Not Applicable]  
[*Specify for an Index*]  
End Date: [ ]
- (x) Period of Cessation of Publication: [2 consecutive months/*specify*]  
*(If no Period of Cessation of Publication is specified, the period will be two consecutive months)*
- (xi) Revised Index Levels: [[In respect of an Index,] [No Revision/Revision] shall apply in relation to the first publication and announcement of a level of [such/the] Index for a Reference Month]  
*(N.B. if neither "No Revision" nor "Revision" is specified, "No Revision" shall be deemed to apply)*
- (xii) Revision Cut-off Date: [In respect of an Index,] [2 Business Days prior to any relevant Payment Date/*specify*]  
*(If no Revision Cut-off Date is specified, the cut-off date will be two Business Days prior to any relevant Payment Date)*
- (xiii) Manifest Error Cut-off Date: [In respect of an Index,] [2 Business Days prior to any relevant Payment Date/*specify*]  
*(If no Manifest Error Cut-off Date is specified, the cut-off date will be two Business Days prior to any relevant Payment Date)*
- (xiv) Trade Date: [*Specify*]
- (xv) Mandatory Early Repayment Event: [Applicable/Not Applicable]  
*(If applicable specify the terms of the Mandatory Early Repayment Event)*  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(A) Mandatory Early [Specify]  
Repayment Amount:

(B) Mandatory Early [Specify]  
Repayment Date(s):

24. **Commodity Linked Provisions** [Applicable/Not Applicable]

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

(i) Commodity/Commodities: [ ] [which is a Bullion Commodity]

(ii) Formula: [ ]

(iii) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable: [Specify/As set out in the Commodity Linked Conditions]

(iv) Pricing Date(s): [ ]

Commodity Business Day Convention:  
[Following/Modified Following/Nearest/Preceding]

Common Pricing: [Applicable/Not Applicable]

*(NB: only applicable in relation to Certificates linked to a basket of Commodities)*

(v) Commodity Business Day: [Specify/The definition in Condition 5 of the Commodity Linked Conditions applies]

(vi) Commodity Reference Price: [ ]

(vii) Specified Price: [high price][low price][average of high and low prices][closing price][opening price][bid price][asked price][average of bid and asked prices][settlement price][official settlement price][official price][morning fixing][afternoon fixing][spot price][other] *[insert time, if applicable]*

(viii) Delivery Date: [date][month and year][[First/Second/Third/other] Nearby Month][specify method]

(ix) Unit: [ ]

(x) Price Source: [ ]

(xi) Exchange: [ ]

(xii) Market Disruption Event(s): [The following Market Disruption Events apply to the Certificates:

[Price Source Disruption]  
 [Trading Disruption: *specify any additional futures/options contract commodity*]  
 [Disappearance of Commodity Reference Price]  
 [Material Change in Formula]  
 [Material Change in Content]  
 [Tax Disruption]]  
 [Condition 1(b) of the Commodity Linked Conditions applies]

*(NB: if Condition 1(b) of the Commodity Linked Conditions applies, the Market Disruption Events specified in that Condition will apply)*

(xiii) Disruption Fallback(s): [The following Disruption Fallbacks apply to the Certificates (in the following order):

[Fallback Reference Dealers]  
 [Fallback Reference Price: *specify alternate Commodity Reference Price*]  
 [Cancellation]  
 [Postponement]  
 [Calculation Agent Determination]  
 [Delayed Publication and Announcement]  
 [*specify other*]]  
 [Condition 2(b) of the Commodity Linked Conditions applies]

*(NB: if Condition 2(b) of the Commodity Linked Conditions applies, the Market Disruption Events specified in that Condition will apply)*

(xiv) Reference Dealers: [*Specify four dealers*]

(xv) Specified Maximum Days of Disruption: [ ]

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to five)*

(xvi) Trade Date: [ ]

(xvii) Mandatory Early Repayment Event: [Applicable/Not Applicable]

*(If applicable specify the terms of the Mandatory Early Repayment Event)*

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

(A) Mandatory Early Repayment Amount: [*Specify*]

(B) Mandatory Early Repayment Date(s): [Specify]

25. **Share Linked Provisions** [Applicable/Not Applicable]

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

(i) Whether the Certificates relate to a Basket of Shares or a single Share: [Basket of Shares/Single Share]

(ii) Share/Shares: [Give or annex details of each Share and the Share Company or each Basket Company]

(iii) Formula: [Specify]

(iv) Settlement Price: [The Settlement Price will be calculated [insert calculation method]]/[Basket Settlement Price/Per Share Settlement Price] as set out in paragraph [(a)(i)/(a)(ii)] of the definition of "Settlement Price" in the Share Linked Conditions] (N.B. Only applicable for Certificates relating to a Basket of Shares)/[As set out in paragraph (b) of the definition of "Settlement Price" in the Share Linked Conditions] (N.B. Only applicable for Certificates relating to a Single Share) [and converted into the Settlement Currency at the Exchange Rate]

(v) Provisions for determining the Cash Settlement Amount where calculation by reference to formula is impossible or impracticable: [ ]

(vi) Averaging: Averaging [applies/does not apply] to the Certificates

[The Averaging Dates are [ ]]

[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply]

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

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to*

*a Basket of Shares)*

(vii) Valuation Date: [Specify]

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

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Shares)*

(viii) Observation Date(s): [The Observation Date(s) is/are [ ]/Not Applicable]

[In the event that an Observation Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply/specify fallbacks]

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

*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*

Move in Block: [Applicable/Not Applicable]

Value What You Can: [Applicable/Not Applicable]

*(N.B. Only applicable in relation to Certificates linked to a Basket of Shares)*

(ix) Observation Period: [Specify]

(x) Observation Time: [Scheduled Closing Time/At any time/Valuation Time/specify]

(xi) Exchange(s): [Specify]

(xii) Related Exchange(s): [Specify/All Exchanges]

(xiii) Weighting: [Not Applicable/The weighting to be applied to each Share comprising the Basket of Shares to ascertain the [Settlement Price] is [ ]/Specify other]

*(N.B. Only applicable in relation to Certificates relating to a Basket of Shares)*

(xiv) Relevant Time: [Scheduled Closing Time/Specify]

*(N.B. if no Relevant Time is specified, the Valuation Time will be the Scheduled Closing Time)*

- (xv) Exchange Rate: [Specify/Not Applicable]
- (xvi) Additional Disruption Events: [(a)] The following Additional Disruption Events apply to the Certificates:  
*(Specify each of the following which applies)*
- [Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Insolvency Filing]  
[Loss of Stock Borrow]
- [(b)] [The Trade Date is [ ]].
- (N.B. only applicable if Change in Law and/or Increased Cost of Hedging is applicable)*
- [(c)] [The Maximum Stock Loan Rate in respect of [specify in relation to each Share] is [ ]]
- (N.B. only applicable if Loss of Stock Borrow is applicable)*
- [(d)] The Initial Stock Loan Rate in respect of [specify in relation to each Share] is [ ]
- (N.B. only applicable if Increased Cost of Stock Borrow is applicable)*
- (xvii) Share Substitution: [Applicable/Not Applicable]
- (xviii) Mandatory Early Repayment Event: [Not Applicable/Applicable: specify ["greater than"/"greater than or equal to"/"less than"/"less than or equal to"] the Mandatory Early Repayment Level] [other]]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (a) Mandatory Early Repayment Amount: [Specify]
- (b) Mandatory Early Repayment Date(s): [Specify] [PROVIDED THAT if such date is not a Business Day, that Mandatory Early Repayment Date shall be the immediately [succeeding/preceding] Business Day]
- (c) Mandatory Early Repayment Level: [Specify]

- (d) Mandatory Early Repayment Valuation Date(s): *[Specify]*  
 [In the Event that a Mandatory Early Repayment Valuation Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply/specify fallbacks]  
 Specified Maximum Days of Disruption will be equal to [ ]/[eight]:  
*(If no Specified Maximum Days of Disruption are stated, Specified Maximum Days of Disruption will be equal to eight)*  
 Move in Block: [Applicable/Not Applicable]  
 Value What You Can: [Applicable/Not Applicable]  
*(N.B. Only applicable in relation to Certificates linked to a Basket of Indices)*
- (e) Mandatory Early Repayment Valuation Time: [Scheduled Closing Time/At any time/Valuation Time/specify]

26. **Foreign Exchange Rate Linked Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Formula/Exchange Rates: [ ]
- (ii) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula/ Exchange Rates is impossible or impracticable: [ ]
- (iii) Other Provisions: [ ]

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

- (i) Formula: [ ]
- (ii) Underlying: [ ]
- (iii) Provisions for determining the Cash Settlement Amount where calculation by reference to Formula is impossible or impracticable: [ ]

- (iv) Other Provisions: [ ]
28. **Provisions applicable to Physical Delivery** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (N.B. If the Certificates are Physical Delivery Certificates, physical delivery of any Relevant Asset must be made in compliance with the provisions of the United States Securities and Exchange Act of 1934)*
- (i) Entitlement in relation to each Certificate: Entitlement in relation to each Certificate is [specify]
- (ii) Relevant Asset(s): [As specified above]/[The relevant asset to which the Certificates relate [is/are] [ ]]
- (iii) Method of Delivery of Entitlement: [Specify]
- (iv) Settlement Business Day(s): For the purposes of Condition 4(c)(iii) and Condition 5(e) of the General Conditions, [specify]
- (v) Failure to Deliver due to Illiquidity: (Condition 4(d) of the General Conditions) [Applicable/Not Applicable]
- (vi) Cash Adjustment: [Applicable/Not Applicable]
- [The value of Fractional Entitlement shall be determined by the Calculation Agent [by reference to the Settlement Price] of the relevant [Share]].
- Tradeable Amount: [1/specify] [Share]
29. **Variation of Settlement**
- (i) Issuer's option to vary settlement The Issuer [has/does not have] the option to vary settlement in respect of the Certificates pursuant to Condition 4(e) of the General Conditions.
- (ii) Holder's option to vary settlement: The Certificateholder has the option to elect for settlement [by way of cash payment/by way of physical delivery]
30. Other final terms: [Not Applicable/give details]
- (When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*
31. (i) If syndicated, names and [addresses of Dealers and [Not Applicable/give names, addresses and underwriting commitments] (Include names and addresses of entities



underwriting commitments]: *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 Dealers)*

(ii) Date of [Subscription] [ ] Agreement:

32. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]

33. If publicly offered by the Issuer through Distributors, name and address of Distributors: [Not Applicable/give name and address]

34. Non-exempt Offer: [Not Applicable] [An offer [(the **Offer**)] of the Certificates may be made by the [Dealers/Distributors] [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive [and [specify any applicable local legislation in the Public Offer Jurisdiction(s)]] in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] (**Public Offer Jurisdictions**) during the period from (and including) [specify date] to (and including) [specify date] (the **Offer Period**). See further Paragraph [10] of Part B below.]

35. Additional selling restrictions: [Not Applicable/give details]

*[Set out any additional certifications required particularly in relation to Commodity Certificates]*

## PURPOSE OF FINAL TERMS

This Final Terms comprises the final terms required for the issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [specify relevant regulated market]] of the Certificates described herein pursuant to the U.S.\$30,000,000,000 Euro Medium Term Note and Certificate Programme of Citigroup Funding Inc.

## RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Final Terms[, subject as provided below]. [(Relevant third party information) has been extracted from (specify source)]. [Each of the] [The] Issuer [and the Guarantor(s)] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

Signed on behalf of the Guarantor:

By: .....  
Duly authorised

## **PART B – OTHER INFORMATION†**

### **1. LISTING AND ADMISSION TO TRADING**

Listing and admission to trading

[Application has been made by the Issuer (or on its behalf) for the Certificates to be admitted to trading on the regulated market of the Luxembourg Stock Exchange [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 Certificates to be admitted to trading on the regulated market of the Luxembourg Stock Exchange [and to be 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 Notes are already admitted to trading)*

### **2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

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

"Save as discussed in ["Plan of Distribution for Certificates"], so far as the Issuer is aware, no person involved in the offer of the Certificates has an interest material to the offer."

*(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 Prospectus under Article 16 of the Prospectus Directive)*

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

[(i) Reasons for the offer:

[ ]

*(See "Use of Proceeds" wording in 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:

[ ]

[(iii) Estimated total expenses:

[ ]

*(It is only necessary to include disclosure of net proceeds and total expenses at [(ii)] and [(iii)] above where disclosure is included at [(i)]).*

4. **[PERFORMANCE OF INDEX/COMMODITY/INFLATION/FOREIGN EXCHANGE RATE/FORMULA/SHARE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*[Need to include details of where past and future performance and volatility of the index/share/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is a security need to include the name of the issuer of the security and the ISIN or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket. Where the underlying does not fall within any of the foregoing categories, need to include equivalent information.]*

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

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[Where Certificates are offered to the public in Italy consider including (i) Cash Settlement Amount yield scenarios, i.e. positive scenario, intermediate scenario and worst case scenario, (ii) back testing simulation and include the source of all third party information]*

5. **UNDERLYING DISCLAIMER\***

*[For use in connection with Indices, Inflation Indices and Commodities where no specific disclaimer is provided]*

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

*[For additional use in connection with Inflation Indices where no specific disclaimer is provided]*

## [RELATED BOND DISCLAIMER]

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

## 6. OPERATIONAL INFORMATION

ISIN Code: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s) and details relating to the relevant depositary, if applicable: [Not Applicable/give name(s), and number(s) and address(es)]

[The Certificates will also be cleared indirectly through Monte Titoli S.p.A.]<sup>r</sup>

Delivery: Delivery [against/free of] payment

## 7. TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price][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 method and time limits for paying up and delivering the Certificates: [Not Applicable/give details]

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

Categories of potential investors to which the Certificates 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 [Not Applicable/*give details*]  
specifically charged to the subscriber or  
purchaser:

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

## 8. OTHER INFORMATION

[*e.g. secondary market information*]

### Notes:

- \* Required for Index Linked Certificates and, where relevant, Inflation Linked Certificates and Commodity Linked Certificates
- † If an issue of Certificates is (i) NOT admitted to trading on a regulated market within the European Economic Area and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the Issuer may elect to amend and/or delete certain of the above paragraphs of Part B
- Υ To be included for all Certificates listed on the Italian Stock Exchange

**NOTICE FROM THE BENEFICIAL OWNER(S) TO HIS/HER/THEIR FINANCIAL  
INTERMEDIARY**

(to be completed by the beneficial owner(s) of the certificates for the valid renouncement of the automatic  
exercise of the certificates)

[     ]

*[To be included for Certificates listed on the Italian Stock Exchange only.]*

## TAXATION OF NOTES

### GENERAL

Purchasers of Notes may be required to pay taxes (including stamp taxes) and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

**TRANSACTIONS INVOLVING NOTES MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS.**

### UNITED STATES TAX CONSIDERATIONS

*Any U.S. federal tax discussion in this Base Prospectus was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*

#### General

The following is a general summary of certain anticipated principal U.S. federal tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Notes. This summary addresses only the U.S. federal tax considerations of holders that acquire Notes at their original issuance and that are Non-U.S. Holders (as defined below). This discussion is a summary for general information only and does not purport to address all U.S. federal tax matters that may be relevant to the purchase, ownership, and disposition of any Notes to a particular Noteholder.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. Further, this summary does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

Prospective purchasers of the Notes are urged to consult their own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning Notes in light of their own particular circumstances.

For the purposes of this summary, a **Non-U.S. Holder** is a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) a foreign corporation; (ii) a non-resident alien individual; (iii) a non-resident alien fiduciary of a foreign estate or trust; or (iv) a foreign partnership one or more members of which is a Non-U.S. Holder.

#### Taxation of Non-U.S. Holders of the Notes

Under current United States federal income tax law, payment on a Note, Receipt, Coupon or Talon by the Issuer or any Paying Agent to a Non-U.S. Holder should not be subject to withholding of United States federal income tax, provided that, with respect to payments of interest, (1) the beneficial owner does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer entitled to vote, (2) the beneficial owner is not (i) a controlled foreign corporation for U.S. federal income tax purposes that is related to the Issuer through stock ownership or (ii) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, (3) such



interest payments are not effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, are not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), (4) such interest is not contingent on the Issuer's profits, revenues or changes in the value of its property and is not otherwise excluded from the definition of "portfolio interest" by Section 871(h)(4) of the Code, and (5) in the case of a Registered Note, the beneficial owner provides a statement signed under penalties of perjury that certifies that it is a Non-U.S. Holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a Non-U.S. Holder). Further, a Note, Receipt, Coupon or Talon should not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that (i) such holder did not at the time of death actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the Issuer and (ii) at the time of such holder's death, payments of interest on such Note, Receipt, Coupon or Talon would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

Additionally, a holder of a Note, Receipt, Coupon or Talon that is a Non-U.S. Holder should not be subject to United States federal tax on gain realised on the sale, exchange or redemption of such Note, Receipt, Coupon or Talon unless (1) the gain is effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, is not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), or (2) such beneficial owner is an individual who is present in the United States for 183 days or more during the taxable year and certain other requirements are met.

### **Information Reporting and Backup Withholding**

United States information reporting requirements and backup withholding tax should not apply to any payment on a Bearer Note, Receipt, Coupon or Talon made outside the United States by the Issuer or any Paying Agent to a holder that is a Non-U.S. Holder. Payments on a Registered Note owned by a Non-U.S. Holder should not be subject to such requirements or tax if the beneficial owner satisfies the requirements described under "Taxation of Non-U.S. Holders of the Notes" above. Information reporting requirements and backup withholding tax should not apply to any payment on a Bearer Note, Receipt, Coupon or Talon outside the United States by a foreign office of a foreign custodian, foreign nominee or other foreign agent of the beneficial owner of such Bearer Note, Receipt, Coupon or Talon, provided that such custodian, nominee or other agent (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent. (by income or capital interest) owned by United States persons or is engaged in the conduct of a U.S. trade or business. Payment in respect of a Bearer Note, Receipt, Coupon or Talon outside the United States to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent should not be subject to backup withholding tax, but may be subject to information reporting requirements unless such custodian, nominee or agent has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder or the beneficial owner otherwise establishes an exemption. Payment in respect of a Registered Note or a Bearer Note, Receipt, Coupon or Talon by the United States office of a custodian, nominee or other agent of the beneficial owner of such Note, Receipt, Coupon or Talon may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax should not apply to any payment of the proceeds of the sale of a Registered Note or a Bearer Note, Receipt, Coupon or Talon effected outside the United States by a foreign office of a foreign "broker" (as defined in applicable Treasury Regulations), provided that such broker (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent. (by income or capital interest) owned by United States persons or is engaged

in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a Registered Note or a Bearer Note, Receipt, Coupon or Talon effected outside the United States by a foreign office of any other broker should not be subject to backup withholding tax, but may be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Registered Note or a Bearer Note, Receipt, Coupon or Talon by the United States office of a broker may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

## **United States Tax Law Developments**

The United States Internal Revenue Service (the **IRS**) and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for United States federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Note, Receipt, Coupon or Talon.

**THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN OWNER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**

## **UNITED KINGDOM TAXATION**

*The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

### **Interest on Notes**

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

However, Noteholders may wish to note that, in certain circumstances, HM Revenue and Customs (**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 Noteholder, or who either pays amounts payable on the redemption of Notes to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Notes where such amounts are paid on or before 5 April 2010. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

## LUXEMBOURG TAXATION

*The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

### Taxation of the holders of Notes

#### *Withholding Tax*

##### *(i) Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which 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. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

##### *(ii) Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

## AUSTRALIAN TAXATION

The following is a summary of the Australian withholding taxation treatment at the date of this Base Prospectus of payments on Notes to be issued by the Issuer and certain other matters. The summary does not deal with other Australian tax aspects of acquiring, holding or disposing of the Notes. It is a general guide and should be treated with appropriate caution. Prospective holders of Notes who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the Notes for their particular circumstances.

### *Interest withholding tax*

So long as the Issuer continues to be a non-resident of Australia and the Notes (including, without limitation, Australian Domestic Notes) issued by it are not attributable to a permanent establishment of the Issuer in Australia, payments of principal and interest made under Notes issued by it should not be subject to Australian interest withholding tax.

So long as the Guarantor continues to be a non-resident of Australia and the Deed of Guarantee is not attributable to a permanent establishment of the Guarantor in Australia, any payment by the Guarantor under the Deed of Guarantee should not be subject to Australian interest withholding tax.

### *Other tax matters*

Under Australian laws as presently in effect:

- (a) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death; and
- (b) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes; and
- (c) *other withholding taxes on payments in respect of Notes* - so long as the Issuer continues to be a non-resident of Australia and does not carry on business at or through a permanent establishment in Australia, the tax file number requirements of Part VA of the Australian Income Tax Assessment Act 1936 and section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (**Taxation Administration Act**) should not apply in connection with Notes issued by the Issuer; and
- (d) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (e) *goods and services tax (GST)* - neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia.

## **Taxation of Financial Arrangements**

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 (**TOFA Act**) has recently been enacted.

The TOFA Act contains new rules which represent a new code for the taxation of receipts and payments in relation to financial arrangements. The new rules contemplate a number of different methods for bringing to account gains and losses in relation to "financial arrangements" (including fair value, accruals, retranslation, realisation, hedging and financial records).

The new rules apply from the commencement of the first tax year beginning on or after 1 July 2010 (although taxpayers may be able to make an election to apply the new rules for the tax year commencing on or after 1 July 2009 if they wish to do so). Further, the new rules are not to apply to "financial arrangements" which are current as at the commencement date. In relation to current "financial arrangements" at that time, taxpayers may be able to elect to apply the new rules, but certain tax adjustments are required if such an election is made.

The TOFA Act does not alter the rules relating to the imposition of Australian IWT. The new TOFA rules do not override the IWT exemption available under section 128F of the Australian Income Tax Assessment Act 1936.

## **AUSTRIAN TAXATION**

### **Income Tax**

In the opinion of the Issuer, the Notes are in general to be qualified as bonds in the sense of Section 93(3) of the Austrian Income Tax Act.

Individuals subject to unlimited income tax liability in Austria holding bonds as a non-business asset are subject to income tax on all resulting interest payments (which term also encompasses a balance, if any, between the redemption price and the issue price) pursuant to Section 27(1)(4) and Section 27(2)(2) of the Austrian Income Tax Act. If interest is paid out by an Austrian paying agent, then such payments are subject to a withholding tax of 25 per cent.; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to Section 97(1) of the Austrian Income Tax Act) if the bonds are in addition legally and factually offered to an indefinite number of persons. If interest is not paid out by an Austrian paying agent, then such payments must be included in the income tax return; in this case they are subject to a flat income tax rate of 25 per cent., provided that the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments must be included in the income tax return; in this case they are subject to income tax at marginal rates, any withholding tax being creditable against the income tax liability.

Individuals subject to unlimited income tax liability in Austria holding bonds as a business asset are subject to income tax on all resulting interest payments (which term also encompasses a balance, if any, between the redemption price and the issue price). If interest is paid out by an Austrian paying agent, then such payments are subject to a withholding tax of 25 per cent.; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to Section 97(1) of the Austrian Income Tax Act) if the bonds are in addition legally and factually offered to an indefinite number of persons. If interest is not paid out by an Austrian paying agent, then such payments must be included in the income tax return; in this case they are subject to a flat income tax rate of 25 per cent., provided that the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and factually offered to an indefinite number of persons, then the interest payments must be included in the income tax return; in this case they are subject to income tax at marginal rates, any withholding tax being creditable against the income tax liability.

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on all interest payments resulting from bonds (which term also encompasses a balance, if any, between the redemption price and the issue price) at a rate of 25 per cent.. Under the conditions set forth in Section 94(5) of the Austrian Income Tax Act no withholding tax is levied.

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in Section 13(1) of the Austrian Corporate Income Tax Act and holding bonds as a non-business asset are subject to corporate income tax (interim taxation) on all resulting interest payments (which term also encompasses a balance, if any, between the redemption price and the issue price) pursuant to Section 13(3)(1) of the Austrian Corporate Income Tax Act at a rate of 12.5 per cent., provided that the bonds are in addition legally and factually offered to an indefinite number of persons. If the bonds are not legally and

factually offered to an indefinite number of persons, then the interest payments are subject to corporate income tax at a rate of 25 per cent.. Under the conditions set forth in Section 94(11) of the Austrian Income Tax Act no withholding tax is levied.

The Austrian Federal Ministry of Finance has commented upon the tax treatment of so-called turbo certificates in the Income Tax Regulations. These are instruments, which allow a disproportionately high participation in the development in value of an underlying. The leverage is realized through the fact that in the case of a turbo certificate the capital invested is lower than the fair market value of the underlying (e.g. half of the quotation of a share). Pursuant to the Austrian Federal Ministry of Finance, a distinction has to be made whether the amount paid by the investor for the instrument exceeds 20 per cent. of the fair market value of the respective underlying at the beginning of the certificate's term, or not. If this is the case, then the instrument gives rise to income from investments, in which case the comments made above apply *mutatis mutandis*. Otherwise substantially different rules apply.

Pursuant to Section 42(1) of the Austrian Investment Funds Act, a foreign investment fund is defined as any assets subject to a foreign jurisdiction which, irrespective of the legal form they are organized in, are invested according to the principle of risk-spreading on the basis either of a statute, of the entity's articles or of customary exercise. This term, however, does not encompass collective real estate investment vehicles pursuant to Section 14 of the Austrian Capital Markets Act. It should be noted that the Austrian tax authorities have commented upon the distinction between index Notes of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations. Pursuant to these, no foreign investment fund may be assumed if for the purposes of the issuance no predominant actual purchase of the underlying assets by the issuer or a trustee of the issuer, if any, is made and no actively managed assets exist. Directly held bonds shall, however, not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact whether the index is a well-known one, an individually constructed "fixed" index or an index which is changeable at any time.

## **EU Withholding Tax**

Section 1 of the Austrian EU Withholding Tax Act – which transforms into national law the provisions of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent to a beneficial owner who is an individual resident in another Member State is subject to a withholding tax if no exception from such withholding applies. Currently, the withholding tax amounts to 20 per cent.; as of 1 July 2011 it will be increased to 35 per cent.. Regarding the issue of whether index certificates are subject to the withholding tax, the Austrian tax authorities distinguish between index certificates with and without a capital guarantee, a capital guarantee being the promise of repayment of a minimum amount of the capital invested or the promise of the payment of interest. Furthermore, reference is made to the underlying assets.

## **Inheritance and Gift Tax**

According to the recently introduced Gift Notification Act 2008 the Austrian inheritance tax as well as the Austrian gift tax expired as of 1 August 2008. This means that *inter alia* transfers of assets both *inter vivos* (e.g. as a gift) and *mortis causa* (e.g. as an inheritance) after 31 July 2008 are neither subject to inheritance tax nor to gift tax (in the case of transfers to certain foundations a special tax will, however, fall due). Instead of the inheritance and gift tax a notification obligation has been introduced for certain gifts *inter vivos*.

**This section on Austrian taxation contains a brief summary with regard to certain important principles which are of significance in Austria in connection with the Notes. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for individual potential investors. It is based on the currently valid Austrian tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may also be effected with retroactive effect and may negatively impact on the tax consequences described above. It is**

**recommended that potential purchasers of the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes.**

## **BELGIAN TAXATION**

Set out below is a summary of certain Belgian tax consequences of acquiring, holding and selling Notes. This summary is not intended to be an exhaustive description of all relevant Belgian tax considerations and investors should consult their own tax advisors regarding such considerations in relation to their own particular circumstances. The description of certain taxes in the Kingdom of Belgium (**Belgium**) set out below is for general information only and does not purport to be comprehensive.

This summary is based on current legislation, published case law and other published guidelines and regulations as in force at the date of this document and remains subject to any future amendments, which may or may not have retroactive effect.

### *Belgian income tax*

For Belgian tax purposes, interest income includes any interest paid on Notes as well as the difference between the redemption amount of the relevant Note and its original issue amount.

#### – Belgian resident individuals

For individuals subject to Belgian personal income tax, and who are not holding Notes as a professional investment, all interest payments (as defined in the Belgian Income Tax Code) will be subject to the tax regime described below.

If interest is paid through a Belgian intermediary, such intermediary must (subject to certain exceptions) levy Belgian withholding tax. The current applicable withholding tax rate is 15 per cent. This withholding tax will be the final tax for the individual. The interest income does not have to be declared in the recipient's annual income tax return.

If no Belgian intermediary is involved in the interest payment, the investor must declare this interest as income in his or her personal income tax return. Such income will, in principle, be taxed separately, currently at a rate of 15 per cent. (plus the applicable local surcharge).

Any capital gain upon a sale of Notes to a party other than the Issuer, provided it is not allocated to the professional activity of the individual, is in principle tax exempt (unless the tax authorities can prove that the capital gain does not result from the normal management of the individual's private estate, in which case the capital gains will be taxed at a flat rate of 33 per cent. to be increased with local surcharges). The part of the sale price attributable to the *pro rata* interest component (if any) is taxable as interest income. Capital losses on Notes are not usually deductible.

#### – Belgian companies

Interest paid through an intermediary established in Belgium to a Belgian company subject to corporate income tax will generally be subject to Belgian withholding tax. However, an exemption may apply PROVIDED THAT certain formalities are complied with. The current applicable withholding tax rate is 15 per cent. For Belgian companies, the withholding tax is not the final tax, they need to declare the interest income in their annual income tax return, where it is taxed at the normal corporate income tax rate of 33.99 per cent. Belgian companies are, in principle, entitled to set off Belgian withholding tax against their corporate income tax liability provided certain conditions are fulfilled. However, the Belgian withholding tax may only be credited to the extent the Belgian resident company has kept the full legal ownership of the relevant Notes during the period to which the interest payments relate. Any excess withholding tax is refundable.

In specific cases and subject to conditions, an exemption from withholding tax may be available. This should be further analysed with tax consultants.

For any Belgian company subject to Belgian corporate income tax, all interest and any gain on a sale of Notes will form part of that company's taxable basis. Losses on Notes are, in principle, tax deductible.

– Other Belgian legal entities subject to the legal entities income tax

For other Belgian legal entities subject to the legal entities income tax, all interest payments (as defined by the Belgian Income Tax Code) will (subject to certain exceptions) be subject to withholding tax, currently at a rate of 15 per cent.

If interest is paid through a Belgian intermediary, such intermediary must levy withholding tax, currently at the rate of 15 per cent. This withholding tax is a final tax. If no Belgian intermediary is involved, the withholding tax must be declared and paid by the legal entity itself.

Any capital gain on a sale of Notes will, in principle, be tax exempt, except for that part of the sale price attributable to the *pro rata* interest component. Such interest is subject to withholding tax, currently at the rate of 15 per cent. This withholding tax must be paid by the legal entity itself, unless it can demonstrate that the withholding tax will be paid at maturity.

Capital losses on Notes are (subject to certain exceptions) not tax deductible.

#### *Tax on stock exchange transactions*

The acquisition of Notes upon their issuance is not subject to the tax on stock exchange transactions.

The sale and acquisition of Notes on the secondary market is subject to a tax on stock exchange transactions if executed in Belgium through a professional intermediary. The tax is generally due at a rate of 0.07 per cent. on each sale and acquisition separately, with a maximum of Euro 500.00 per taxable transaction. Exemptions may apply for certain categories of institutional investors and non-residents.

## **CZECH TAXATION**

### *General*

*The information set out below is only a summarized description of Czech withholding tax treatment and it does not deal with any other Czech tax consequences of the purchase, holding and disposition of Notes. The holders of Notes should consult their own tax advisors as to the consequences under the tax laws of the country of which they are residents for tax purposes and the tax laws of the Czech Republic concerning the purchase, holding and disposition of Notes and receiving payments of interest, principal and/or other payments under Notes, including, in particular, the application to their concrete situation of the tax considerations discussed below as well as the application of the state, local, foreign or other tax laws.*

*This summary is based on the tax laws of the Czech Republic as in effect on the date of this Base Prospectus and their prevailing interpretations available on or before such date. All of the foregoing is subject to change, which could apply retroactively and could affect the continued validity of this summary.*

*For the purposes of this summary, it has been assumed that the Issuer is not resident for tax purposes nor has it any permanent establishment in the Czech Republic.*



### *Withholding tax*

All interest payments to be made by the Issuer under the Notes may be made free of withholding or deduction of, for or on the account of any taxes of whatsoever nature imposed, levied, withheld or assessed by the Czech Republic or any political subdivision or taxing authority thereof or therein.

### *Securing tax*

In general, pursuant to the Czech tax law, persons who are resident for tax purposes in the Czech Republic or persons who are Czech tax non-residents, but are acquiring the Notes through a permanent establishment in the Czech Republic are required, under their own responsibility, to withhold and to remit to Czech tax authorities a 1 per cent. securing tax from the purchase price when purchasing investment instruments, such as the Notes, from a seller who is resident for tax purposes outside the European Union or the European Economic Area. Nevertheless, such obligation can be eliminated under the double taxation treaty concluded between the Czech Republic and the country in which the person selling Notes is tax resident or it can be waived based on a decision of Czech tax authorities.

## **DUTCH TAXATION**

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only for holders of Notes who are residents or deemed residents of the Netherlands for Netherlands tax purposes. Each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Notes holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Notes of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) investment institutions (*fiscale beleggingsinstellingen*); and
- (iii) pension funds, exempt investment institution (*vrijgestelde fiscale beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax.

For the purpose of the Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

### **Netherlands Withholding tax**

All payments made by the Issuer under the Notes may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

## **Netherlands Corporate and individual income tax**

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise to which the Notes are attributable, income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are generally taxable in the Netherlands (at up to a maximum rate of 25.5 per cent..

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including an individual holder who has opted to be taxed as a resident of the Netherlands), income derived from the Notes and gains realised upon the redemption, settlement or disposal of the Notes are taxable at the progressive rates (at up to a maximum rate of 52 per cent.) under the Netherlands income tax act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the holder has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Notes are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Notes, taxable income with regard to the Notes must be determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on income from savings and investments has been fixed at a rate of 4 per cent of the average of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar as the average exceeds a certain threshold. The average of the individual's yield basis is determined as the fair market value of certain qualifying assets held by the holder of the Notes less the fair market value of certain qualifying liabilities on 1 January and 31 December, divided by two. The fair market value of the Notes will be included as an asset in the individual's yield basis. The 4 per cent. deemed return on income from savings and investments will be taxed at a rate of 30 per cent.

## **Netherlands gift and inheritance tax**

Generally, gift and inheritance tax will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a holder that is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a donation within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a donation within a twelve months period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

## **Netherlands Value added tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Notes or in respect of a cash payment made under the Notes, or in respect of a transfer of Notes.

## **Other Netherlands taxes and duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Notes.

## **GERMAN TAXATION**

*The following is a general discussion of certain German tax consequences of the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations, which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.*

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents.

### **General**

The Business Tax Reform Act 2008 (*Unternehmensteuerreformgesetz 2008*) introduced, inter alia, the so-called flat withholding tax (*Abgeltungsteuer*), a new taxation regime for investment income. The flat withholding tax regime took effect on 1 January 2009 and changed the taxation of investment income for private investors significantly but also provides for certain modifications regarding the taxation of business investors. The new flat withholding tax applies to both current investment income like e.g. the interest payments under the Notes and capital gains from the sale, assignment or redemption of the Notes.

### **Tax Residents**

#### *Private Investors*

#### *Interest/Capital gains*

Interest payable on the Notes, including interest having accrued up to the disposition of a Note and credited separately (**Accrued Interest**), if any, to persons who are tax residents of Germany (i.e., persons whose residence, or habitual abode is located in Germany) are subject to the flat withholding tax at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) according to Sec. 20 para. 1 German Income Tax Act (*Einkommensteuergesetz*). Capital gains from the sale, assignment or redemption of the Notes qualify – irrespective of any holding period – as investment income pursuant to Sec. 20 para. 2 German Income Tax Act as well and are subject to the flat withholding tax.

According to the flat withholding tax regime losses from the sale, assignment or redemption of the Notes can only be set-off against other investment income including capital gains. If the set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be set-off against investment income including capital gains generated in these future assessment periods.

In the event the Noteholder receives at the maturity date a physical delivery of the underlying securities rather than a payment in cash the exchange of the Note is notwithstanding the foregoing treated as tax neutral. This applies irrespective of whether the fair market value of the underlying securities is in excess or below the acquisition price of the Note at the delivery date. In case of such a delivery the acquisition price of the Note is considered to be the sales price of the Note at the exchange date and at the same time the acquisition costs of the delivered underlying securities according to Sec. 20 para. 4a sentence 3 German Income Tax Act. Any capital gain realized in case of a subsequent sale, assignment or redemption of the

underlying securities according to Sec. 20 German Income Tax Act is subject to the flat withholding tax. Any losses realized in case of a subsequent sale, assignment or redemption of the underlying securities can be set-off against other investment income including capital gains, except losses from a sale, assignment or redemption of shares, which can only be set-off against capital gains from the sale, assignment or redemption of other shares.

### *Withholding*

If the Notes are held in a custody with or administrated by a German credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank (the **Disbursing Agent**), the flat withholding tax at a rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be withheld by the Disbursing Agent on interest payments and upon the sale, assignment or redemption of the Notes. The flat withholding tax is imposed on the interest payments and the excess of the proceeds from the sale, assignment or redemption (after the deduction of expenses incurred directly in connection with the sale, assignment or redemption) over the acquisitions costs for the Notes (if applicable converted into Euro terms on the basis of the foreign exchange rates as of the acquisition date and the sale, assignment or redemption date respectively), if the Notes were held in custody by the Disbursing Agent since their acquisition. The Disbursing Agent will provide for the set-off of losses with current investment income and capital gains from other securities. If custody has changed since the acquisition and the acquisition data is not proved as required by Sec. 43a para. 2 German Income Tax Act, the tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax) will be imposed on an amount equal to 30 per cent. of the proceeds from the sale, assignment or redemption of the Notes.

If the Notes are not kept in a custodial account with a Disbursing Agent, the flat withholding tax will apply on interest paid by a Disbursing Agent upon presentation of a coupon (whether or not presented with the Note to which it appertains) to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*). In this case proceeds from the sale, assignment or redemption of the Notes will also be subject to the flat tax.

In general, no flat withholding tax will be levied if the holder of a Note filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent (in the maximum amount of the standard lump sum of Euro 801 (Euro 1.602 for married couples)) to the extent the income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no flat withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax office.

For private investors the withheld flat withholding tax is, in general, definitive. Private investors having a lower personal income tax rate may, upon application, include the capital investment income in their personal income tax return to achieve a lower tax rate. Investment income not subject to the withholding flat withholding tax (e.g. since there is no Disbursing Agent) must be included into the personal income tax return and will be subject to the flat withholding tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), unless the investor does not have a lower personal income tax rate and does not apply for such lower tax rate.

### *Application of the tax provisions of the German Investment Tax Act*

The application of the German Investment Tax Act (*Investmentsteuergesetz*) requires the holding of an interest in an investment fund (*Investmentanteile*). According to a tax decree of the German tax administration dated 2 June 2005 (BMF, IV C 1 – S 1980 - 1 - 87/05) concerning the application of the German Investment Tax Act in case of foreign investment funds, an interest requires that between the holder and the legal entity owning the foreign fund assets a direct legal relationship exists which, however, has not to be a membership-like relationship. According to the tax decree a security being issued by a third party and only reflecting the economic results of a foreign investment fund or several foreign investment funds (e.g. a

Note) will not be regarded as a unit in a foreign investment fund. In certain cases, e.g. if a security provides for a physical delivery of interests in funds, the Investment Tax Act may apply, in which case investors may be subject to tax on deemed profits. Furthermore, following the physical delivery of interests in entities which qualify as foreign investment funds the holder of such instruments would be subject to the provisions of the Investment Tax Act as well.

Due to an amendment to the German Investment Act as per 29 December 2007, which is relevant for the German Investment Tax Act as well, the definition "foreign investment fund interest" has been amended and is now basically confined to redeemable interests (i.e. the holder of the interest may demand the redemption of the interest against a *pro rata* share of the fund) of open-ended investment funds or closed-end funds, provided the latter are subjected to the supervision of a financial supervisory authority for collective investments. With respect to index or fund linked notes the circular no. 14/2008 concerning the scope of application of the German Investment Act (Investmentgesetz) issued by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) dated 22 December 2008 (BaFin, WA 41–Wp 2136–2008/0001) basically confirms the view taken in the preceding paragraph and the draft of the tax decree with respect to the application of the German Investment Tax Act dated 13 May 2009 follows this approach in its revised version as well.

#### *Business Investors*

Interest payable on the Notes and capital gains or losses from the sale, assignment or redemption of the Notes are subject to corporation tax or income tax, as the case may be, (each plus solidarity surcharge thereon) in the hands of a business investor at the investor's personal tax rate and have also to be considered for trade tax purposes.

Withholding tax, if any, including solidarity surcharge are credited as prepayments against the investors's corporate or personal income tax liability and the solidarity surcharge in the course of the tax assessment procedure, i.e. the withholding tax is not definitive. Any potential surplus will be refunded. However, in general no withholding deduction will apply on the gains from the sale, assignment or redemption of the Notes if (i) the Notes are held by a corporation in terms of Sec. 43 para. 2 sentence 3 no. 1 German Income Tax Act or (ii) the proceeds from the Notes qualify as income of a domestic business and the investor notifies this to the Disbursing Agent by use of the officially required form according to Sec. 43 para. 2 sentence 3 no. 2 German Income Tax Act.

#### *Non-residents*

Interest, payable on the Notes including Accrued Interest, if any, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of the Notes; or (ii) the income otherwise constitutes German-source income. In the cases (i) and (ii) a tax regime similar to that explained above under "*Tax Residents*" applies.

Non-residents of Germany are, as a rule, exempt from German withholding tax on interest and the solidarity surcharge thereon, even if the Notes are held in custody with a Disbursing Agent. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above under "*Tax Residents*". If the Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the sale, assignment or redemption of the Notes are paid by the Issuer or a Disbursing Agent upon presentation of a coupon to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*) flat withholding tax will also generally apply. The flat withholding tax may be refunded based upon an assessment to tax or under an applicable tax treaty.

### ***Inheritance and Gift Tax***

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### ***Other Taxes***

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of Notes. Currently, net assets tax is not levied in Germany.

### ***European Directive on the Taxation of Savings Income***

Germany has implemented the EU Savings Directive (2003/48/EC) into national legislation by means of an Interest Information Regulation (*Zinsinformationsverordnung*, ZIV) in 2004. Starting on 1 July 2005, Germany has therefore begun to communicate all payments of interest on the Notes and interest-alike income, including Notes which qualify as financial instruments, to the beneficial owners Member State of residence if the instruments have been kept in a custodial account with a Disbursing Agent.

## **GREEK TAXATION**

The following summary describes the principal Greek taxation consequences of the subscription, holding, redemption and disposal of the Notes by tax residents in the Hellenic Republic (**Greece**) or investors otherwise subject to Greek taxation (due to a permanent establishment in Greece) (for the purposes of this summary, the **Greek Investors**), but does not purport to be a comprehensive description of all Greek taxation consideration thereof.

As a general remark, Greek tax laws are very volatile and may be amended or interpreted differently from their current interpretation and application anytime and more than once during the life of an issue of Notes. This summary is based on the tax legislation, published case law, ministerial decisions and other regulatory acts of the respective Greek authorities as in force at the date of this Base Prospectus and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not constitute a complete analysis and therefore, potential investors should consult their own tax advisers as to the tax consequences of such purchase, ownership and disposal by reference to the particular characteristics of each investor. There may be special tax laws and rates applicable to specific categories of investors (such as mutual funds and insurance companies), which are not dealt with by this summary. In addition, no reference is made to any credit or exemption mechanisms applying in the context of international treaties for the avoidance of double taxation.

For the purposes of this section, it is assumed that the Issuer is not a resident of Greece for Greek taxation purposes.

Furthermore, it is noted that the Greek tax legislation does not provide for specific rules for the tax treatment of combined instruments in terms of Notes, the performance of which is linked to the performance of an underlying, financial index or basket of assets. Depending on the features of the product in scope the Greek tax authorities might take the view that the income deriving from such Notes qualifies as derivatives or interest income subject to the respective rules. Taking into account that such Notes do not expressly fit any of the derivatives or debt notes classification criteria which are stipulated by the relevant Greek legislation, there can be no certainty as to the final decision of the tax authorities on this matter.

### *Treatment of Notes as Debt Securities*

According to Greek Income Tax Code (ITC), interest payments deriving from debt securities issued by foreign entities, such as Notes issued under the Programme, shall be treated as types of financial income that are subject to a so-called "special or stand-alone taxation" (Art. 12 ITC), irrespective of whether the interest income is re-invested abroad or repatriated in Greece. Pursuant to this pay-as-you-earn taxation model (applying also to Greek corporate and government bonds), coupon payments shall be subject to a 10 per cent. special tax rate. Greek individuals are not entitled to deduct taxes withheld abroad for income which has been subject to such 10 per cent. special tax. Therefore, the 10 per cent. special tax shall apply only to the net coupons paid by the issuer.

Furthermore, interest income received by Greek corporate investors, shall also be subject to a 10 per cent. special tax whereas such rate has to be calculated on the gross coupon payment. The 10 per cent. special tax shall be levied by the paying agent in Greece (or the Investor itself) and submitted to the Greek Tax Authorities within the first 15 days of the month following the month of the actual interest payment (Art. 60 (2) ITC). Furthermore, according to Greek tax legislation, the gross interest payments qualify as "foreign bond interest income" which therefore shall be calculated within the gross annual income of the Greek corporate investors, as primary figure for the determination of the taxable net profits and the computation of the final income tax liability (see Art. 105 (1) (b) in conjunction with Art. 24 (1) (b) ITC). However, any amounts paid under the 10 per cent. special tax regime may be deducted from the final income tax liability. In case of credit institutions and insurance companies, further special rules shall apply.

### *Treatment of the Notes as Derivatives*

As indicated above, Greek law does not provide for a specific definition of a derivative transaction. With respect to the products that qualify for Greek tax purposes as derivatives, Ministerial Decisions POL, 1014/1997 and POL, 1084/1997 have so far been issued. The Decisions set out a list of products, which are qualified (i) by certain provisions of law 2396/1996, as substituted by certain provisions of Law 3606/2007 and (ii) by Schedule III of the Act of Governor of the Bank of Greece 2054/1992, as substituted by paragraph 14 of the Act of Governor of the Bank of Greece 2479/2001, as being derivative products for tax purposes. Such derivative products are the following:

- futures;
- forward rate agreements;
- interest rate swaps, foreign exchange swaps, equity swaps;
- currency options, interest rate options;
- over the counter traded derivative products such as single currency interest rate swaps, basis swaps, forward rate agreements, interest rate futures, interest rate options purchased, cross currency interest rate swaps, forward foreign exchange contracts, currency futures, currency options purchased and other similar contracts;
- off balance sheet equity swaps;
- other similar products; and
- any other derivative products that are classified as such through an Act of the Governor of the Bank of Greece.

In order to conclude on whether a financial product other than those explicitly included in the above Ministerial Decisions qualifies as a derivative transaction for tax purposes, it has to be determined whether it

could be accommodated in the general product categories mentioned above. According to explicit guidance of the Greek tax authorities, every doubt in connection with the nature of a product as a derivative product shall be settled by the Bank of Greece. The above list of products (or product combinations) indicates that the Greek tax lawmaker is oriented to an extensive definition of the derivatives income covering both on-exchange and OTC derivatives transactions.

If Notes are treated as derivatives, a special income tax will be withheld at the rate of 15 per cent. upon payment received by Greek individuals whereas no further taxation shall apply. On the other hand, in case of Greek corporate investors, income deriving from the Notes shall be treated as "commercial income" and be fully taxable as part of the annual gross income of such entities at a 25 per cent. corporate tax rate.

#### *Capital Gains Tax*

Depending on the characteristics of the investor, Notes may be subject to capital gains tax.

#### *Transfer Tax - Stamp duty*

The transfer of Notes by or to Greek Investors will not be subject to Greek transfer tax or stamp duty.

#### *Inheritance Tax*

Inheritance tax is payable in Greece in respect of Notes on the basis of a progressive system which depends on the degree of relationship between the deceased and the beneficiary.

### **HUNGARIAN TAXATION**

*The following is a general discussion of certain Hungarian tax consequences relating to the acquisition and ownership of Notes. It does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. It is based on laws currently in force in Hungary and applicable on the date of this Base Prospectus, but subject to change, possibly with retrospective effect. The acquisition of Notes by non-Hungarian holders, or the payment of interest under Notes may trigger additional tax payments in the country of residence of the relevant holder, which is not covered by this summary, but where the provisions of the treaties on the avoidance of double taxation should be taken into consideration. Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws of Hungary and each country of which they are residents.*

#### **Withholding tax (foreign resident individual holders)**

The payments of interest on and capital gains realised upon the redemption or sale of publicly offered and traded Notes (**Interest Income**) is taxed at 20 per cent. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state is considered as other income (**Other Income**) which is taxable progressively (the highest tax rate is 36 per cent. (which is expected to be reduced to 32 per cent. as of 1 January 2010) and may be subject to a health care contribution of 11 per cent. (which is expected to be increased to 27 per cent. as of 1 January 2010), as well). The capital gains realised on the sale of such Notes is considered, as a general rule, capital gains income (**Capital Gains Income**). The tax rate applicable to Capital Gains Income is 25 per cent. While health care contribution of 14 per cent. (capped at 450,000 Hungarian Forint (**HUF**)) may also be payable on the basis of Capital Gains Income.



Foreign resident individual holders are subject to tax in Hungary only if they realise Interest Income from Hungarian sources or income that is otherwise taxable in Hungary if the international treaty or reciprocity so requires. Interest Income should be treated as having a Hungarian source where:

- (a) the Issuer is resident in Hungary for tax purposes;
- (b) the Issuer has a permanent establishment in Hungary and Interest Income realised on the basis of the Notes is paid by the Hungarian permanent establishment of the Issuer;
- (c) the foreign resident individual holder has a permanent establishment in Hungary to which the Interest Income is attributable.

The tax on payments of the Interest Income is to be withheld by the "Payor" (kifizető) (as defined below).

Pursuant to Act XCII of 2003 on the Rules of Taxation (**ART**) a **Payor** means a Hungarian resident legal person, organization, or private entrepreneur who provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, Payor shall mean the borrower of a loan or, the issuer of a note, including, the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, **Payor** shall mean such stockbroker. The Hungarian permanent establishment of a foreign resident entity is also considered as a **Payor**.

Interest, as defined by Schedule 7 of the ART (which implements the provisions of the Saving Directive), realised on Notes by citizens of any other Member State of the European Union is not subject to Hungarian tax where a paying agent based in Hungary provides data to the Hungarian state tax authority on the basis of Schedule 7 of the ART.

A foreign resident individual holder who does not have a permanent establishment in Hungary is not subject to tax in Hungary if he realises Other Income or Capital Gains Income from Hungary since such income is not considered as Hungarian source income.

Please note that the provisions of applicable double tax conventions, if any, should be considered when assessing the Hungarian tax liabilities of a foreign resident individual holder.

### **Withholding tax (foreign resident corporate holders)**

Interest on Notes paid to foreign resident corporate holders, who do not have a permanent establishment in Hungary, by resident legal entities or other persons and any capital gains realised by such foreign resident holders on the sale of Notes is not subject to tax in Hungary. As of 1 January 2010, Hungarian corporate income tax will be required to be withheld by the Payor from interest paid to corporate Holders established in a country which has no double tax convention with Hungary (with the exception of any interest paid to any Hungarian permanent establishment of such corporate Holders). The tax rate applicable to such interest will be 30 per cent. As of the date hereof Hungary has entered into a double tax convention in particular with the following countries: Albania, Australia, Austria, Azerbaijan, Belgium, Belarus, Bosnia and Herzegovina (under the former double tax convention with Yugoslavia), Brazil, Bulgaria, Canada, Czech Republic, China, Cyprus, Croatia, Denmark, East Uruguay, Egypt, Estonia, Finland, France, Germany, Greece, Iceland, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Kuwait, Latvia, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Moldova, Mongolia, Montenegro, Morocco, Norway, Pakistan, Poland, Portugal, Republic of Korea, Republic of Moldova, Romania, Russia, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Thailand, the Netherlands, the Philippines, Tunisia, Turkey, Ukraine, the United Kingdom and Northern Ireland, USA, Uruguay, Uzbekistan and Vietnam (Source: website of the Ministry of Foreign Affairs ([www.kulugyminiszterium.hu](http://www.kulugyminiszterium.hu))).

The tax liability of a foreign resident corporate holder, which has a permanent establishment in Hungary is limited, in general, to the income from business activities realised through its Hungarian permanent establishment.

### **Taxation of Hungarian resident individual holders**

The Act CXVII of 1995 on Personal Income Tax (the **Personal Income Tax Act**) applies to the tax liability of Hungarian and foreign private individuals. The tax liability of Hungarian resident private individuals covers the worldwide income of such persons.

According to the provisions of the Personal Income Tax Act, in the case of individual holders, Interest Income is the income paid as interest and the capital gains realised upon the redemption or the sale of publicly offered and publicly traded debt securities. Notes listed on a regulated market of an EEA member state are considered publicly offered and traded Notes. The withholding tax on Interest Income is currently 20 per cent.

The proceeds paid on privately placed Notes which are not listed on a regulated market of an EEA member state are considered as Other Income which is taxable progressively (the highest tax rate is 36 per cent. (which is expected to be reduced to 32 per cent. as of 1 January 2010) and may be subject to a health care contribution of 11 per cent. (which is expected to be increased to 27 per cent. as of 1 January 2010), as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, Capital Gains Income. The tax rate applicable to Capital Gains Income is 25 per cent. While the rate of health care contribution payable on the basis of Capital Gains Income is 14 per cent. (capped at HUF450,000).

The rules of the Personal Income Tax Act may in certain circumstances impose a requirement upon the "Payor" (kifizető) (as defined below) to withhold tax on the interest payments to individual holders.

Pursuant to the ART the definition of a **Payor** covers a Hungarian resident legal person, other organisation, or private entrepreneur that (who) provides taxable income, irrespective of whether such payment is made directly or through an intermediary (post office, credit institution). In respect of interest, **Payor** shall mean the borrower of a loan or the issuer of a note including, the investment service provider or credit institution providing the interest instead of it. In respect of revenues originating from a transaction concluded with the involvement of a licensed stockbroker, **Payor** shall mean such stockbroker. In respect of income that is earned in a foreign country and taxable in Hungary, **Payor** shall mean the "paying agent" (*megbízott*) (legal person, organization, or private entrepreneur) having tax residency in Hungary, except in cases where the role of a financial institution is limited to performing the bank transfer or payment.

### **Taxation of Hungarian resident corporate holders**

Under Act LXXXI of 1996 on Corporate Tax and Dividend Tax (the **Corporation Tax Act**), Hungarian resident taxpayers have a full, all-inclusive tax liability. In general, resident entities are those established under the laws of Hungary (i.e. having a Hungarian registered seat). Foreign persons having their place of management in Hungary are also considered as Hungarian resident taxpayers.

In general, interest and capital gains realised by Hungarian resident corporate holders on Notes will be taxable in the same way as the regular income of the relevant holders. The general corporation tax rate in Hungary is 16 per cent., which is expected to be increased to 19 per cent. as of 1 January 2010. 50 per cent. tax deduction may be obtained under certain conditions, in respect of capital gains realised on a regulated market.

According to the provisions of Act LIX of 2006 on the Extra Tax and Tax Payable on Interest Subsidies Received from Budgetary Sources Aimed to Enhance the Balance of the State Budget (the **Solidarity Tax Act**), a new tax (**Solidarity Tax**) was introduced from 1 September 2006 of 4 per cent., calculated on the

basis of the pre-tax profit. The Solidarity Tax applies in general to corporate entities as determined by the Solidarity Tax Act and is expected to be abolished as of 1 January 2010.

Financial institutions, financial enterprises, insurance companies and investment enterprises may be subject to local business tax and innovation tax on the basis of the proceeds realised on Notes.

## ITALIAN TAXATION

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of Notes.

### *Tax treatment of Notes*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (the **Decree No. 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

Where Notes have an original maturity of at least 18 months and an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see **Capital Gains Tax** below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.50 per cent. In the event that Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which Notes are effectively connected and such Notes are deposited with an authorised intermediary, interest, premium and other income from such Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP - the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of interest in respect of Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund. However, Law Decree No. 112 of 25 June 2008, converted with amendments into Law No. 133 of 6 August 2008 has introduced a 1 per cent. property tax applying on real estate investment funds' net value, where (i) their units are not expected to be listed on regulated markets and (ii) their equity is less than Euro 400,000,000, if: (a) there are less than 10 unitholders, or (b) funds are reserved to institutional investors or are speculative funds, and their units are held, for more than two-thirds by individuals, trusts or other companies referable to individuals.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the **Fund**) or a SICAV, and the relevant Notes are held by an authorized intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad hoc substitute tax applicable at a 12.50 per cent. rate.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and Notes are deposited with an authorised intermediary, interest, premium and other income relating to such Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11.00 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an **Intermediary**).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (ii) intervene, in any way, in the collection of interest or in the transfer of Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which such Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

If the Notes are issued for an original maturity of less than 18 months, the *imposta sostitutiva* applies at the rate of 27 per cent. The 27 per cent. *imposta sostitutiva* is also applied to any payment of interest or premium relating to such Notes made to (i) Italian pension funds, (ii) Italian Funds and (iii) Italian SICAVs.

#### *Early Redemption*

Without prejudice to the above provisions, in the event that Notes having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from their issue date, Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of such Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

#### *Atypical securities*

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 27 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

The 27 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

#### *Non-Italian Resident Noteholders*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes provided that, if Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

### *Payments made by a non resident Guarantor*

With respect to payments made to Italian resident Noteholders by a non Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payment made by the Italian non resident guarantor could be treated, in certain circumstances, as a payment made by the relevant Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

### *Capital Gains Tax*

Any gain obtained from the sale or redemption of Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the relevant Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the relevant Notes are connected.

Where an Italian resident Noteholder is an individual not holding Notes in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of such Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.50 per cent. Noteholders may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the "tax declaration" regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the relevant Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the relevant Notes carried out during any given tax year. Italian resident individuals holding Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the relevant Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and (ii) an express election for the *risparmio amministrato* regime being punctually made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end,

subject to a 12.50 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a Noteholder which is an Italian open ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.50 per cent. substitute tax.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes are not subject to Italian taxation, PROVIDED THAT the relevant Notes (i) are traded on regulated markets, or (ii) if not traded on regulated markets, are held outside Italy.

#### *Inheritance and gift taxes*

Pursuant to Law Decree No. 262 of 3 October 2006, (Decree No. 262), converted into Law No. 286 of 24 November, 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding Euro 100,000; and
- (c) any other transfer is, in principle subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

#### *Transfer Tax*

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November, 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of Euro 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

#### **Implementation in Italy of the EU Savings Directive**

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April, 2005 (the **Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the

individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. See also the section entitled "*EU Savings Directive*" on page 339 below.

## **POLISH TAXATION**

### *General Information*

The following is a discussion of certain Polish tax considerations relevant to an investor resident in Poland or which is otherwise subject to Polish taxation. This statement should not be deemed to be tax advice. It is based on Polish tax laws and, as its interpretation refers to the position as at the date of this Base Prospectus, it may thus be subject to change. Any change may be enacted retroactively and may negatively affect the tax treatment, as described below. This description does not purport to be complete with respect to all tax information that may be relevant to investors due to their personal circumstances. Prospective purchasers of Notes are advised to consult their professional tax advisor regarding the tax consequences of the purchase, ownership, disposal, redemption or transfer without consideration of Notes.

### *Taxation of a Polish tax resident private investor (natural person)*

#### **(a) Income from capital investments**

Income other than interest derived by a Polish tax resident individual (i.e. a person based in Poland or who stays in Poland for longer than 183 days in a year) from financial instruments held as non-business assets, qualify as capital income according to Article 17 of the Polish Personal Income Tax Act. Such income does not cumulate with the general income subject to the progressive tax scale but is subject to a 19 per cent. flat rate tax. The costs of acquiring Notes are recognised at the time the revenue is achieved. In principle, this income should be settled by the taxpayer by 30 April of the year following the year in which the income was earned. However, if the individual is also a taxpayer as referred to in Arts. 31, 33, 34 and 35 of the PIT Act (which are mostly persons who obtain income from employment or pensions), under one of the possible interpretations of Art. 40 of the PIT Act he/she is obliged to pay 19 per cent. monthly instalments by the twentieth day of the month following the month in which the income was earned. There are arguments as to whether this interpretation is incorrect, as it puts certain individuals in a worse financial position than they would otherwise have been in. Individuals are encouraged to seek professional advice in this respect.

#### **(b) Withholding Tax on Interest Income**

Interest income does not cumulate with the general income subject to the progressive tax rate but is subject to a 19 per cent. flat rate tax.

If Notes are kept in a securities account maintained with a Polish bank or a Polish brokerage house, such bank or brokerage house is generally required to withhold tax at a rate of 19 per cent. in respect of any interest or discount (i.e. the difference between the redemption price paid by the Issuer and the purchase price of Notes paid by the investor) paid to an investor.

If interest is paid by a foreign entity, in principle the entity would not be obliged to withhold Polish income tax and the tax should be settled by the individual. Potentially the foreign entity could make withholdings pursuant to the laws of other jurisdictions. Withholding tax incurred outside Poland (including countries which have not concluded a tax treaty with Poland), up to an amount equal to the tax paid abroad, but not higher than 19 per cent. tax on the interest amount, could be deducted from the Polish tax liability.

### *Taxation of a Polish tax resident corporate income taxpayer or a natural person holding Notes as a business asset*

A Polish tax resident, a corporate income taxpayer or a natural person holding Notes as a business asset will be subject to income tax in respect of Notes (both on any capital gain and on interest/discount) following the

same principles as those which apply to any other income received from business activity. As a rule, for Polish income tax purposes interest is recognised as revenue on a cash basis, i.e. when it is received and not when it has accrued. In respect of capital gains, the cost of acquiring Notes will be recognised at the time the revenue is achieved. In respect of natural persons holding Notes as a business asset, the tax authorities may require that the tax on the income derived from interest/discount is withheld under the same principles which apply to individual private investors.

The appropriate tax rate will be the same as the tax rate applicable to business activity, i.e. 19 per cent. for a corporation and, in the case of a natural person, either 19 per cent. or the progressive tax rate up to 32 per cent., depending on the taxpayer's choice and whether other requirements are met.

#### *Notes held by a non-Polish tax resident (natural person or corporation)*

Non-Polish residents are subject to Polish income tax only with respect to their income earned in Poland. If Notes are issued by a foreign entity, in principle interest should not be considered as having been earned in Poland. Capital gains should also not be considered as arising in Poland unless Notes are sold at a stock exchange in Poland (the Warsaw Stock Exchange). If the latter is the case, however, most of the tax treaties concluded by Poland provide for Polish tax exemption with respect to capital gains derived from Poland by a foreign tax resident. The treaties also mitigate Polish domestic withholding tax of 20 per cent. on interest (down to 15 per cent., 10 per cent., 5 per cent. or 0 per cent. depending on the relevant treaty and occasionally on the status of the recipient of the interest) if Polish withholding tax is applicable (with respect to Notes issued by a Polish entity). In order to benefit from a tax treaty, a foreign investor should present a relevant certificate of its tax residency.

If a foreign recipient of income acts through a permanent establishment in Poland, as a matter of principle it should be treated in the same manner as a Polish tax resident.

## **PORTUGUESE TAXATION**

The following is a summary of the current Portuguese withholding tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments of principal and income in respect of Notes. The statements do not deal with other Portuguese tax aspects regarding Notes and relate only to the position of persons who are absolute beneficial owners of Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

The reference to "investment income" and "capital gains" in the paragraphs below means "investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "investment income" or "capital gains" which may prevail under any other law or which may be created by the Conditions of the Notes or any related documentation.

#### *Noteholder's Income Tax*

Income generated by the holding (distributions) and disposal of Notes is generally subject to the Portuguese tax regime for debt securities (*obrigações*).

Economic benefits derived from amortisation, reimbursement premiums and other types of remuneration arising from Notes are designated as investment income (*rendimentos de capital*) for Portuguese tax purposes.

#### *Withholding tax*

Under current Portuguese law, investment income payments in respect of Notes made to Portuguese tax resident companies are included in their taxable income and are subject to progressive corporate income tax according to which a 12.5 per cent. tax rate will be applicable on the first Euro 12,500 of taxable income and



a 25 per cent. tax rate will be applicable on taxable income exceeding Euro 12,500, to which is added a municipal surcharge of up to 1.5 per cent. over the Portuguese corporate Noteholders taxable profits, where applicable.

As regards to investment income on Notes made to Portuguese tax resident individuals, they are subject to personal income tax which shall be withheld at the current final withholding rate of 20 per cent. if there is a Portuguese resident paying agent, unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 42 per cent. In this case, the tax withheld is deemed to be a payment on account of the final tax due.

Interest payments due by non resident entities to Portuguese tax resident individuals are subject to an autonomous taxation at a rate of 20 per cent. whenever those payments are not subject to Portuguese withholding tax.

Payments of principal on Notes are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any remuneration component.

### *Capital Gains*

Under current Portuguese law, capital gains obtained by Portuguese tax resident entities on the disposal of Notes issued by non resident entities are included in their taxable income and are subject to progressive corporate income tax rates according to which a 12.5 per cent tax rate will be applicable on the first Euro 12,500 of taxable income and a 25 per cent tax rate will be applicable on taxable income exceeding Euro 12,500, to which is added a municipal surcharge of up to 1.5 per cent. over the Portuguese corporate Noteholders taxable profits, where applicable.

Capital gains obtained by individuals who are resident in Portugal for tax purposes on the disposal of Notes issued by non resident entities are not subject to taxation in Portugal.

### *EU Savings Directive*

Portugal has implemented the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into the Portuguese law through Decree-Law no 62/2005, of 11 March, 2005, as amended by Law no 39-A/2005, of 29 July, 2005.

## **SPANISH TAXATION**

The following is a summary of the main Spanish tax consequences deriving from the ownership, transfer, redemption or reimbursement of Notes referred to in this document by individuals or legal persons who are resident in Spain for tax purposes and by Non-Resident Income Tax taxpayers acting, with respect to Notes, through a permanent establishment in Spain.

This summary is based on Spanish Law in force as of the date of approval of this document and on administrative interpretations thereof, and therefore is subject to any changes in such laws and interpretations thereof occurring after that date, including changes having retroactive effect. In particular, this description is based on the provisions established in the Individual Income Tax Law (Law 35/2006, of 28 November 2006, as amended) and in the Consolidated Text of the Corporate Income Tax Law (Royal Legislative Decree 4/2004, of 5 March 2004, as amended) which may not apply to those individuals or legal persons subject to special tax regimes (such as financial entities, exempt entities, cooperatives or look-through entities). In addition, the following section does not cover those tax laws in force in the Spanish Basque provinces and Navarra as well as the particularities in force in the Spanish autonomous communities (*comunidades autónomas*), or the special rules applicable to transactions among related persons for Spanish tax purposes.

Accordingly, prospective investors in Notes should consult their own tax advisors as to the applicable tax consequences of their purchase, ownership and disposition of Notes, including the effect of tax laws of any other jurisdiction, based on their particular circumstances.

For the purposes of our analysis, we have assumed that Citigroup Funding Inc. is a company resident for tax purposes in the United States and for the purposes of the Convention between the Kingdom of Spain and the United States for Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income signed on 22 February 1990, and entitled to its benefits thereof, and that the investors in Notes are resident in Spain for tax purposes or non-Spanish residents acting, with respect to such Notes, through a permanent establishment in Spain.

#### *Spanish resident individuals*

##### (a) Individual Income Tax (IIT) (*Impuesto sobre la Renta de las Personas Físicas*)

The Spanish IIT is regulated by the IIT Law and supplemented by the IIT Regulations sanctioned by Royal Decree 439/2007, dated 30 March 2007.

Notes are deemed securities (*activos financieros*), in accordance with the definition set forth in Article 91 of the IIT Regulations and its interpretation by the Spanish tax authorities and hence the rules provided with regard to securities must be taken into consideration.

According to Article 25.2 of IIT Law and its interpretation by the Spanish tax authorities, the income in the form of interest obtained on the assignment to third parties of funds and any other form of compensation agreed as remuneration for such assignment, will be deemed income from movable property and therefore will be included in the investor's IIT savings taxable base and taxed at a flat tax rate of 18 per cent.

Holders of Notes shall compute the gross interest obtained in the taxable base of the tax period in which it is due, including amounts withheld, if any.

The net taxable income shall be determined by deducting the management and deposit expenses from the gross income, as defined by the Law 24/1988, of 28 July 1988, of the Spanish Securities Market, excluding those pertaining to discretionary or individual portfolio management.

According to Article 25.2 of the IIT Law and its interpretation by the Spanish tax authorities, income arising on the transfer, redemption or reimbursement of Notes obtained by individuals who are resident in Spain for tax purposes will be deemed as interest for those purposes and therefore will be included in the investor's IIT savings taxable base and taxed at a flat tax rate of 18 per cent.

Income arising on the disposal, redemption or reimbursement of Notes will be calculated as the difference between (i) their disposal, redemption or reimbursement value and (ii) their acquisition or subscription value. Costs and expenses borne on the acquisition and transfer of Notes may be taken into account for calculating the relevant taxable income, PROVIDED THAT they can be duly justified.

Should a holder of Notes acquire homogeneous securities within the two-month period prior or subsequent to the transfer of Notes, losses that may derive from such transfer cannot not be offset until the homogeneous securities are transferred.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid abroad on income deriving from Notes, if any.

(b) Net Wealth Tax (**NWT**) (*Impuesto sobre el Patrimonio*)

The basic NWT law is currently contained in Law 19/1991, dated 6 June 1991, as amended, and supplemented by Royal Decree 1704/1999, dated 5 November 1999.

In the case of Spanish tax resident individuals, NWT is levied, on an annual basis, on the net worth of their worldwide assets and rights owned on 31 December each year.

General tax rates currently range between 0.2 per cent. and 2.5 per cent. although they may vary depending on the applicable legislation in the region (*Comunidad Autónoma*) of residence of the relevant Noteholder.

If Notes are not listed on a Spanish secondary market exchange, they will be taxed at their nominal value including redemption and amortisation premiums, if any.

Tax credits for the avoidance of international double taxation may apply in respect of similar taxes paid abroad in respect of Notes, if any.

Legal persons are not subject to NWT.

Notwithstanding the above, as from 1 January 2008, Spanish NWT was virtually abolished since Spanish tax resident individuals are entitled to a 100 per cent. reduction on their NWT taxable base and, in addition, they are not obliged to file a NWT return before the Spanish tax authorities.

(c) Inheritance and Gift Tax (**IGT**) (*Impuesto sobre Sucesiones y Donaciones*)

The basic IGT law is currently contained in Law 29/1987, dated 18 December 1987 and supplemented by Royal Decree 1629/1991, dated 8 November 1991.

In the case of Spanish tax resident individuals, IGT is levied on their worldwide assets passing to them either by gift or upon death. Therefore, transfers of Notes upon death or by gift to Spanish resident individuals will be subject to the IGT, with the taxpayer being the transferee.

General tax rates, given all relevant factors, currently range from 7.65 per cent. to 81.6 per cent., although they may vary depending on the applicable legislation in the region (*Comunidad Autónoma*) of residence of the relevant Noteholder.

Legal persons are not subject to IGT, thus the income that they may obtain from gift or inheritance, as the case may be, will be subject to Spanish Corporate Income Tax (**CIT**) on the market value of Notes received provided that legal persons obtaining such income are Spanish CIT taxpayers.

Tax credits for the avoidance of international double taxation may apply in respect of similar taxes paid abroad in respect of Notes, if any.

*Spanish legal persons subject to Corporate Income Tax (CIT) (Impuesto sobre Sociedades)*

Interest and income arising on the disposal, redemption or reimbursement of Notes obtained by legal entities subject to Spanish CIT resident for tax purposes in Spain shall be computed as taxable income of the tax period of its accrual, in accordance with rules contained in the CIT Law and supplemented by the CIT Regulations, sanctioned by Royal Decree 1777/2004, dated 30 July 2004.

The general CIT rate for Spanish CIT taxpayers is currently 30 per cent. However, small or medium size companies, as defined by the CIT law, can benefit from the reduced tax rate of 25 per cent on the first Euro 120,202.41 of their taxable base.

Tax credits for the avoidance of international double taxation may apply in respect of taxes paid abroad on income deriving from Notes, if any.

*Non-Resident entities acting through a permanent establishment in Spain subject to non-Resident Income Tax (NRIT) (Impuesto sobre la Renta de no Residentes)*

Based on the fact that the Issuer is not resident in Spain for tax purposes, no Spanish tax should, in principle, be levied on investors that are not resident in Spain for tax purposes, unless they are acting with respect to Notes through a Spanish permanent establishment. According to the general principles of the Spanish taxation system, Spanish permanent establishments of non-Spanish resident persons are taxed under NRIT in a similar manner to Spanish CIT taxpayers, although some specific rules may apply. Due to the complexity of this matter, non-Spanish resident investors acting in Spain, with respect to Notes, through a permanent establishment are strongly urged to seek appropriate advice in respect of their own tax position in this regard.

*Spanish withholding tax*

Where a financial institution (either resident in Spain or acting through a permanent establishment in Spain) (a) acts as depositary of Notes, (b) manages the collection of any income under Notes, (c) intervenes in their transfer or (d) carries out the redemption or reimbursement of the Notes, on behalf of the Noteholders either (i) resident in Spain for tax purposes or (ii) holding the Notes through a permanent establishment located in Spain, such financial institution will be responsible for making the relevant withholding on account of Spanish tax on any income deriving from the relevant Notes. The current withholding tax rate in Spain is 18 per cent. Amounts withheld in Spain, if any, can be credited against the final Spanish IIT, CIT or NRIT liability, as applicable to the Noteholder. In addition, Noteholders who are Spanish CIT taxpayers can benefit from a withholding tax exemption when the relevant Notes are listed in an OECD official stock exchange.

*Other Spanish taxes*

The acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e. exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax approved by Royal Legislative Decree 1/1993 of 21 September and exempt from Value Added Tax, in accordance with Law 37/1992 of 28 December regulating such tax.

## **EU SAVINGS DIRECTIVE**

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income (**EU Savings Directive**). The EU Savings Directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the Law of 21 June 2005. Under the directive, each Member State (including Belgium from 1 January 2010) is required to provide to the tax authorities of another Member State details of payments of interest or other similar income within the meaning of the EU Savings Directive paid by a paying agent within the meaning of the EU Savings Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of the EU Savings Directive (the **Residuals Entities**), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner, within the meaning of the EU Savings Directive, does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system will apply for a transitional period during which the rate of the withholding will be 20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. as from 1 July 2011. The transitional period is to terminate at the end of first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. See "European Union Directive on the Taxation of Savings Income in the Form of Interest Payments" (Council Directive 2003/48/EC).

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) in relation to payments made by a paying agent in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## TAXATION OF CERTIFICATES

### GENERAL

Purchasers of Certificates may be required to pay taxes (including stamp taxes) and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Certificate.

**TRANSACTIONS INVOLVING CERTIFICATES MAY HAVE TAX CONSEQUENCES FOR POTENTIAL PURCHASERS WHICH MAY DEPEND, AMONGST OTHER THINGS, UPON THE STATUS OF THE POTENTIAL PURCHASER AND LAWS RELATING TO TRANSFER AND REGISTRATION TAXES. POTENTIAL PURCHASERS WHO ARE IN ANY DOUBT ABOUT THE TAX POSITION OF ANY ASPECT OF TRANSACTIONS INVOLVING CERTIFICATES SHOULD CONSULT THEIR OWN TAX ADVISERS.**

### UNITED KINGDOM TAXATION

*The following applies only to persons who are the beneficial owners of Certificates and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers) to whom special rules may apply. The United Kingdom tax treatment of prospective Certificateholders depends on their individual circumstances and may be subject to change in the future. Prospective Certificateholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

#### Withholding Tax

No United Kingdom income tax will be required to be deducted or withheld from any payments made on the issue, exercise, sale or other disposition of Certificates.

#### Stamp Duty and Stamp Duty Reserve Tax (SDRT)

*(i) Issue of a Global Certificate into Euroclear or Clearstream, Luxembourg*

A Global Certificate may be subject to United Kingdom stamp duty on issue if a Global Certificate is executed in the United Kingdom or if it relates to any property situate, or to any matter or thing done or to be done, in the United Kingdom. In the context of retail covered warrants listed on the London Stock Exchange, HM Revenue and Customs (HMRC) has indicated that no charge to United Kingdom stamp duty will arise on the issue of such warrants. It is not clear whether HMRC would be prepared to take such a view in relation to a Global Certificate but we see no reason why HMRC should treat Global Certificates differently to retail covered warrants.

However, if a Global Certificate is subject to United Kingdom stamp duty, but the stamp duty is not paid, the Global Certificate cannot be used for any purpose in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court. If a Global Certificate is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the Global Certificate to the date of payment of the stamp duty. Penalties may also be payable if a Global Certificate which was executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom. If any United Kingdom stamp duty is required to be paid, it would be payable at a rate of 0.5 per cent. by reference to the amount of consideration given for the issue of the Certificates represented by that Global Certificate.

No SDRT is payable on the issue (into Euroclear or Clearstream, Luxembourg) of a Global Certificate.

*(ii) Transfer within Euroclear or Clearstream, Luxembourg*

No United Kingdom Stamp Duty or SDRT should be required to be paid on the transfer of any Certificates within Euroclear or Clearstream, Luxembourg provided no instrument is used to complete the transfer and no election has been made under which the alternative system of charge (as provided for in section 97A Finance Act 1986) applies to the Certificates.

*(iii) Exercise*

No Stamp Duty or SDRT should be payable on the exercise of Cash Settled Certificates.

Stamp Duty may be required to be paid following the exercise of a Physical Delivery Certificate in relation to the transfer of an asset (such as stock or marketable securities). SDRT may also be payable following the exercise of a Physical Delivery Certificate in respect of the agreement to transfer an asset. However, any such liability to SDRT will be cancelled (or, if already paid, will be repaid) if the instrument effecting the transfer is chargeable with stamp duty (or is otherwise required to be stamped) and has been duly stamped within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

## UNITED STATES TAX CONSIDERATIONS

*Any U.S. federal tax discussion in this Base Prospectus was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Certificates to be issued pursuant to this Base Prospectus. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*

### *General*

The following is a general summary of certain anticipated principal U.S. federal tax consequences that may be relevant with respect to the acquisition, ownership and disposition of Certificates. This summary addresses only the U.S. federal tax considerations of holders that acquire Certificates at their original issuance and that are Non-U.S. Holders (as defined below). This discussion is a summary for general information only and does not purport to address all U.S. federal tax matters that may be relevant to the purchase, ownership, and disposition of any Certificates to a particular Certificateholder.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. Further, this summary does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

Prospective purchasers of the Certificates are urged to consult their own tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning Certificates in light of their own particular circumstances.

For the purposes of this summary, a **Non-U.S. Holder** is a beneficial owner of a Certificate that is, for U.S. federal income tax purposes: (i) a foreign corporation; (ii) a non-resident alien individual; (iii) a non-resident alien fiduciary of a foreign estate or trust; or (iv) a foreign partnership one or more members of which is a Non-U.S. Holder.

## **Taxation of Non-U.S. Holders of the Certificates**

Under current United States federal income tax law, payment on a Certificate by the Issuer or any Paying Agent to a Non-U.S. Holder should not be subject to withholding of United States federal income tax, PROVIDED THAT, (1) the beneficial owner does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the Issuer entitled to vote, (2) the beneficial owner is not (i) a controlled foreign corporation for U.S. federal income tax purposes that is related to the Issuer through stock ownership or (ii) a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business, (3) such payments are not effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, are not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), (4) such payment is not contingent on the Issuer's profits, revenues or changes in the value of its property and is not otherwise excluded from the definition of "portfolio interest" by Section 871(h)(4) of the Code, and (5) the beneficial owner provides a statement signed under penalties of perjury that certifies that it is a Non-U.S. Holder in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a Non-U.S. Holder). Further, a Certificate should not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, PROVIDED THAT (i) such holder did not at the time of death actually or constructively own 10 per cent. or more of the combined voting power of all classes of stock of the Issuer and (ii) at the time of such holder's death, payments on such Certificate would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

Additionally, a holder of a Certificate that is a Non-U.S. Holder should not be subject to United States federal tax on gain realised on the sale, exchange or redemption of such Certificate unless (1) the gain is effectively connected with the conduct of a trade or business of the beneficial owner within the United States (or, if an applicable treaty so requires, is not attributable to a permanent establishment in the United States maintained by such Non-U.S. Holder), or (2) such beneficial owner is an individual who is present in the United States for 183 days or more during the taxable year and certain other requirements are met.

## **Information Reporting and Backup Withholding**

United States information reporting requirements and backup withholding tax should not apply to any payment on a Certificate owned by a Non-U.S. Holder if the beneficial owner satisfies the requirements described under "Taxation of Non-U.S. Holders of the Certificates" above. Payment in respect of a Certificate by the United States office of a custodian, nominee or other agent of the beneficial owner of such Certificate may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax should not apply to any payment of the proceeds of the sale of a Certificate effected outside the United States by a foreign office of a foreign "broker" (as defined in applicable Treasury Regulations), PROVIDED THAT such broker (i) derives less than 50 per cent. of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent. (by income or capital interest) owned by United States persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of a Certificate effected outside the United States by a foreign office of any other broker should not be subject to backup withholding tax, but may be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a Non-U.S. Holder and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of a Certificate by the United States office of a broker may be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.



## United States Tax Law Developments

The United States Internal Revenue Service (the **IRS**) and United States Treasury Department issued a notice (the **Notice**) that requests public comments on a comprehensive list of tax policy issues raised by certain securities that are not classified as debt for United States federal income tax purposes. In particular, the IRS and United States Treasury Department specifically question whether, and to what degree, payments (or deemed accruals) in respect of these securities should be subject to withholding. Accordingly, it is possible that future guidance could be issued as a result of the Notice requiring withholding on payments made to a Non-U.S. Holder on a Certificate.

**THE U.S. FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN OWNER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE CERTIFICATES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**

## LUXEMBOURG TAXATION

*The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Certificates 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.*

### Taxation of the holders of Certificates

#### *Withholding Tax*

##### (i) Non-resident holders of Certificates

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 made to non-residents holders of Certificates upon settlement of Certificates.

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 immediate 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. Where withholding tax is applied, it is currently levied at a rate of 20 per cent. and will be levied at a rate of 35 per cent. as of 1 July 2011. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments under the Certificates coming within the scope of the Laws would at present be subject to withholding tax of 20 per cent.

(ii) Resident holders of Certificates

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Law**) mentioned below, there is no withholding tax on payments made to Luxembourg resident holders of Certificates upon settlement of the Certificates.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Payments under the Certificates coming within the scope of the Law would be subject to withholding tax of 10 per cent.

## ITALIAN TAXATION

*The following is a summary of current Italian law and practise relating to the taxation of the Certificates. The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Certificates and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*Prospective investors are advised to consult their own tax advisers concerning the overall tax consequences of their interest in the Certificates.*

### *Italian taxation of Certificates*

Pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident Certificateholder is (i) an individual not engaged in an entrepreneurial activity to which the Certificates are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, capital gains accrued under the sale or the exercise of the Certificates are subject to a 12.5 per cent. substitute tax (*imposta sostitutiva*). The recipient may opt for three different taxation criteria:

- (1) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Certificates are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holding the Certificates not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Certificates carried out during any given tax year. Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (2) As an alternative to the tax declaration regime, Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Certificates (the "*risparmio amministrato*")

regime). Such separate taxation of capital gains is allowed subject to (i) the Certificates being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Certificateholder. The depositary is responsible for accounting for imposta sostitutiva in respect of capital gains realised on each sale or redemption of the Certificates (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Certificateholder or using funds provided by the Certificateholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Certificates results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Certificateholder is not required to declare the capital gains in the annual tax return.

- (3) Any capital gains realised by the Italian resident individuals holding the Certificates not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Certificates, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Certificateholder is not required to declare the capital gains realised in the annual tax return.

Where an Italian resident Certificateholder is a company or similar commercial entity, or the Italian permanent establishment of a foreign commercial entity to which the Certificates are effectively connected, capital gains arising from the Certificates will not be subject to imposta sostitutiva, but must be included in the relevant Certificateholder's income tax return and are therefore subject to Italian corporate tax.

Capital gains realised by non-Italian resident Certificateholders are not subject to Italian taxation, PROVIDED THAT the Certificates (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside of Italy.

#### *Atypical securities*

In accordance with a different interpretation of current tax law, there is a remote possibility that the Certificates would be considered as 'atypical' securities pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 as implemented by Law No. 649 of 25 November 1983. In this event, payments relating to Certificates may be subject to an Italian withholding tax, levied at the rate of 27 per cent.

The 27 per cent. withholding tax mentioned above does not apply to payments made to a non-Italian resident Certificateholder and to an Italian resident Certificateholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution.

#### **EU SAVINGS DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income, 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, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent

upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

#### *Implementation in Italy of the EU Savings Directive*

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (**Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

## GENERAL INFORMATION

1. Application has been made to the Luxembourg Stock Exchange for Securities issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on 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). Application may be made for (1) Certificates issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the SeDeX (2) Notes issued under the Programme to be listed on the Italian Stock Exchange and admitted to trading on the MoT or any other relevant market organised and managed by Borsa Italiana S.p.A., but there can be no assurance that any such listing will occur on or prior to the date of issue of any Notes or at all.
2. The Issuer and Guarantor have obtained all necessary consents, approvals and authorisations in the United States in connection with the establishment of the Programme and the issue and performance of the Securities. The establishment of the Programme and the issue of the Notes was authorised by certificates of the Funding Committee of the Issuer dated as of 8 June 2005, 30 June 2006, 13 March 2007, 29 June 2007, 20 August 2007, 20 August 2008 and 18 August 2009 and the Funding Committee of the Guarantor dated 9 June 2005, 13 March 2007, 29 June 2007, 20 August 2008 and 18 August 2009, pursuant to resolutions of the board of directors of the Issuer dated 1 June 2005, 19 June 2006, 16 May 2007, 23 April 2008 and 24 April 2009 (the **CFI Resolutions**) and the board of directors of the Guarantor dated 14 January 2008 and 20 January 2009 (the **Guarantor's Resolutions**). The issue of Certificates under the Programme was authorised by certificates of the Funding Committee of the Issuer dated 20 August 2008 and 18 August 2009 and the Funding Committee of the Guarantor dated 20 August 2008, pursuant to the CFI Resolutions and the guarantee in respect of the Certificates was authorised by the Guarantor's Resolutions.
3. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "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".
4. Other than matters disclosed herein (including in documents incorporated by reference), neither the Guarantor or any of its subsidiaries is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had in the twelve months before the date of this Base Prospectus, a significant effect on the financial position or profitability of the Guarantor, nor, so far as the Guarantor is aware, are any such proceedings pending or threatened.
5. Other than matters disclosed herein (including in documents incorporated by reference), the Issuer has not been involved in any governmental, legal or arbitration proceedings that may have had, in the twelve months before the date of this Base Prospectus, a significant effect on the Issuer's financial position or profitability, nor, so far as the Issuer is aware, are any such proceedings pending or threatened.
6. Other than matters disclosed herein (including in documents incorporated by reference), there has been no significant change in the financial or trading position of the Issuer since 31 December 2008, the date of its most recent published audited financial statements and for the Guarantor since 30 June 2009, the date of its most recent published unaudited financial statements, and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2008, the date of its most recent published audited financial statements and for the Guarantor since 31 December 2008, the date of its most recent published audited financial statements.
7. The Securities have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels,

Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, Luxembourg L-1855, Luxembourg. The Issuer and Guarantor will apply to Austraclear Limited for approval of each Series of Australian Domestic Notes to be traded on the Austraclear System. The Common Code and the International Securities Identification Number (ISIN) for each Series of Securities will be set out in the applicable Final Terms.

8. For so long as the Programme remains in effect or any Securities remain outstanding, the following documents will be available for inspection and (in the case of the items listed under (v), (vi), (ix) and (x) below) obtainable, during usual business hours on any weekday (Saturdays and public holidays excepted), at the office of the Fiscal Agent, each of the Paying Agents and the Principal Certificate Agent:
  - (i) the Fiscal Agency Agreement, as amended or supplemented (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates in respect of Registered Notes, the Coupons, the Receipts and the Talons) and the Certificate Agency Agreement, as amended or supplemented (which includes the form of the Global Certificate);
  - (ii) the Dealership Agreement, as amended or supplemented;
  - (iii) the Deed of Guarantee in respect of issues of Notes and the Deed of Guarantee in respect of issues of Certificates;
  - (iv) the Deed of Covenant, as amended or supplemented;
  - (v) the Certificate of Incorporation and the By-Laws of the Issuer and the Restated Certificate of Incorporation and By-Laws of the Guarantor;
  - (vi) the annual report and audited consolidated financial statements of the Issuer and the Guarantor for the years ended 31 December 2007 and 2008, in each case together with any relevant audit reports prepared in connection therewith;
  - (vii) the most recently published unaudited interim consolidated financial statements of the Issuer and the Guarantor for the years ended 31 December 2007 and 2008;
  - (viii) the financial statements of the United States Government for the years ended 30 September 2008 and 30 September 2007;
  - (ix) each Final Terms for Notes or Certificates which are listed on the Luxembourg Stock Exchange, the Italian Stock Exchange and/or any other stock exchange or which are offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive; and
  - (x) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.
9. Copies of the Deed Poll, the Registry Services Agreement and the applicable Final Terms in respect of Australian Domestic Notes will be available for inspection during usual business hours on any weekday (Saturdays and public holidays excepted) at the office of the Australian Registrar following issue of any Australian Domestic Notes.
10. Copies of the latest annual report and audited consolidated financial statements of the Guarantor and the latest quarterly interim unaudited consolidated financial statements of the Guarantor may be obtained at the specified offices of each of the Paying Agents and Certificate Agents during normal business hours so long as any of the Securities is outstanding. Copies of the latest annual report and audited consolidated financial statements of the Issuer and the latest interim unaudited consolidated

financial statements of the Issuer may be obtained at the specified offices of each of the Paying Agents and Certificate Agents during normal business hours so long as any of the Securities is outstanding.

11. Regulations in Australia restrict or prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities subject to international sanctions or associated with terrorism.
12. The Issuer will not provide any post issuance information, except if required by any applicable laws and regulations.

**THE ISSUER**

**Citigroup Funding Inc.**

Principal Office:  
399 Park Avenue,  
New York,  
New York 10043,  
United States.

**THE GUARANTOR**

**Citigroup Inc.**

Principal Office:  
399 Park Avenue,  
New York,  
New York 10043,  
United States.

**AUDITORS TO THE ISSUER**

**KPMG LLP**

345 Park Avenue,  
New York, NY 10154,  
United States.

**AUDITORS TO THE GUARANTOR**

**KPMG LLP**

345 Park Avenue,  
New York, NY 10154,  
United States.

**ISSUING AGENT AND FISCAL AGENT, PRINCIPAL PAYING AGENT (IN RESPECT OF  
NOTES OTHER THAN FDIC GUARANTEED NOTES) AND (IF SO SPECIFIED IN THE  
APPLICABLE FINAL TERMS) CALCULATION AGENT IN RESPECT OF NOTES**

**Citibank, N.A.**

Citigroup Centre,  
Canada Square, Canary Wharf,  
London, E14 5LB,  
England.

**REPRESENTATIVE AND PRINCIPAL PAYING AGENT IN RESPECT OF FDIC GUARANTEED  
NOTES**

**The Bank of New York Mellon**

One Canada Square,  
London, E14 5AL,  
England.



**REGISTRAR AND PRINCIPAL CERTIFICATE AGENT**

**Citigroup Global Markets Deutschland AG & Co. KGaA**

Frankfurter Welle  
Reuterweg 16,  
60323 Frankfurt-am-Main  
Germany.

**FDIC REGISTRAR**

**Bank of New York Mellon (Luxembourg) S.A.**

Aerogolf Center, 1A, Hoehenhof,  
L-1736 Senningerberg,  
Luxembourg.

**LUXEMBOURG PAYING AGENT AND TRANSFER AGENT**

**KBL European Private Bankers S.A.**

43, Boulevard Royal,  
L-2955 Luxembourg.

**LEGAL ADVISERS TO THE DEALER AS TO ENGLISH LAW**

**Allen & Overy LLP**

One Bishops Square,  
London E1 6AD,  
England.

**LEGAL ADVISERS TO THE DEALER AS TO AUSTRALIAN LAW**

**Mallesons Stephen Jaques**

Level 60,  
Governor Phillip Tower,  
1 Farrer Place,  
Sydney NSW 2000,  
Australia.

**LISTING AGENT**

**KBL European Private Bankers S.A.**

43, Boulevard Royal,  
L-2955 Luxembourg.

**ARRANGER AND DEALER AND (IF SO SPECIFIED IN THE APPLICABLE FINAL TERMS)  
CALCULATION AGENT IN RESPECT OF CERTIFICATES**

**Citigroup Global Markets Limited**

Citigroup Centre,  
Canada Square, Canary Wharf,  
London, E14 5LB,  
England.