Underlying Linked Notes Base Prospectus dated 26 June 2013

CITIGROUP INC.
(incorporated in Delaware)

and

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.
(incorporated as a corporate partnership limited by shares (société en commandite par actions) under Luxembourg law and registered with the Register of Trade and Companies of Luxembourg under number B169 199)

each an issuer under the
Citi U.S.$30,000,000,000 Global Medium Term Note Programme

Notes issued by Citigroup Global Markets Funding Luxembourg S.C.A only will be unconditionally and irrevocably guaranteed by
CITIGROUP GLOBAL MARKETS LIMITED
(incorporated in England and Wales)

Under the Global Medium Term Note Programme (the **Programme**) described in this Base Prospectus, each of Citigroup Inc. and Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL** and, together with Citigroup Inc., the **Issuers** and each an **Issuer**) may from time to time issue Notes, in each case subject to compliance with all relevant laws, regulations and directives. References herein to the **Issuer** shall be construed as whichever of Citigroup Inc. or CGMFL is the issuer or proposed issuer of the relevant Notes. The aggregate principal amount of securities outstanding under the Programme will not at any time exceed U.S.$30,000,000,000 (or the equivalent in other currencies), subject to any increase or decrease described herein.

The payment and delivery of all amounts due in respect of Notes issued by CGMFL will be unconditionally and irrevocably guaranteed by Citigroup Global Markets Limited (**CGML**) (in such capacity, the **CGMFL Guarantor**) pursuant to a deed of guarantee dated 26 June 2013 (such deed of guarantee as amended and/or supplemented and/or replaced from time to time, the **CGMFL Deed of Guarantee**) executed by the CGMFL Guarantor. Notes issued by Citigroup Inc. will not be guaranteed by any entity.

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

Notes may be issued on a continuing basis to Citigroup Global Markets Limited and/or Citigroup Global Markets Inc. and/or any additional dealer appointed under the Programme from time to time by the Issuers (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 Notes, the Dealer(s) will be specified in the applicable Issue Terms (as defined below). However, each 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. Notes may also be sold by the Issuer through the Dealer(s), acting as agent of the Issuer.

Pursuant to this Base Prospectus, Notes may be issued whose return (in respect of any interest payable on such Notes and/or their redemption amount) is linked to one or more security indices (**Security Index Linked Notes**) or one or more inflation indices (**Inflation Index Linked Notes**) or one or more commodities (**Commodity Linked Notes**) or one or more shares (**Share Linked Notes**) or one or more commodity indices (**Commodity Index Linked Notes**) or 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**) or one or more currency exchange rates (**FX Rate Linked Notes**) or one or more warrants (**Warrant Linked Notes**) or one or more proprietary indices (**Proprietary Index Linked Notes**) or one or more Dividend Futures Contracts (**Dividend Futures Contract Linked Notes**) or one or more rates (**Rate Linked Notes**), together, **Underlying Linked Notes**, as more fully described herein.

Notes may provide that settlement will be by way of cash settlement (**Cash Settled Notes**) or physical delivery (**Physical Delivery Notes**) as provided in the Valuation and Settlement Schedule and the applicable Issue Terms. The Issuer may from time to time issue Notes that are titled "Certificates" and, in such circumstances, the terms "Note(s)" and "Noteholder(s)" as used herein shall be construed to be to "Certificate(s)" and "Certificateholder(s)" and related expressions shall be construed accordingly.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the relevant Terms and Conditions set out herein, in which event, if the Issuer is Citigroup Inc., a supplement to the Citigroup Inc. Base Prospectus (as defined below) or, if the Issuer is CGMFL, a supplement to the CGMFL Base Prospectus (as defined below), if appropriate, which describes the effect of the agreement reached in relation to such Notes, will be made available.

Each of the Citigroup Inc. Base Prospectus and the CGMFL Base Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority (the **Competent Authority**) under Directive 2003/71/EC (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area). The Central Bank only approves the Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. An electronic copy of this Base Prospectus will be published on the Central Bank's web-site at www.centralbank.ie. Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) or which are to be offered to the public in any Member State of the European Economic Area. However, there can be no assurance that such applications will be approved or that, if approved, any such approval will be given within a specified timeframe. Application will be made to the Irish Stock Exchange for the Notes issued during the period of twelve months after the date of this Base Prospectus to be admitted to the official list (the **Official List**) and to trading on its regulated market. Application may be made for Notes issued by Citigroup Inc. to be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange and for any 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 Notes, as the case may be, or at all. The Central Bank may, at the request of the Issuer, send to a competent authority of another Member State of the European Economic Area (i) a copy of this Base Prospectus, (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive and (iii) if so required by the relevant Member State, a translation of the Summary set out herein.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the

Prospectus Directive. The Central Bank has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Each Tranche is either subject to a Final Terms document (the **Final Terms** and reference to the **applicable Final Terms** shall be construed accordingly) or, in the case of Exempt Notes, a pricing supplement (the **Pricing Supplement** and references to the **applicable Pricing Supplement** shall be construed accordingly). As used herein, **Issue Terms** means either (i) where the Notes are not Exempt Notes, the applicable Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

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

Application has been made to the Irish Stock Exchange for the approval of the Citigroup Inc. Base Prospectus and the CGMFL Base Prospectus as Base Listing Particulars (the **Citigroup Inc. Base Listing Particulars** and the **CGMFL Base Listing Particulars**, respectively, and together, the **Base Listing Particulars**). Application will be made to the Irish Stock Exchange for Notes issued during the 12 months from the date of the Base Listing Particulars to be admitted to the Official List and to trading on the global exchange market (the **Global Exchange Market**) which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive. Save where expressly provided or the context otherwise requires, where Notes are to be admitted to trading on the Global Exchange Market references herein to "Base Prospectus", "Citigroup Inc. Base Prospectus" and "CGMFL Base Prospectus" shall be construed to be to "Base Listing Particulars", "Citigroup Inc. Listing Particulars" and "CGMFL Listing Particulars", respectively.

Arthur Cox Listing Services Limited is acting solely in its capacity as Irish listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the official list or to trading on the Main Securities Market of the Irish Stock Exchange for the purposes of the Prospectus Directive or the Global Exchange Market of the Irish Stock Exchange.

The Issue Terms will specify with respect to the issue of Notes to which it relates, *inter alia*, the specific designation of the Notes, the aggregate principal amount and type of the Notes, the date of issue of the Notes, the issue price, the relevant interest provisions (if any), and the redemption amount of the Notes and, as relevant, the underlying security, share, bond, asset, index, commodity, rate, contract, currency or other item(s) (each an **Underlying**) to which the Notes relate and certain other terms relating to the offering and sale of such Notes. The applicable Final Terms completes the Terms and Conditions of the relevant Notes. The applicable Pricing Supplement supplements the Terms and Conditions of the relevant Notes 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 Notes, supplement, replace and/or modify such Terms and Conditions. In respect of Notes to be listed on the Irish Stock Exchange, the applicable Issue Terms will be delivered to the Irish Stock Exchange on or before the date of issue of the Notes of that Tranche. The issue price and amount of the Notes of any Tranche will be determined by the Issuer and the relevant Dealer(s) at the time of the issue of such Tranche in accordance with prevailing market conditions.

The Terms and Conditions of the Notes will be as set out in "*Terms and Conditions of the Notes*" and in the relevant Schedule(s) thereto.

AN ISSUE OF NOTES 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 NOTES SHOULD ENSURE THAT THEY UNDERSTAND THE NATURE OF THE RELEVANT NOTES AND THE EXTENT OF THEIR EXPOSURE TO RISKS AND THAT THEY CONSIDER THE SUITABILITY OF THE RELEVANT NOTES AS AN INVESTMENT IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL CONDITION. IT IS THE RESPONSIBILITY OF PROSPECTIVE PURCHASERS TO ENSURE THAT THEY HAVE SUFFICIENT KNOWLEDGE, EXPERIENCE AND PROFESSIONAL ADVICE TO MAKE THEIR OWN LEGAL, FINANCIAL, TAX, ACCOUNTING AND OTHER BUSINESS EVALUATION OF THE MERITS AND RISKS OF INVESTING IN THE NOTES AND ARE NOT RELYING ON THE ADVICE OF THE ISSUER, THE CGMFL GUARANTOR OR ANY DEALER IN THIS REGARD. NOTES MAY INVOLVE A HIGH DEGREE OF RISK, INCLUDING THE PRINCIPAL NOT BEING PROTECTED. POTENTIAL INVESTORS MAY SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT IN THE NOTES. SEE "*RISK FACTORS*" SET OUT HEREIN.

Subject as provided below in the case of Swedish Notes and Finnish Notes, each Tranche of Notes in bearer form (**Bearer Notes**) will only be issued subject to such immobilisation conditions as are agreed by the Issuer (such that the Notes are treated as issued in registered form for U.S. federal income tax purposes) and will initially be represented by a permanent global note in bearer form (a **permanent Global Note**) or as otherwise agreed with the Issuer.

Any relevant permanent Global Note will: (i) if the relevant permanent Global Note is intended to be issued in new global note (**NGN**) form, as stated in the applicable Issue Terms, be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below) and (ii) if the relevant permanent Global Note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the relevant 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 and the relevant Dealer.

Interests in a permanent Global Note will be exchangeable for definitive Bearer Notes as described in "*Form of the Notes*" set out herein.

Subject as provided below in the case of Swedish Notes and Finnish Notes, 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 Clearstream, Luxembourg or DTC, as the case may be, will be represented by a global Registered Note Certificate (a **Global Registered Note Certificate**) registered in the name of a nominee for either Euroclear and Clearstream, Luxembourg or DTC, as the case may be, and the Global Registered Note Certificate will be delivered to the appropriate depositary, common safekeeper or custodian, as the case may be. 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.

In addition, Notes may be accepted for settlement in Euroclear UK and Ireland (**CREST**) via the CREST Depository Interest (**CDI**) mechanism.

Notwithstanding the foregoing, Notes issued in accordance with the Swedish Financial Instruments Accounts Act (*Sw. Lagen (1998:1479)* on kontoföring av financiella instrument) (SFIA Act) (Swedish Notes) will be issued in uncertificated and dematerialised book-entry form in accordance with the SFIA Act, all as more fully described in the applicable Issue Terms. No global or definitive bearer or registered Swedish Notes will be issued. The Swedish Notes will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB (**Euroclear Sweden**).

Notwithstanding the foregoing, Notes issued in accordance with the Finnish Act on the Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*) and with the Finnish Act on the Book-Entry Account (*Fin. laki arvo-osuustileista (827/1991)*) (Finnish Notes) will be issued in uncertificated and dematerialised book-entry form in accordance with the Finnish Act on the Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*) and with the Finnish Act on Book-Entry Account (*Fin. laki arvo-osuustileista (827/1991)*), all as more fully described in the applicable Issue Terms. No global or definitive bearer or registered Notes will be issued. The Finnish Notes will be transferable only in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Finland Ltd (**Euroclear Finland**).

Neither the Notes nor the CGMFL Deed of Guarantee 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. Notes issued by Citigroup Inc. or CGMFL may be offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (Regulation S). Notes issued by Citigroup Inc. may be offered and sold within the United States to "qualified institutional buyers" (QIBs) in transactions exempt from registration under the Securities Act in reliance on Rule 144A under the Securities Act (Rule 144A). Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) other than, in the case of Notes issued by Citigroup Inc., to QIBs in reliance on Rule 144A. Notes issued by CGMFL, which are guaranteed by the CGMFL Guarantor, will not be offered and sold in the United States or to, or for the account or benefit of, U.S. persons at any time. For a description of certain restrictions on offers, sales and transfers of Notes, see "*Subscription and sale and transfer and selling restrictions*". Any purchaser of Notes that is a registered U.S. investment company should consult its own counsel regarding the applicability of Section 12(d) and Section 17 of the Investment Company Act of 1940 and the rules promulgated thereunder to its purchase of Notes and should reach an independent conclusion with respect to the issues involved in such purchase.

The Notes, the CGMFL Deed of Guarantee and any Entitlement do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended (the **CEA**), and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission pursuant to the CEA.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the Code) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

IMPORTANT INFORMATION RELATING TO NON-EXEMPT OFFERS OF NOTES

Restrictions on Non-exempt offers of Notes in Relevant Member States

Certain Tranches of Notes with a denomination of less than EUR100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a **Non-exempt Offer**. This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Notes. However, any person making or intending to make a Non-exempt Offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) may only do so if this Base Prospectus 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 published in accordance with the Prospectus Directive, provided that the Issuer has consented to the use of this Base Prospectus in connection with such offer as provided under "*Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)*" and the conditions attached to that consent are complied with by the person making the Non-exempt Offer of such Notes.

Save as provided above, none of the Issuers, the CGMFL Guarantor and the Dealers have authorised, nor do they authorise, the making of any Non-exempt Offer of Notes in circumstances in which an obligation arises for the Issuer, the CGMFL Guarantor or any Dealer to publish or supplement a prospectus for such offer.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

In the context of a Non-exempt Offer of such Notes, the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) accept responsibility, in the jurisdictions to which the consent to use the Base Prospectus extends, for the content of this Base Prospectus under Article 6 of the Prospectus Directive in relation to any person (an **Investor**) who acquires any Notes in a Non-exempt Offer made by any person to whom the Issuer has given consent to the use of this Base Prospectus (an **Authorised Offeror**) in that connection, provided that the conditions attached to that consent are complied with by the Authorised Offeror. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

None of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Non-exempt Offer and none of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Save as provided below, none of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer has authorised the making of any Non-exempt Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Notes. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and none of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer. If, in the context of a Non-exempt Offer, an Investor is offered Notes by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of Article 6 of the Prospectus Directive in the context of the Non-Exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

Consent

The Issuer consents to the use of this Base Prospectus in relation to any offer of Notes issued by it for the period of 12 months from the date hereof subject in relation to any offer as provided below.

In connection with each Tranche of Notes and subject to the conditions set out below under "*Common Conditions to Consent*":

(a) the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of such Notes by the relevant Dealer and by:

  (i) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and

  (ii) any financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer;

(b) if (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Notes by any financial intermediary which satisfies the following conditions:

  (i) it is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive; and

  (ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets completed with the relevant information):

  "We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the Notes) described in the Final Terms dated [insert date] (the Final Terms) published by [Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.] (the Issuer). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus accordingly."

  The **Authorised Offeror Terms** are that the relevant financial intermediary will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer, the CGMFL Guarantor (where the relevant Issuer is CGMFL) and the relevant Dealer that it will, at all times in connection with the relevant Non-exempt Offer comply with the conditions to the consent referred to under "*Common conditions to consent"* below and any further requirements relevant to the Non-exempt Offer as specified in the applicable Final Terms.

Any financial intermediary who is an Authorised Offeror falling within (b) above who meets all of the conditions set out in (b) and the other conditions stated in "*Common Conditions to Consent*" below and who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (b)(ii) above.

Common Conditions to Consent

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (b) above if Part B of the applicable Final Terms specifies "*General Consent*" as "*Applicable*") that such consent:

(i) is only valid during the Offer Period specified in the applicable Final Terms;

(ii) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in Austria, Belgium, Cyprus, Denmark, Finland, The Netherlands, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg (in the case of Citigroup Inc.), Norway, Poland, the United Kingdom, Portugal, Spain, Sweden and/or the Czech Republic, as specified in the applicable Final Terms; and

(iii) the consent is subject to any other conditions set out in Part B of the applicable Final Terms.

The only Relevant Member States which may, in respect of any Tranche of Notes, be specified in the applicable Final Terms (if any Relevant Member States are so specified) as indicated in (ii) above, will be Austria, Belgium, Cyprus, Denmark, Finland, The Netherlands, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg (in the case of Citigroup Inc.), Norway, Poland, the United Kingdom, Portugal, Spain, Sweden and/or the Czech Republic, and accordingly each Tranche of Notes may only be offered to Investors as part of a Non-exempt Offer in Austria, Belgium, Cyprus, Denmark, Finland, The Netherlands, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg (in the case of Citigroup Inc.), Norway, Poland, the United Kingdom, Portugal, Spain, Sweden and/or the Czech Republic, as specified in the applicable Final Terms, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NONE OF THE ISSUER, THE CGMFL GUARANTOR (WHERE THE ISSUER IS CGMFL) AND ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

CREDIT RATINGS

Citigroup Inc. has a long term/short term senior debt rating of A-/A-2 by Standard & Poor's Financial Services LLC (**S&P**), Baa2/P-2 by Moody's Investors Service, Inc. (**Moody's**) and A/F1 by Fitch, Inc.(**Fitch**). In respect of the Notes where CGMFL is the Issuer, CGMFL has a long term/short term senior debt rating of A/A-1 by S&P and A/F1 by Fitch based on the CGMFL Deed of Guarantee. The rating of a certain Tranche of Notes may be specified in the applicable Issue Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) will be disclosed in the applicable Issue Terms. See also "*Credit Ratings – Rating Agencies of the Issuers*" in the section "*Risk Factors*" below.

The Notes and the CGMFL Deed of Guarantee constitute unconditional liabilities of the respective issuers. None of the Notes and the CGMFL Deed of Guarantee is insured by the Federal Deposit Insurance Corporation (**FDIC**).

Arranger of the Programme
Citigroup

Dealers
Citigroup

This Base Prospectus (excluding the CGMFL Base Prospectus) comprises a base prospectus for the purpose of Article 5.4 of the Prospectus Directive in respect of Notes to be issued by Citigroup Inc.

This Base Prospectus (excluding the Citigroup Inc. Base Prospectus) comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive in respect of Notes to be issued by CGMFL.

RESPONSIBILITY STATEMENT

Citigroup Inc. accepts responsibility for the information contained in (i) this Base Prospectus (excluding the CGMFL Base Prospectus) and (ii) the Issue Terms for each Tranche of Notes issued under the Programme where Citigroup Inc. is the Issuer of such Tranche of Notes. To the best of the knowledge of Citigroup Inc. (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the CGMFL 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 "Important Information relating to Non-exempt Offers of Notes" and "Arrangements between Investors and Authorised Offerors" above.

CGMFL accepts responsibility for the information contained in (i) this Base Prospectus (excluding the Citigroup Inc. Base Prospectus) and (ii) the Issue Terms for each Tranche of Notes issued under the Programme where CGMFL is the Issuer of such Tranche of Notes. To the best of the knowledge of CGMFL (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the Citigroup Inc. 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 "Important Information relating to Non-exempt Offers of Notes" and "Arrangements between Investors and Authorised Offerors" above.

The CGMFL Guarantor accepts responsibility for the information contained in (i) this Base Prospectus (including the information relating to the CGMFL Deed of Guarantee but excluding the Citigroup Inc. Base Prospectus, the information set out under the heading "Description of CGMFL" and the information set out in Elements B.1 to B.18 (inclusive) of the section entitled "Summary") and (ii) the Issue Terms for each Tranche of Notes issued under the Programme where CGMFL is the Issuer of such Tranche of Notes. To the best of the knowledge of the CGMFL Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus (excluding the Citigroup Inc. Base Prospectus, the information set out under the heading "Description of CGMFL" and the information set out in Elements B.1 to B.18 (inclusive) of the section entitled "Summary") 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 "Important Information relating to Non-exempt Offers of Notes" and "Arrangements between Investors and Authorised Offerors" above.

Unless otherwise expressly stated in the applicable Pricing Supplement, any information contained therein relating to the Underlying(s), will only consist of extracts from, or summaries of, and will be based solely on, 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 Pricing Supplement, in relation to Exempt Notes and a Pricing Supplement only, the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) accept(s) responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) is/are aware and is/are 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 paragraph should be read in conjunction with the two paragraphs immediately above.**

The Citigroup Inc. Base Prospectus should be read in conjunction with all documents which are incorporated by reference therein (see "Documents Incorporated by Reference for the Citigroup Inc. Base

Prospectus"). The Citigroup Inc. Base Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of the Citigroup Inc. Base Prospectus.

The CGMFL Base Prospectus should be read in conjunction with documents which are incorporated by reference therein (see "Documents Incorporated by Reference for the CGMFL Base Prospectus"). The CGMFL Base Prospectus shall be read and construed on the basis that such documents are incorporated into and form part of the CGMFL Base Prospectus.

The Citigroup Inc. base prospectus (the **Citigroup Inc. Base Prospectus**) will comprise this Base Prospectus with the exception of:

(a) in the "Summary", the information set out in Section B under the heading "TO BE INCLUDED FOR NOTES ISSUED BY CGMFL";

(b) the information in the section entitled "Documents Incorporated by Reference for the CGMFL Base Prospectus" and all information incorporated therein by reference thereby;

(c) the information in the section entitled "Description of CGMFL";

(d) the information in the section entitled "Description of Citigroup Global Markets Limited";

(e) the information in the section entitled "Report and Audited Financial Statements of CGMFL"; and

(f) the information in the section entitled "Annual Report and Audited Financial Statements of the CGMFL Guarantor".

The CGMFL base prospectus (the **CGMFL Base Prospectus**) will comprise this Base Prospectus with the exception of:

(a) in the "Summary", the information set out in Section B under the heading "TO BE INCLUDED FOR NOTES ISSUED BY CITIGROUP INC.";

(b) the information in the section entitled "Documents Incorporated by Reference for the Citigroup Inc. Base Prospectus" and all information incorporated therein by reference thereby; and

(c) the information in the section entitled "Description of Citigroup Inc.".

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 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) 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, where applicable, the CGMFL Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any Issuer and/or CGMFL Guarantor since the date hereof or the date upon which this Base Prospectus 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.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Citigroup Inc, CGMFL, the CGMFL Guarantor and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Issue Terms, no action has been taken by Citigroup Inc., CGMFL, the CGMFL Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, European Economic Area, United Kingdom, Australia, the Kingdom of Bahrain, Brazil, Chile, Columbia, Costa Rica, Republic of Cyprus, Denmark, Dominican Republic, Dubai International Financial Centre, Ecuador, El Salvador, Finland, France, Guatemala, Honduras, Hong Kong Special Administrative Region, Hungary, Ireland, Israel, Italy, Japan, Kuwait, Mexico, Norway, Oman, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Russian Federation, Kingdom of Saudi Arabia, Singapore, Taiwan, Republic of Turkey and United Arab Emirates and Uruguay. See "*Subscription and sale and transfer and selling restrictions*".

The price and principal amount of securities (including any Notes) to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

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 financial statements or other information supplied in connection with the Programme or any Notes 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 any Issuer, the CGMFL 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 Notes should purchase any Notes. Each potential purchaser of any Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of any Notes 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 Notes described in this Base Prospectus; any other usage of this Base Prospectus is unauthorised. None of the Dealers (in the case of CGML, in its capacity as Dealer) undertakes to review the financial condition or affairs of any Issuer or the CGMFL Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in any Notes 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 none of the Issuers, the CGMFL Guarantor and any Dealer takes responsibility for the information contained in such websites.

In connection with any Tranche (as defined in section E.3 below), 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 Issue Terms.*

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

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 start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, 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 and references to* ***Sterling*** *are to the currency of the United Kingdom.*

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In making an investment decision, investors must rely on their own examination of the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) and the terms of the Notes being offered, including the merits and risks involved. None of the Notes has been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful. The Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the CFTC pursuant to the United States Commodity Exchange Act, as amended.

None of the Issuers, the CGMFL Guarantor and any Dealer makes any representation to any investor in any Notes regarding the legality of its investment under any applicable laws. Any investor in any Notes should be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

U.S. INFORMATION

This Base Prospectus is being submitted in the United States to a limited number of QIBs only for informational use solely in connection with the consideration of the purchase of Notes issued by Citigroup Inc. being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Notes may be offered or sold within the United States only if the applicable Issue Terms specifies that they are being offered in reliance on Rule 144A and then only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Notes is hereby notified that the offer and sale of any Notes to it is being made in reliance upon the exemption from the registration

requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the CEA.

Each purchaser or holder of Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and sale and transfer and selling restrictions*". Unless otherwise stated, terms used in this "*U.S. Information*" section have the meanings given to them in "*Form of the Notes*".

Circular 230 Notice

Any tax discussion herein 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.

Notwithstanding any limitation on disclosure by any party provided for herein, or any other provision of this Base Prospectus and its contents or any associated Issue Terms, and effective from the date of commencement of any discussions concerning any of the transactions contemplated herein (the **Transactions**), any party (and each employee, representative, or other agent of any party) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transactions and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this Base Prospectus, any associated Issue Terms, or any offering of Notes thereunder not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of the Transactions is the purported or claimed U.S. federal income tax treatment of the Transactions, and the tax structure of the Transactions is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of the Transactions.

AVAILABLE INFORMATION

Citigroup Inc. has undertaken in a deed poll dated 26 June 2013 (the Rule 144A Deed Poll) to furnish, upon the request of a holder of any Notes offered and sold in reliance on Rule 144A or any beneficial interest therein, to such holder or to a prospective purchaser designated by him the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, it is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

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 Offer 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 Notes should conduct their own due diligence on the accuracy of the information relating to the Notes. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser

NOTICE TO RESIDENTS IN THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (**CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

Any offer contemplated by this Base Prospectus will not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Notes, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered the Base Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public in the Kingdom of Bahrain generally.

NOTICE TO RESIDENTS IN THE STATE OF QATAR

This Base Prospectus does not and is not intended to constitute an offer, sale or delivery of the Notes under the laws of the State of Qatar and has not been and will not be reviewed or approved by or registered with the Qatar Financial Markets Authority or Qatar Central Bank. The Notes are not and will not be traded on the Qatar Exchange.

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SECTION A – SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7). This Summary contains all the Elements required to be included in a summary for Notes, the Issuer and the Guarantor (where the Issuer is CGMFL). Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities, issuer and guarantor, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary explaining why it is not applicable.

SECTION A – INTRODUCTION AND WARNINGS

Element	Title	
A.1	Introduction	**This summary should be read as an introduction to the Base Prospectus and the applicable Final Terms. Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms. Where a claim relating to information contained in the Base Prospectus and the applicable Final Terms is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus and the applicable Final Terms before the legal proceedings are initiated. Civil liability in Member States attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the applicable Final Terms, or it does not provide, when read together with the other parts of the Base Prospectus and the applicable Final Terms, key information in order to aid investors when considering whether to invest in the Notes.**
A.2	Consent	[Not Applicable][The Notes may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus (a **Non-exempt Offer**).
		[Non-exempt Offer in [●]: Subject to the conditions set out below, [CGMFL and CGML][Citigroup Inc.] consent(s) to the use of this Base Prospectus in connection with a Non-exempt Offer of Notes by the Dealers[, [●,] [and] [each financial intermediary whose name is published on [CGMFL's][Citigroup Inc.'s] website (www.[●]) and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under applicable legislation implementing the Markets in Financial Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being completed with the relevant information): "*We, [insert legal name of financial intermediary], refer to the [insert title of relevant Notes] (the* **Notes***) described in the Final Terms dated [insert date] (the* ***Final Terms****) published by [Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.] (the* **Issuer***). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus accordingly.*"]

Element	Title	
		(each an **Authorised Offeror** in [*specify Relevant Member State*]). [CGMFL's and CGML's][Citigroup Inc.'s] consent referred to above is given for Non-exempt Offers of Notes during [●] (the [*specify Relevant Member State*] **Offer Period**). The conditions to the consent of [CGMFL and CGML][Citigroup Inc.] [(in addition to the conditions referred to above)] are that such consent: (a) is only valid during the [*specify Relevant Member State*] Offer Period; (b) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in [*specify Relevant Member State in which the particular Tranche of Notes can be offered*] and (c) [*specify any other conditions applicable to the Non-exempt Offer of the particular Tranche in the Relevant Member State, as set out in the Final Terms*].] [*replicate section for each Relevant Member State in which a Non-exempt Offer of the Notes is made*] **AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE INVESTOR MUST LOOK TO THE AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE AUTHORISED OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION.**

SECTION B – ISSUERS AND GUARANTOR

[TO BE INCLUDED FOR NOTES ISSUED BY CGMFL ONLY:

Element	Title	
B.1	Legal and commercial name of the Issuer	Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL**)
B.2	Domicile/ legal form/ legislation/ country of incorporation	CGMFL is a corporate partnership limited by shares (*société en commandite par actions*), incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg. CGMFL is domiciled in Luxembourg.
B.4b	Trend information	Not Applicable. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on CGMFL's prospects for its current financial year.

Element	Title	
B.5	Description of the Group	CGMFL is a wholly owned indirect subsidiary of Citigroup Inc. Citigroup Inc. is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries (Citigroup Inc. and its subsidiaries, the **Group**). Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citigroup Inc.'s Global Consumer Banking businesses (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); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.
B.9	Profit forecast or estimate	Not Applicable. CGMFL has not made a profit forecast or estimate in this Base Prospectus.
B.10	Audit report qualifications	Not Applicable. There are no qualifications in any audit report on the historical financial information included in the Base Prospectus.
B.12	Selected historical key financial information	The table below sets out a summary of key financial information extracted from CGMFL's Annual Report for the period ended on 31 December 2012

	At or for the year ended 31 December 2012 (audited)	Opening balance sheet dated 24 May 2012 (audited)
	EUR	
Assets		
Subscribed capital unpaid		
Subscribed capital uncalled	1,500,000	1,500,000
Current assets		
Cash at bank	591,797	500,000
Prepayments and accrued income	1,575	
Total Assets	2,093,372	2,000,000
Liabilities		
Capital and reserves		
Subscribed capital	2,000,000	2,000,000
Loss for the financial period	(6,626)	
Non-subordinated debt		
Amounts owed to affiliated undertakings	99,998	
Total Liabilities	**2,093,372**	**2,000,000**

Statements of no significant or material adverse change

There has been: (i) no significant change in the financial or trading position of CGMFL since 31 December 2012 and (ii) no material adverse change in the financial position, business or prospects of CGMFL since 31 December 2012.

Element	Title	
B.13	Events impacting the Issuer's solvency	Not Applicable. There are no recent events particular to CGMFL which are to a material extent relevant to the evaluation of CGMFL's solvency, since 31 December 2012.
B.14	Dependence upon other group entities	See Element B.5 Description of the Group and CGMFL's position within the Group. CGMFL is dependent on other members of the Group
B.15	Principal activities	The principal activity of CGMFL is to grant loans or other forms of funding directly or indirectly in whatever form or means to Citigroup Global Markets Limited, another subsidiary of Citigroup Inc., and any other entities belonging to the Group.
B.16	Controlling shareholders	The entire issued share capital of CGMFL is held by Citigroup Global Markets Funding Luxembourg GP S.à.r.l. and Citigroup Global Markets Limited.
B.17	Credit ratings	CGMFL has a long/short term senior debt rating of A/A-1 by Standard & Poor's Financial Services LLC and A/F1 by Fitch, Inc. based on the guarantee of the CGMFL Guarantor. [The Notes have been rated [●].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
B.18	Description of the Guarantee	The Notes issued will be unconditionally and irrevocably guaranteed by CGML pursuant to the CGMFL Deed of Guarantee. The CGMFL Deed of Guarantee constitutes direct, unconditional, unsubordinated and unsecured obligations of CGML and ranks and will rank *pari passu* (subject to mandatorily preferred debts under applicable laws) with all other outstanding, unsecured and unsubordinated obligations of CGML.
B.19	Information about the Guarantor	
B.19/B.1	Legal and commercial name of the Guarantor	Citigroup Global Markets Limited (**CGML**)
B.19/B.2	Domicile/ legal form/ legislation/ country of incorporation	CGML is a private company limited by shares and incorporated in England under the laws of England and Wales.
B.19/B.4b	Trend information	The banking environment and markets in which the Group conducts its business will continue to be strongly influenced by developments in the U.S. and global economies, including the results of the European Union sovereign debt crisis and the implementation and rulemaking associated with recent financial reform.
B.19/B.5	Description of the Group	CGML is a wholly owned indirect subsidiary of Citigroup Inc. Citigroup Inc. is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries

Element	Title	
		See Element B.5 above for a description of the Group.
B.19/B.9	Profit forecast or estimate	Not Applicable. CGML has not made a profit forecast or estimate in this Base Prospectus.
B.19/B.10	Audit report qualifications	Not Applicable. There are no qualifications in any audit report on the historical financial information included in the Base Prospectus.
B.19/B.12	Selected historical key financial information	The table below sets out a summary of key financial information extracted from CGML's Financial Report for the fiscal year ended on 31 December 2012:

	At or for the year ended 31 December		
	2012 (audited)	**2011 (audited)**	**2010 (audited)**
	(in millions of U.S. dollars)		
Profit and Loss Account Data:			
Gross Profit	2,767	2,921	3,410
Total Income (Commission income and fees + Net dealing income)	2,830	3,217	3,397
Operating profit/loss ordinary activities before taxation	(313)	(338)	173
Balance Sheet Data:			
Total assets	265,611	306,503	258,030
Debt (Subordinated)	5,700	10,180	11,180
Total Shareholder's funds	10,119	10,415	10,089

Statements of no significant or material adverse change

There has been: (i) no significant change in the financial or trading position of CGML or CGML and its subsidiaries as a whole since 31 December 2012 and (ii) no material adverse change in the financial position, business or prospects of CGML or CGML and its subsidiaries as a whole since 31 December 2012.

Element	Title	
B.19/B.13	Events impacting the Guarantor's solvency:	Not Applicable. There are no recent events particular to CGML which are to a material extent relevant to the evaluation of CGML's solvency since 31 December 2012.
B.19/B.14	Dependence upon other Group entities	CGML is a subsidiary of Citigroup Global Markets Europe Limited which is a wholly-owned indirect subsidiary of Citigroup Inc. See Element B.5 for CGML's position within the Group. CGML is dependent on other members of the Group.
B.19/B.15	The Guarantor's	CGML is a broker and dealer in fixed income and equity securities and related products in the international capital markets and an underwriter and provider of

Element	Title	
	Principal activities	corporate finance services, operating globally from the UK and through its branches in Western Europe and the Middle East. CGML also markets securities owned by other group undertakings on a commission basis.
B.19/ B.16	Controlling shareholders	CGML is a wholly owned subsidiary of Citigroup Global Markets Europe Limited.
B.19/B. 17	Credit ratings	CGML has a long term/short term senior debt rating of A/A-1 by Standard & Poor's Financial Services LLC and A/F1 by Fitch, Inc. [The Notes have been rated [●].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

[TO BE INCLUDED FOR NOTES ISSUED BY CITIGROUP INC. ONLY:

B.1	Legal and commercial name of the Issuer	Citigroup Inc.
B.2	Domicile/ legal form/ legislation/ country of incorporation	Citigroup Inc. was established as a corporation incorporated in Delaware pursuant to the Delaware General Corporation Law.
B.4b	Trend information	The banking environment and markets in which the Group conducts its business will continue to be strongly influenced by developments in the U.S. and global economies, including the results of the European Union sovereign debt crisis and the implementation and rulemaking associated with recent financial reform.
B.5	Description of the Group	Citigroup Inc. is a holding company and services its obligations primarily with dividends and advances that it receives from subsidiaries (Citigroup Inc. and its subsidiaries, the **Group**) Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. currently operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citigroup Inc.'s Global Consumer Banking businesses (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); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.
B.9	Profit forecast or estimate	Not Applicable. Citigroup Inc. has not made a profit forecast or estimate in this Base Prospectus.
B.10	Audit report	Not Applicable. There are no qualifications in any audit report on the historical

	qualification s	financial information included in the Base Prospectus.

B.12 — Selected historical key financial information:

The table below sets out a summary of key financial information extracted from Citigroup Inc.'s Financial Report for the fiscal year ended on 31 December 2012:

	At or for the year ended 31 December	
	2012 (audited)	**2011 (audited)**
	(in millions of U.S. dollars)	
Income Statement Data:		
Total revenues, net of interest expense	70,173	78,353
Income from continuing operations	7,909	11,103
Net Income	7,541	11,067
Balance Sheet Data:		
Total assets	1,864,660	1,873,878
Total deposits	930,560	865,936
Long-term debt (including U.S.$29,764 and U.S.$ 24,172 at 31 December 2012 and 2011, respectively, at fair value)	239,463	323,505
Total stockholders' equity	189,049	177,806

The table below sets out a summary of key financial information extracted from Citigroup Inc.'s Quarterly Report for the quarter ended 31 March 2013.

	At or for the three months ended 31 March	
	2013 (unaudited)	**2012 (unaudited)**
	(in millions of U.S. dollars)	
Income Statement Data:		
Total revenues, net of interest expense	20,491	19,406
Income from continuing operations	3,965	3,062
Net Income	3,808	2,931
Balance Sheet Data:		
Total assets	1,881,734	1,944,423
Total deposits	966,762	906,012
Long-term debt	234,326	311,079
Total stockholders' equity	193,359	181,820

Statements of no significant or material adverse change

There has been: (i) no significant change in the financial or trading position of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 March 2013 and (ii) no material adverse change in the financial position, business or prospects of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2012.

B.13	Events impacting the Issuer's solvency	Not Applicable. There are no recent events particular to Citigroup Inc. which are to a material extent relevant to the evaluation of Citigroup Inc.'s solvency since 31 December 2012.

B.14	Dependence upon other group entities	See Element B.5 description of Citigroup Inc. and its subsidiaries and Citigroup Inc.'s position within the Group.
B.15	Principal activities	Citigroup Inc. is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services.
B.16	Controlling shareholders	Citigroup Inc. is not aware of any shareholder or group of connected shareholders who directly or indirectly control Citigroup Inc.
B.17	Credit ratings	Citigroup Inc. has a long term/short term senior debt rating of A-/A-2 by Standard & Poor's Financial Services LLC, Baa2/P-2 by Moody's Investors Service, Inc. and A/F1 by Fitch, Inc. [The Notes have been rated [●].] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

SECTION C.3 – SECURITIES

Element	**Title**	
C.1	Description of Notes/ISIN	Notes are issued in Series. The Series number is [●]. The Tranche number is [●]. [The Notes are titled Certificates and therefore all references to "Note(s)" and "Noteholder(s)" shall be construed to be to "Certificate(s)" and "Certificateholder(s)".] The International Securities Identification Number (ISIN) is [●]. [The Common Code is [●].] [The CUSIP/WKN/Valoren is [●].]
C.2	Currency	The Notes are denominated in [●] and the specified currency for payments in respect of the Notes is [●].
C.5	Restrictions on the free transferability of the Notes	The Notes will be transferable, subject to offering, selling and transfer restrictions with respect to the United States, European Economic Area, United Kingdom, Australia, the Kingdom of Bahrain, Brazil, Chile, Columbia, Costa Rica, Republic of Cyprus, Denmark, Dominican Republic, Dubai International Financial Centre, Ecuador, El Salvador, Finland, France, Guatemala, Honduras, Hong Kong Special Administrative Region, Hungary, Ireland, Israel, Italy, Japan, Kuwait, Mexico, Norway, Oman, Panama, Paraguay, Peru, Poland, Portugal, Qatar, Russian Federation, Kingdom of Saudi Arabia, Singapore, Taiwan, Republic of Turkey and United Arab Emirates and Uruguay and the laws of any jurisdiction in which the Notes are offered or sold.

Element	Title	
C.8	Rights attached to the Notes, including ranking and limitations on those rights	The Notes have terms and conditions relating to, among other matters: ***Ranking*** The Notes will constitute unsubordinated and unsecured obligations of the Issuer and rank and will at all times rank *pari passu and* rateably among themselves and at least *pari passu* with all other unsecured and unsubordinated obligations of the Issuer save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. ***Negative pledge and cross default*** The terms of the Notes will not contain a negative pledge provision or a cross-default provision in respect of the Issuer [or the Guarantor]. ***Events of default*** The terms of the Notes will contain, amongst others, the following events of default: (a) default in payment of any principal or interest due in respect of the Notes, continuing for a period of 30 days in the case of interest or 10 days in the case of principal, in each case after the due date; (b) default in the performance, or breach, of any other covenant by the Issuer [or Guarantor], and continuance for a period of 60 days after the date on which written notice is given by the holders of at least 25 per cent, in principal amount of the outstanding Notes specifying such default or breach and requiring it to be remedied; (c) events relating to the winding up or dissolution or similar procedure of the Issuer [or the Guarantor]; and (d) the appointment of a receiver or other similar official or other similar arrangement of the Issuer [or the Guarantor]. ***Taxation*** Payments in respect of all Notes will be made without withholding or deduction of taxes in Luxembourg where the Issuer is CGMFL or the United Kingdom in the case of the Guarantor, subject in all cases to customary exceptions or the United States where the Issuer is Citigroup Inc., subject to specified exceptions and certain categories of Notes which are not treated as debt for United States federal income tax purposes. ***Meetings*** The terms of the Notes contain provisions for calling meetings of holders of such Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.
C.9-	Description of the rights attached to the Notes, including nominal interest rate, the date from which interest becomes payable and interest	See Element C.16 and Element C.18 below. [The Notes do not bear or pay any interest] [Indication of yield: [[●]% per annum] [Not Applicable]]

Element	Title	
	payment dates, description of the underlying (where the rate is not fixed), maturity date, repayment provisions and indication of yield	
C.10	If the Note has a derivative component in the interest payment, a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident.	[See Element C.15 and Element C.18 below.] [Not Applicable. The Notes do not bear or pay any interest.]
C.11	Admission to trading	[Application has been made to the [Irish Stock Exchange for the Notes to be admitted to trading on the Irish Stock Exchange]/[●]/[Not Applicable. The Notes are not admitted to trading on any exchange.].
C.15	Description of how the value of the investment is affected by the value of the underlying instrument(s)	[Whether interest is paid is determined by reference to the performance of the relevant underlying(s). Where any interest amount is calculated using the "interim performance interest provisions", the amount of any such interest is determined by reference to the performance of the relevant underlying(s).] [The Notes have a mandatory early redemption or 'autocall' feature which means that, depending on the performance of the relevant underlying(s), the Notes may be redeemed prior to the maturity date. Whether the Notes are redeemed early is determined by reference to the performance of the relevant underlying(s). Where the mandatory early redemption amount due is calculated using the "performance linked mandatory early redemption provisions", the amount of any such mandatory early redemption amount is determined by reference to the performance of the relevant underlying(s). If the Notes are redeemed early, only the mandatory early redemption amount is payable and no further amount shall be due or assets deliverable]

Element	Title	
		[The redemption amount payable or the assets deliverable at maturity depends on the performance of the relevant underlying(s).] [The Notes are dual currency Notes and, therefore, all amounts due under the Notes will be converted from [●] into [●] by reference to the applicable exchange rate.] See also Element C.18 below.
C.16	Maturity date and final reference date	The maturity date is [●]. See the provisions relating to valuation dates in Element C.18 below in relation to the final reference date. ***Early redemption*** See "Events of Default" in Element C.8 above and "Disrupted Days, Market Disruption Events and Adjustments" below for information on early redemption in relation to the Notes.] In addition, (a) the Notes may be redeemed early for certain taxation reasons; and (b) if the Issuer determines that performance of its obligations of an issue of Notes [or the Guarantor determines that performance of its obligations under the CGMFL 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 the Notes [and/or the CGMFL Deed of Guarantee, as the case may be,] has or will 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, in respect of each Note, an amount equal to the early redemption amount. The **early redemption amount** payable on any early redemption of the Notes will be an amount determined by the Calculation Agent to be the fair market value of the Notes on a day selected by the Issuer (which amount shall include amounts in respect of accrued interest), but adjusted to fully account for losses, expenses and costs to the Issuer (or any of its affiliates) of unwinding any hedging and funding arrangements in relation to the Notes, provided that, for the purposes of determining the fair market value of the Notes following an event of default, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes.
C.17	Settlement procedure of derivative securities	[The Notes are cash settled Notes] [The Notes may be cash settled or settled by way of physical delivery of certain assets. See Element C.18 below. In the case of physical delivery, the terms and conditions contain provisions, as applicable, relating to events or circumstances affecting the relevant assets to be delivered, including settlement disruption events, circumstances where such assets are not freely tradable and circumstances where it is impossible or impracticable to deliver such assets due to illiquidity in the market for such assets. Such provisions permit the Issuer or the relevant third party intermediary (if any) on its behalf, as applicable, to postpone settlement to Noteholders, to deliver the relevant assets using such other commercially reasonable manner as it may select, to deliver substitute assets instead of the relevant assets or pay a cash redemption amount instead of delivering the relevant assets. The terms and conditions also contain an option that permits the Issuer or the relevant third party

Element	Title	
		intermediary (if any) to vary settlement of the Notes and thereby pay a cash redemption amount instead of delivering the relevant assets]
C.18	Return on derivative securities	**[The Notes do not pay any interest. [The interest amount (if any) due on each interest payment date is determined by reference to the [fixed rate] [floating rate] [inflation rate] [coupon barrier] interest provisions as follows.]** [***[Fixed rate] [Floating rate] [Inflation rate] interest*** The Notes are [fixed rate] [floating rate] [inflation rate] Notes. The relevant interest amount is non-contingent and shall be due on each interest payment date. ***Definitions relating to [fixed rate] [floating rate] [inflation rate] interest*** The **interest amount** in respect of each calculation amount and an interest payment date is an amount determined in accordance with the [fixed rate note provisions, meaning that fixed interest is and will be payable on the relevant interest payment date and will be: [as "accrual" is not applicable, the amount specified for such interest payment date in the Table below] [as "accrual" is applicable, an amount calculated on the basis of the relevant day count fraction being [30/360] [Actual/Actual (IMCA)] [Actual/360] [30E/360] [Eurobond Basis] [1/1]. The Notes bear interest from [●] at a rate of [●]% per annum payable [annually] [semi-annually] [quarterly] [monthly] [weekly] in arrear.]] [floating rate note provisions, meaning that the Notes bear interest calculated on the basis of the relevant day count fraction being [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)] [1/1] [and, as "ISDA determination" is applicable, on the same basis as the floating rate under a notional interest rate swap transaction in [●] governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. determined by reference to [●] [as adjusted for a margin of [+[●]] [-[●]]% per annum] [[and] [multiplied by the relevant interest participation rate (IPR)]]] [and, as "screen rate determination" is applicable, determined by reference to [●] [LIBOR] [EURIBOR] [STIBOR] [NIBOR] [CIBOR] [TIBOR] [HIBOR] [BBSW] [BKBM] [as adjusted for a margin of [+[●]] [-[●]]% per annum] [[and] [multiplied by the relevant interest participation rate (IPR)]]. [The interest rate is subject to a [maximum rate (cap)] [minimum rate (floor)] [maximum rate and minimum rate (collar)] as set out in the Table below.] The floating rate will be the rate published [[●] days prior to the first day of the interest period] [on the first day of the interest period] [on the interest valuation date]].] [inflation rate note provisions, meaning that the Notes are Inflation Rate Notes linked to [●]. Interest will be payable on the relevant interest payment date and will be calculated by the calculation agent by multiplying the calculation amount by the year-on-year change in the inflation rate as determined by dividing the inflation index [●] months prior to the relevant interest payment date by the inflation index [●] months prior to the relevant interest payment

Element	Title	
		date and subtracting 1 [as adjusted for a margin of [+[●]] [-[●]]% per annum] multiplied by the relevant day count fraction being [30/360] [Actual/Actual] / [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [1/1] [[and] multiplied by the relevant interest participation rate (IPR)]. [The interest amount is subject to a [maximum amount (cap)] [minimum amount (floor)] [maximum amount and minimum amount (collar)] as set out in the Table below.] An **interest payment date** is [●] [each date specified as such in the Table below]. [The **calculation amount** is [●].] [The **interest participation rate** or **IPR** is, in respect of an interest payment date, the percentage rate specified for such interest payment date under the heading "IPR" in the Table below.]] [***Coupon barrier interest provisions*** [If, in respect of an interest payment date, (a) an interest barrier event has not occurred, no amount in respect of interest will be paid on such interest payment date; OR (b) if an interest barrier event has occurred, the relevant interest amount will be paid on such interest payment date.] [In addition to the provisions relating to interest as set out above, a non-contingent fixed interest amount of [●] is payable in respect of each calculation amount on [●].] ***Definitions relating to coupon barrier interest*** _Dates_ An **interest barrier observation date** is [, in respect of an interest payment date, each date or dates specified as such for such interest payment date in the Table below (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below)] [in respect of an interest period and as the "range accrual" provisions apply, each [calendar day] [business day] falling from (and including) the first day of such interest period to (but excluding) the day falling five business days immediately preceding the last day of such interest period (the "accrual cut-off date") and in respect of each [calendar day] [business day] falling from (and including) the accrual cut-off date to and (including) the last day of such interest period, the accrual cut-off date shall be an interest barrier observation date for each such day. If, in respect of the or each interest barrier underlying, any such [calendar day] [business day] is [not a scheduled trading day for such interest barrier underlying or is a disrupted day for such interest barrier underlying ("range accrual value what you can observation")] [not a scheduled trading day for any interest barrier

Element	Title	
		underlying or is a disrupted day for any interest barrier underlying ("range accrual move in block observation")], then the interest barrier event observation date for [such interest barrier underlying] [all of the interest barrier underlyings] shall be deemed to be the immediately preceding [calendar day] [business day] that is [a scheduled trading day and not a disrupted day for such interest barrier underlying] [a scheduled trading day and not a disrupted day for every interest barrier underlying]. Therefore, an interest barrier event observation date may be the interest barrier event observation date for more than one [calendar day] [business day].] An **interest payment date** is each date specified as such in the Table below. [An **interest valuation date** is, in respect of an interest payment date, each date or dates specified as such for such interest payment date in the Table below (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below).] [The **interest strike date(s)** is [[●] [and [●]] [[●] scheduled trading days prior to [●]] [, in respect of interest underlying [●], [●] *(specify for each interest underlying where different interest strike dates apply)*] [each scheduled trading day for the interest underlying which is not a disrupted day for the interest underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below).] <u>*Definitions relating to the underlying(s) relevant for interest, the performance of such underlying(s) and levels of such underlying(s)*</u> An **interest underlying** means the or each underlying specified as an underlying for the purpose of the interest provisions in Element C.20 below. [The **interim performance underlying(s)** for an interest payment date is [as "single underlying observation" applies, the interest underlying] [as "weighted basket observation" applies, all of the interest underlyings (as interim performance is determined by reference to the weighted basket of all of the interest underlyings)] [as "[best of] [worst of] basket observation" applies, the interest underlying with the [highest] [lowest] (or equal [highest] [lowest]) interim performance for that interest payment date] [as "outperformance observation" applies, outperformance a underlying and outperformance b underlying (as interim performance is determined by reference to the performance of outperformance a underlying less the performance of outperformance b underlying)].] [The **interim performance** in respect of an interest payment date shall be determined in accordance with the ["single underlying observation" provisions, meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the interest underlying's interest reference level for that interest payment date

Element	Title	

less its interest strike level, all divided by its interest initial level, expressed as a formula:

$$\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$$

[Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)]].]

["weighted basket observation" provisions, meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the weighted sum of the performance of each interest underlying for that interest payment date, determined for each such interest underlying as such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula:

$$\sum_{n=1}^{n} Wn \times \frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$$

[Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].]

W_n of each interest underlying is [[●]% (therefore the interest underlyings are equally weighted) [the weighting specified for such interest underlying below (therefore the interest underlyings have predetermined weightings attributed to them)]:

interest underlying	W_n
[●]	[●]%
[●]	[●]%
(complete for each relevant interest underlying)	
[●]	[●]%]

[in relation to an interest payment date, as "rainbow weighting" applies, the weighting for each interest underlying shall be as specified below ("rainbow weighting" means in respect of an interest underlying that the weighting of such interest underlying for an interest payment date will depend on such interest underlying's interim performance as compared to the interim performance of the other interest underlyings for that interest payment date]:

interest underlying	W_n
[interest underlying with highest (or equal highest) interim performance for that interest payment date]	[●]%
[interest underlying with [●]	[●]%

Element	Title	
		highest (or [●] equal [highest] [lowest]) interim performance for that interest payment date] *(complete for each relevant interest underlying)* [interest underlying with lowest (or equal lowest) interim performance for that interest payment date] [●]%] ["[best of] [worst of] basket observation" provisions, meaning that the interim performance in respect of an interest underlying and an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $$\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] ["outperformance observation" provisions, meaning that the interim performance in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the performance of outperformance a underlying ("outperf A") less the performance of outperformance b underlying ("outperf B") determined for each such interest underlying as such interest underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $$[\text{outperf A} - \text{outperf B}] \times 100$$ **outperf A** shall, in respect of an interest payment date, be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf A in respect of such interest payment date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance a underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $$\frac{\text{interest reference level for such interest payment date} - \text{interest strike level}}{\text{interest initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] ["weighted basket observation" provisions, meaning that the outperf A in respect of an interest payment date is, in the determination of the

Element	Title	
		calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance a underlying for that interest payment date, determined for each such outperformance a underlying as such outperformance a underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula:

$$\sum_{n=1}^{n} Wn \times \frac{\text{interest reference level for such interest payment date - interest strike level}}{\text{interest initial level}}$$

[Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].]

W_n of each outperformance a underlying is [[●] (therefore the outperformance a underlyings are equally weighted)] [the weighting specified for such outperformance a underlying below (therefore the outperformance a underlyings have predetermined weightings attributed to them)]:

outperformance a underlying	W_n
[●]	[●]
[●]	[●]
(complete for each relevant outperformance a underlying)	
[●]	[●]]

[in relation to an interest payment date, as "rainbow weighting" applies, the weighting for each outperformance a underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance a underlying that the outperformance a underlying weighting of such outperformance a underlying for an interest payment date will depend on such outperformance a underlying's outperf A as compared to the outperf A of the other outperformance a underlyings]:

outperformance a underlying	W_n
[outperformance a underlying with highest (or equal highest) outperf A for that interest payment date	[●]
[outperformance a underlying with [●] [●] highest (or [●] equal [highest] [lowest]) outperf A for that interest payment date	
(complete for each relevant outperformance a underlying)	
[outperformance a underlying with lowest (or equal lowest) outperf A for that interest payment date	[●]]

["[best of] [worst of] basket observation" provisions, meaning that the outperf A will be the [highest (or equal highest)] [lowest

Element	Title	
		(or equal lowest)] performance of all of the outperformance a underlyings, such performance being determined in respect of an outperformance a underlying and an interest payment date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance a underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\frac{\text{interest reference level for such interest payment date - interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] **outperformance a underlying** means the or each interest underlying specified as an "outperformance a underlying" in Element C.20 below. **outperf B** shall, in respect of an interest payment date, be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf B in respect of such interest payment date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance b underlying's reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\frac{\text{interest reference level for such interest payment date - interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] ["weighted basket observation" provisions, meaning that the outperf B in respect of an interest payment date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance b underlying for that interest payment date, determined for each such outperformance b underlying as such outperformance b underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\sum_{n=1}^{n} Wn \times \frac{\text{interest reference level for such interest payment date - interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] $\mathbf{W_n}$ of each outperformance b underlying is [[●] (therefore the outperformance b underlyings are equally weighted) [the

Element	Title	
		weighting specified for such outperformance b underlying below (therefore the outperformance b underlyings have predetermined weightings attributed to them)]: outperformance b underlying — W_n [●] — [●] [●] — [●] *(complete for each relevant outperformance b underlying)* [●] — [●]] [in relation to an interest payment date, as "rainbow weighting" applies, the weighting specified for each outperformance b underlying below shall be as specified below ("rainbow weighting" means, in respect of an outperformance b underlying, that the weighting of such outperformance b underlying for an interest payment date will depend on such outperformance b underlying's outperf B as compared to the outperf B of the other outperformance b underlyings): outperformance b underlying — W_n [outperformance b underlying with highest (or equal highest) outperf B for that interest payment date] — [●] [outperformance b underlying with [●] highest (or [●] equal [highest] [lowest]) outperf B for that interest payment date] — [●] *(complete for each relevant outperformance b underlying)* [outperformance b underlying with lowest (or equal lowest) outperf B for that interest payment date] — [●]] ["[best of] [worst of] basket observation" provisions, meaning that the outperf B will be the [highest (or equal highest)] [lowest (or equal lowest)] performance of all of the outperformance b underlyings, such performance being determined in respect of an outperformance b underlying and an interest payment date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance b underlying's interest reference level for that interest payment date less its interest strike level, all divided by its interest initial level, expressed as a formula: $\frac{\text{interest reference level for such interest payment date - interest strike level}}{\text{interest initial level}}$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].]

Element	Title	
		outperformance b underlying means the or each interest underlying specified as an "outperformance b underlying" in Element C.20 below.] [The **interest strike level** for an interest underlying is [, in respect of an interest payment date, the level specified for such interest underlying in the Table below] [the interest initial level of such interest underlying].] [The **interest reference level** means, in respect of an interest valuation date or, as the case may be, interest valuation dates, the related interest payment date and the or each interest underlying: ["closing level on interest valuation date", being the underlying closing level for such interest underlying for the relevant interest valuation date [converted at the fx on such interest valuation date]] ["arithmetic average closing level on interest valuation dates", being the arithmetic average underlying closing level for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] ["lowest closing level on interest valuation dates", being the lowest underlying closing level for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] ["lowest intra-day level on interest valuation dates", being the lowest underlying level (continuously observed) for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] ["highest closing level on interest valuation dates", being the highest underlying closing level for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]] ["highest intra-day level on interest valuation dates", being the highest underlying level (continuously observed) for such interest underlying for the relevant interest valuation dates [converted at the fx on each such interest valuation date]].] The **interest initial level** for the or each interest underlying and an interest payment date is: ["closing level on interest strike date", being the underlying closing level for such interest underlying for the interest strike date [converted at the fx on the interest strike date]] ["closing level on interest re-strike date", being the interest reference level for such interest underlying for the immediately preceding interest payment date and the related interest valuation date(s) or, if none, the underlying closing level for such interest underlying for the interest strike date [converted at the fx on the interest strike date]] ["arithmetic average closing level on interest strike dates", being the

Element	Title	
		arithmetic average underlying closing level for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] ["lowest closing level on interest strike dates", being the lowest underlying closing level for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] ["lowest intra-day level on interest strike dates", being the lowest underlying level (continuously observed) for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] ["highest closing level on interest strike dates", being the highest underlying closing level for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] ["highest intra-day level on interest strike dates", being the highest underlying level (continuously observed) for such interest underlying for the relevant interest strike dates [converted at the fx on each such interest strike date]] [the level specified for the or each interest underlying below: interest underlying — interest initial level [●] — [●] *(complete for each relevant interest underlying)*]. [**fx** for an interest underlying is either (a) 1, where such interest underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such interest underlying below: underlying — fx [●] — [●] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date]] *<u>Definitions relating to the determination of whether interest is due on an interest payment date</u>* An **interest barrier event** will occur in respect of an interest payment date if, in the determination of the calculation agent, [on the related interest barrier observation date, the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level

Element	Title	
		("interest barrier event european closing observation")] [on the related interest barrier observation date, the interim performance of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event european performance observation")] [on each related interest barrier observation date, the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american observation – closing level")] [on each related interest barrier observation date, the underlying level (continuously observed) of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american observation – intra-day level")] [on any related interest barrier observation date, the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american one touch observation – closing level")] [on any related interest barrier observation date, the underlying level (continuously observed) of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interest underlying(s)] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings

Element	Title	
		for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american one touch observation – intra-day level")] [on each related interest barrier observation date, the underlying closing level of [the interest underlying(s)] [all interest underlying(s)] [any interest underlying(s)] [the interim performance underlying] [as the "multi-chance" provisions apply, a minimum of [●] interest underlyings (the actual interest amount is dependent on the number of interest underlyings for which an interest barrier event occurs)] (the "interest barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each interest underlying where different conditions apply)*] the relevant interest barrier level ("interest barrier event american performance observation") and, as the interim performance shall be calculated in respect of each interest barrier observation date relating to the relevant interest payment date, then: (i) reference in the definition of interim performance to "interest reference level for such interest payment date" shall be construed to be to the "underlying closing level for the relevant interest underlying on the relevant interest barrier observation date [converted at the fx on such interest barrier observation date]"; and (ii) reference to interim performance being calculated "in respect of an interest payment date" or "for an interest payment date" shall be construed to be to "in respect of or for an interest payment date and the relevant interest barrier event observation date"[; and (iii) the interim performance underlying(s) shall be determined in respect of the relevant interest barrier event observation date]] [and/or, as "interest barrier event lock-in" applies, an interest barrier event has occurred in respect of any prior interest payment date]. The **interest barrier level** is, in respect of an interest payment date, [the percentage(s) specified [in relation to the relevant interest barrier underlying] for such interest payment date in the Table below] [greater than (or equal to) the percentage specified as the lower interest barrier level (specified for such interest payment date in the Table below) and less than (or equal to) the percentage specified as the upper interest barrier level (specified for such interest payment date in the Table below)]. *<u>Definitions relating to the determination of the amount of interest due on an interest payment date</u>* The **interest amount** in respect of each calculation amount and an interest payment date is an amount determined in accordance with the [fixed rate note provisions, meaning that if due as provided above, fixed interest is and will be payable on the relevant interest payment date and will be: [as "accrual" is not applicable, the relevant amount specified for such interest

Element	Title	
		payment date in the Table below [plus, as the "lookback notes" provisions apply, the sum of the interest amounts (if any) specified in the Table below in respect of all of the interest payment dates (if any) falling prior to such interest payment date on which an interest barrier event did not occur and, therefore, such interest amounts had not previously been paid] [which, as the "multi-chance" provisions apply, shall depend on the number of interest barrier underlyings for which an interest barrier event occurs, as further detailed in the Table below] [as "accrual" is applicable, an amount calculated on the basis of the relevant day count fraction being [30/360] [Actual/Actual (ICMA)] [Actual/360] [30E/360] [Eurobond Basis] [1/1] [which shall, as the "range accrual" provisions apply, be multiplied by the applicable accrual rate]. The Notes bear interest from [●] at a rate of [●]% per annum payable [annually] [semi-annually] [quarterly] [monthly] [weekly] in arrear.] [As the "target mandatory early redemption (capped)" provisions apply, the interest amount is subject to a maximum amount (cap). Such cap shall be in respect of the calculation amount an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of the calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] [As the "range accrual provisions" apply, the **accrual rate** for an interest period means an amount expressed as a decimal determined by the calculation agent in accordance with the following formula: $$\frac{\text{days accrued}}{\text{days observed}}$$ where: **days accrued** means the number of interest barrier event observation dates in the relevant interest period on which an interest barrier event occurs; and **days observed** means the actual number of [calendar days] [business days] in the relevant interest period.] [floating rate note provisions, meaning that if due as provided above, the Notes bear interest calculated on the basis of the relevant day count fraction being [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)] [1/1] [and, as "ISDA determination" is applicable, on the same basis as the floating rate under a notional interest rate swap transaction in [●] governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. determined by reference to [●] [as adjusted for a margin of [+[●]] [-[●]]% per annum] [[and] [multiplied by the relevant interest participation rate (IPR)]] [and, as "screen rate determination" is applicable, determined by reference to [●] [LIBOR] [EURIBOR] [STIBOR] [NIBOR] [CIBOR] [TIBOR] [HIBOR] [BBSW] [BKBM] [as adjusted for a margin of [+[●]] [-[●]]% per annum] [[and] [multiplied by the relevant interest participation rate (IPR)].

Element	Title	
		[The interest rate is subject to a [maximum rate (cap)] [minimum rate (floor)] [maximum rate and minimum rate (collar)] as set out in the Table below]. [As the "target mandatory early redemption (capped)" provisions apply, the interest amount is subject to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] The floating rate will be the rate published [[●] days prior to the first day of the interest period] [on the first day of the interest period] [on the interest valuation date]]. [inflation rate note provisions meaning that, the Notes are linked to [●] and, if due as provided above, inflation linked interest will be payable on the relevant interest payment date and will be calculated by the calculation agent by multiplying the calculation amount by the year-on-year change in the inflation rate as determined by dividing the inflation index [●] months prior to the relevant interest payment date by the inflation index [●] months prior to the relevant interest payment date and subtracting 1[[as adjusted for a margin of [+[●]] [-[●]]% per annum] multiplied by the relevant day count fraction being [30/360] [Actual/Actual] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [1/1] [[and] multiplied by the relevant interest participation rate (IPR)]. [The interest amount is subject to a [maximum amount (cap)] [minimum amount (floor)] maximum amount and minimum amount (collar)] as set out in the Table below.] [As the "target mandatory early redemption (capped)" provisions apply, such interest amount is subject to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.] [interim performance interest provisions, meaning that if due as provided above, interest will be payable on the relevant interest payment date and will be determined by the calculation agent to be the product of the calculation amount (CA) and the interim performance of the interim performance underlying(s) for such interest payment date [multiplied by the relevant interest participation rate (IPR)], expressed as a formula: $\text{CA} \times \text{relevant interim performance of interim performance underlying(s)} [\times \text{IPR}]$ [The interest amount is subject to a [maximum amount (cap)] [minimum amount (floor)] [maximum amount and minimum amount (collar)] as set out in the Table below.] [As the "target mandatory early redemption (capped)" provisions apply, such interest amount is subject to a maximum amount (cap). Such cap shall be an amount determined by the calculation agent to be [●] less the sum of all interest amount(s) (if any) paid in respect of a calculation amount for all the interest payment dates (if any) falling prior to such interest payment date.]

Element	Title	
		The **calculation amount** or **CA** is [●]. [The **interest participation rate** or **IPR** is, in respect of an interest payment date, the percentage rate specified for such interest payment date under the heading "IPR" in the Table below.]]

TABLE

[interest strike level]	**[interest valuation date(s)**	**[lower / upper] interest barrier level (%)**	**[interest barrier observation date**	**[interest [amount] [rate]]**	**[IPR (%)]**	**interest payment date**
[[●]] [interest initial level] *(specify for each interest underlying)*	[[●]] [[●] scheduled trading days prior to [●]] [Each scheduled trading day for the interest underlying which is not a disrupted day for the interest underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]]	[[●]%] [[●]% and [●]%] [of [the interest initial level of the relevant interest barrier under-lying] [●]] *(specify for each interest barrier underlying)*	[[●]] [[●] scheduled trading days prior to [●]] Each scheduled trading day [for all the interest barrier underlyings] which is not a disrupted day [for any interest barrier underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]] [as set out in the definition of interest barrier event observation date above]	[●] [(subject to a maximum [amount] [rate] (cap) of [●]] [and] [subject to a minimum [amount] [rate] (floor) of [●])] [either: (i)] if an interest barrier event has occurred in respect of [●] interest barrier underlying(s) [only] [or less], [●] [or (ii) if an interest barrier event has occurred in respect of [●] [or more] interest barrier underlying(s) [only] [or less], [●]] *(specify for the relevant number of interest barrier underlying(s)*]	[●]	[●]
(specify for each interest payment date where relevant)]						

Element	Title	
		[The mandatory early redemption amount due on the relevant mandatory early redemption date if a mandatory early redemption event occurs will be determined in accordance with the mandatory early redemption provisions as follows ***Mandatory early redemption*** [If (and only if), in respect of a mandatory early redemption date, a mandatory early redemption barrier event has occurred and as no "MER upper barrier event" is specified, the Notes will be redeemed on the relevant mandatory early redemption date at an amount for each calculation amount equal to [the amount specified as the MER amount for the relevant mandatory early redemption (MER) date in the Table below] [the performance-linked mandatory early redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below]. If the Notes are redeemed early, only the relevant mandatory early redemption amount shall be payable and no further amounts shall be paid or assets deliverable.] [If (and only if), in respect of a mandatory early redemption date, a mandatory early redemption barrier event has occurred and as a "MER upper barrier event" is specified, the Notes will be redeemed on the relevant mandatory early redemption date at an amount for each calculation amount determined as (a) if a MER upper barrier event has occurred (meaning that [the mandatory early redemption performance is [equal to] [equal to or greater] [less than] [less than or equal to] than [●]% (being the MER upper barrier percentage)),] [the underlying closing level of the MER barrier underlying(s) on the MER upper barrier event valuation date (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below) is [equal to] [equal to or greater] [less than] [less than or equal to] [●]% (being the MER upper barrier percentage)] of the MER strike level for the relevant MER barrier underlying(s)), [the MER amount specified as the upper MER amount for the relevant mandatory early redemption (MER) date in the Table below] [the performance-linked mandatory early redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below] in respect of each calculation amount; OR (b) if a MER upper barrier event has not occurred, [the MER amount specified as the lower MER amount for the relevant mandatory early redemption (MER) date in the Table below] [the performance-linked mandatory early redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below]. If the Notes are redeemed early, only the relevant mandatory early redemption amount shall be payable and no further amounts shall be paid or assets deliverable.] ***Definitions relating to mandatory early redemption:*** <u>Dates</u>

Element	Title	
		A **mandatory early redemption barrier observation date** or **MER barrier observation date** is, in respect of a MER date, each date or dates specified as such for such MER date in the Table below (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below). A **mandatory early redemption date** or **MER date** is each date specified as such in the Table below. A **mandatory early redemption valuation date** or **MER valuation date** is, in respect of a MER date, each date or dates specified as such for such MER date in the Table below (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below). The **MER strike date(s)** is [[●] [and [●]] [[●] scheduled trading days prior to [[●]] [, in respect of MER underlying, [●], [●] *(specify for each MER underlying where different MER strike dates apply)*] [each scheduled trading day for the MER underlying which is not a disrupted day for the MER underlying from (and including) [●] to (but excluding) [●]] (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below). [**MER upper barrier event valuation date** means [[●]] [in respect of a MER date, the date specified for such MER date in the Table below] (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below.] <u>*Definitions relating to the underlying(s) relevant for mandatory early redemption, the performance of such underlying(s) and levels of such underlying(s)*</u> A **MER underlying** means the or each underlying specified as an underlying for the purpose of the MER provisions in Element C.20 below. [The **MER performance underlying(s)** for a MER date is [as "single underlying observation" applies, the MER underlying] [as "weighted basket observation" applies, all of the MER underlyings (as MER performance is determined by reference to the weighted basket of all of the MER underlyings)] [as "[best of] [worst of] basket observation" applies, the MER underlying with the [highest] [lowest] (or equal [highest] [lowest]) MER performance for that MER date] [as "outperformance observation" provisions applies, outperformance a underlying and outperformance b underlying (as MER performance is determined by reference to the performance of outperformance a underlying less the performance of outperformance b underlying)].] The **MER performance** in respect of a MER date shall be determined in accordance with the ["single underlying observation" provisions, meaning that the MER performance in respect of a MER date and the MER underlying is, in the determination of the calculation agent, an amount expressed as a percentage

Element	Title	
		equal to the MER underlying's MER reference level for that MER date less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date - MER strike level}}{\text{MER initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] ["weighted basket observation provisions, meaning that the MER performance in respect of a MER date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the weighted sum of the performance of each MER underlying for that MER date, determined for each such MER underlying as such MER underlying's MER reference level for that MER date less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\sum_{n=1}^{n} \text{Wn} \times \frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] **W_n** of each MER underlying is [[●]% (therefore the MER underlyings are equally weighted) [the weighting specified for such MER underlying below (therefore the MER underlyings have predetermined weightings attributed to them)]: MER underlying — W_n [●] — [●]% [●] — [●]% *(complete for each relevant MER underlying)* [●] — [●]%] [in relation to a MER date, as "rainbow weighting" applies, the weighting for each MER underlying shall be as specified below ("rainbow weighting" means in respect of a MER underlying that the weighting of such MER underlying for a MER date will depend on such MER underlying's MER performance as compared to the MER performance of the other MER underlyings for that MER date)]: MER underlying — W_n [MER underlying with highest (or equal highest) MER performance for that MER date] — [●]% [MER underlying with [●] highest (or [●] equal [highest] [lowest]) — [●]%

Element	Title	
		MER performance for that MER date] *(complete for each relevant MER underlying)* [MER underlying with lowest (or equal lowest) MER performance for that MER date] [●]%] ["[best of] [worst of] basket observation" provisions, meaning that the MER performance in respect of A MER underlying and a MER date is, in the determination of the calculation agent, an amount expressed as a percentage equal to such MER underlying's MER reference level for that MER date less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date} - \text{MER strike level}}{\text{MER initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] ["outperformance observation" provisions, meaning that the MER performance in respect of a MER date is, in the determination of the calculation agent, an amount expressed as a percentage equal to the performance of outperformance a underlying ("outperf A") less the performance of outperformance b underlying ("outperf B") determined for each such MER underlying as such MER underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula: $$[\text{outperf A - outperf B}] \times 100$$ **outperf A** shall, in respect of a MER date, be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf A in respect of such MER date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance a underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date - MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] ["weighted basket observation" provisions, meaning that the outperf A in respect of a MER date is, in the determination of the calculation

Element	Title	
		agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance a underlying, determined for each such outperformance a underlying as such outperformance a underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\sum_{n=1}^{n} Wn \times \frac{\text{MER reference level for such MER date - MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)]] **W_n** of each outperformance a underlying is [[●] (therefore the outperformance a underlyings are equally weighted) [the weighting specified for such outperformance a underlying below (therefore the outperformance a underlyings have predetermined weightings attributed to them): outperformance a underlying — W_n [●] — [●] [●] — [●] *(complete for each relevant outperformance a underlying)* [●] — [●]] [in relation to a MER date, as "rainbow weighting" applies, the weighting for each outperformance a underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance a underlying that the weighting of such outperformance a underlying for a MER date will depend on such outperformance a underlying's outperf A as compared to the outperf A of the other outperformance a underlyings for that MER date): outperformance a underlying — W_n [outperformance a underlying with highest (or equal highest) outperf A for that MER date] — [●] [outperformance a underlying with [●] highest (or [●] equal [highest] [lowest]) outperf A for that MER date] — [●] *(complete for each relevant outperformance a underlying)* [outperformance a underlying with lowest (or equal lowest) outperf A for that MER date] — [●]] ["[best of] [worst of] basket observation" provisions, meaning that outperf A will be the [highest (or equal highest)] [lowest (or equal lowest)] performance of all of the outperformance a underlyings, such

Element	Title	
		performance being determined in respect of an outperformance a underlying and a MER date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance a underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date - MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] **outperformance a underlying** means the or each MER underlying specified as an "outperformance a underlying" in Element C.20 below. **outperf B** shall, in respect of a MER date, be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf B in respect of such MER date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance b underlying's MER reference level less its MER redemption strike level, all divided by its MER redemption initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date - MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] ["weighted basket observation" provisions, meaning that the outperf B in respect of a MER date is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance b underlying, determined for each such outperformance b underlying as such outperformance b underlying's MER reference level less its MER redemption strike level, all divided by its MER redemption initial level, expressed as a formula: $$\sum_{n=1}^{n} Wn \times \frac{\text{MER reference level for such MER date - MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] $\mathbf{W_n}$ of each outperformance b underlying is [[●] (therefore the outperformance b underlyings are equally weighted) [the weighting specified for such outperformance b underlying below (therefore the outperformance b underlyings have predetermined weightings attributed to them)]:

Element	Title	
		outperformance b underlying — W_n [●] — [●] [●] — [●] *(complete for each relevant outperformance b underlying)* [●] — [●]] [[in relation to a MER date, as "rainbow weighting" applies, the weighting for each outperformance b underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance b underlying that the weighting of such outperformance b underlying for a MER date will depend on such outperformance b underlying's outperf B as compared to the outperf B of the other outperformance b underlyings for that MER date]: outperformance b underlying — W_n [outperformance b underlying with highest (or equal highest) outperf B for that MER date] — [●] [outperformance b underlying with [●] highest (or [●] equal [highest] [lowest]) outperf B for that MER date] — [●] *(complete for each relevant outperformance b underlying)* [outperformance b underlying with lowest (or equal lowest) outperf B for that MER date] — [●]] ["[best of] [worst of] basket observation" provisions, meaning that the outperf B will be the [highest (or equal highest)] [lowest (or equal lowest)] performance of all of the outperformance b underlyings, such performance being determined in respect of an outperformance b underlying and a MER date as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance b underlying's MER reference level less its MER strike level, all divided by its MER initial level, expressed as a formula: $$\frac{\text{MER reference level for such MER date - MER strike level}}{\text{MER initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] **outperformance b underlying** means the or each MER underlying specified as an "outperformance b underlying" in Element C.20 below.] The **MER strike level** for an MER underlying is [, in respect of an MER date, the

Element	Title	
		level specified for such MER underlying in the Table below] [the MER initial level of such MER underlying]. The **MER reference level** means, in respect of the or each MER underlying: ["closing level on MER valuation date", being the underlying closing level for such MER underlying for the relevant MER valuation date [converted at the fx on such MER valuation date]] ["arithmetic average closing level on MER valuation dates", being the arithmetic average underlying closing level for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] ["lowest closing level on MER valuation dates", being the lowest underlying closing level for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] ["lowest intra-day level on MER valuation dates", being the lowest underlying level (continuously observed) for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] ["highest closing level on MER valuation dates", being the highest underlying closing level for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]] ["highest intra-day level on MER valuation dates", being the highest underlying level (continuously observed) for such MER underlying for the relevant MER valuation dates [converted at the fx on each such MER valuation date]]. The **MER initial level** for the or each MER underlying and a MER date: ["closing level on MER strike date", being the underlying closing level for such MER underlying for the MER strike date [converted at the fx on the MER strike date]] ["closing level on MER re-strike date", being the MER reference level for such MER underlying for the immediately preceding MER date or, if none, the underlying closing level for such MER underlying for the MER strike date [converted at the fx on the MER strike date]] ["arithmetic average closing level on MER strike dates", being the arithmetic average underlying closing level for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] ["lowest closing level on MER strike dates", being the lowest underlying closing level for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] ["lowest intra-day level on MER strike dates", being the lowest underlying level (continuously observed) for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]]

Element	Title	
		["highest closing level on MER strike dates", being the highest underlying closing level for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] ["highest intra-day level on MER strike dates", being the highest underlying level (continuously observed) for such MER underlying for the relevant MER strike dates [converted at the fx on each such MER strike date]] [the level specified for the or each MER underlying below: MER underlying — MER initial level [●] — [●] *(complete for each relevant MER underlying)*]. [**fx** for a MER underlying is either (a) 1, where such MER underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such MER underlying below: MER underlying — fx [●] — [●] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date]] *Definitions relating to the determination of whether the mandatory early redemption amount is due on a mandatory early redemption date* A **mandatory early redemption barrier event** or **MER barrier event** will occur in respect of a MER date if, in the determination of the calculation agent, [on the related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event european closing observation")] [on the related MER barrier observation date, the MER performance of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event european performance observation")] [on each related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than or equal to] [greater than] [within] the relevant MER barrier level ("MER barrier event american observation – closing level")]

Element	Title	
		[on each related MER barrier observation date, the underlying level (continuously observed) of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american observation – intra-day level")] [on any related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american one touch observation – closing level")] [on any related MER barrier observation date, the underlying level (continuously observed) of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american one touch observation – intra-day level ")] [on the interest payment date scheduled to fall on such MER date, the sum of the aggregate interest amount(s) paid in respect of all the interest payment dates falling prior to such interest payment date and due on that interest payment date is equal to or greater than the target mandatory early redemption threshold being [●] ("target mandatory early redemption")] [on each related MER barrier observation date, the underlying closing level of [the MER underlying(s)] [all MER underlying(s)] [any MER underlying(s)] [the MER performance underlying] (the "MER barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each MER underlying where different conditions apply)*] the relevant MER barrier level ("MER barrier event american performance observation") and, as the MER performance shall be calculated in respect of each MER barrier observation date relating to the relevant MER date, then: (i) reference in the definition of MER performance to "MER reference level for such MER date" shall be construed to be to the "underlying closing level for the relevant MER underlying on the relevant MER barrier observation date [converted at the fx on such MER barrier observation date]"; and (ii) reference to MER performance being calculated "in respect of an MER date" or "for an MER date" shall be construed to be to "in respect of or for an MER date and the relevant MER barrier event observation date"[; and (iii) the MER performance underlying(s) shall be determined in respect of

Element	Title	
		the relevant MER barrier event observation date]]. The **MER barrier level** is, in respect of a MER date, [the percentage[(s)] specified for such MER date [and the relevant MER barrier underlying] in the Table below] [greater than (or equal to) the percentage specified as the lower MER barrier level (specified for such MER date in the Table below) and less than (or equal to) the percentage specified as the upper MER barrier level (specified for such MER date in the Table below)]. *Definitions relating to the determination of the mandatory early redemption amount due if a mandatory early redemption barrier event has occurred* [The **performance-linked mandatory early redemption amount determined in accordance with the "put option provisions"** means that the mandatory early redemption amount (MER amount) will be a "put option" amount [determined by the calculation agent to be the product of the calculation amount (CA) and the sum of 100% and the MER performance of the MER performance underlying(s) (MERPU) [multiplied by the mandatory early redemption participation rate (MERPR)] [(which [may] [will] be less than [the calculation amount] [●]), expressed as a formula: $$\mathrm{CA} \times \left(100\% + \mathrm{MER\ performance\ of\ MERPU}\right)[\times \mathrm{MERPR}]]$$ [The **MER participation rate** or **MERPR** is, in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below.] [Such MER amount is subject to a [maximum amount (cap) of [●]] [minimum amount (floor) of [●]] [maximum amount of [●] and minimum amount of [●] (collar)].] [The **performance-linked mandatory early redemption amount** determined **in accordance with the "call option provisions"** means that the mandatory early redemption amount will be a "call option" amount [determined by the calculation agent to be the sum of the calculation amount and the product of the calculation amount (CA) and the product of the calculation amount (CA) and the MER performance of the MER performance underlying(s) (MERPU) [multiplied by the mandatory early redemption participation rate (MERPR)], expressed as a formula: $$\mathrm{CA} + (\mathrm{CA} \times \mathrm{MER\ performance\ of\ MERPU})\ [\times \mathrm{MERPR}]$$ [The **MER participation rate** or **MERPR** is, in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below.] [Such MER amount is subject to a [maximum amount (cap) of [●]] [minimum amount (floor) of [●]] [maximum amount of [●] and minimum amount of [●] (collar)].]

Element	Title	

[The **performance-linked mandatory early redemption amount determined in accordance with the "call spread-put spread option provisions"** means that the mandatory early redemption amount (MER amount) will be a "call spread–put spread option" amount

[determined by the calculation agent to be (a) the calculation amount (CA) multiplied by (b) the call spread amount [multiplied by the call mandatory early redemption participation rate (MERPR call)] less the put spread amount [multiplied by the put mandatory early redemption participation rate (MERPR put)], expressed as a formula:

$$\mathrm{CA} \times \Big[[\mathrm{Max}([\bullet]\%, \mathrm{Min}([\bullet]\%, \mathrm{MERPerf})\,)[\times \mathrm{MERPR\ call}]] - [\mathrm{Min}([\bullet]\%, \mathrm{Max}([\bullet]\%, 100\% + \mathrm{MERPerf}))\,[\times \mathrm{MERPR\ put}]]\Big]$$

Each of the **call mandatory early redemption participaton rate** or **MERPR call** and the **put mandatory early redemption participation rate** or **MERPR put** is, in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below.]

[Therefore such MER amount is subject to a maximum amount of [●] and minimum amount of [●] (a collar).]

The **MERPerf** means the mandatory early redemption performance of the mandatory early redemption performance underlying.]

[The **performance-linked mandatory early redemption amount determined in accordance with the "twin win option provisions"** means that the mandatory early redemption amount (MER amount) will be a "twin win option" amount

[determined by the calculation agent to be the product of (a) the calculation amount (CA) and (b) 100% and the absolute value (Abs) (meaning the positive percentage value of the percentage without regard to its sign) of the MER performance of the mandatory early redemption performance underlying(s) (MERPU) [multiplied by the mandatory early redemption participation rate (MERPR)], expressed as a formula:

CA x (100% + Abs [MER performance of MERPU]) [x MERPR]

The MER amount is therefore subject to a minimum amount (floor) of [●].]

[The **MER participation rate** or **MERPR** is, in respect of a MER date, the percentage rate specified for such MER date under the heading "MERPR" in the Table below].

The **calculation amount** or **CA** is [●].

TABLE

[MER strike level]	MER valuation date(s)	[MER upper barrier event valuation date]	[lower / upper] MER barrier level (%)	MER barrier observation date	[MER amount]	[MERPR (%)]	MER date
[[●]] [MER initial	[[●]] [[●] scheduled	[●] [[●] scheduled	[[●]]% [[●]% and	[[●]] [[●] scheduled	[●] [(subject to a	[[●]] [[●] being MERPR Call	[●]

Element	Title	

level] *(specify for each MER underlying)*	trading days prior to [[●]] [Each scheduled trading day for the MER underlying which is not a disrupted day for the MER underlying from [(and including)] [(but excluding)] [●] to [(but including)] [(and including)] [●]]	trading days prior to [[●]] [Each scheduled trading day for the MER underlying which is not a disrupted day for the MER underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)]	[●]% [of [the MER initial level of the relevant MER barrier underlying] [●]] *(specify for each MER barrier underlying)*	trading days prior to [[●]] [Each scheduled trading day [for all the MER barrier underlyings] which is not a disrupted day [for any MER barrier underlying] from [(and including)] [(but excluding)] [●] to [(but including)] [(and including)] [●]]	maximum amount (cap) of [●]] [and] [subject to a minimum amount (floor) of [●])]	and [●] being MERPR Put]	

(*specify for each MER date where relevant)*]

The redemption amount due or assets deliverable in relation to physical delivery notes on the maturity date will be determined in accordance with the redemption provisions as follows

Redemption

[The redemption amount in respect of each calculation amount will be [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below].]

[If:

(a) a redemption barrier event has not occurred and as no "redemption upper barrier percentage" is specified, then the Notes will be redeemed on the maturity date at an amount for each calculation amount equal to [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below]; OR

(b) a redemption barrier event has occurred, [the Notes will be physically settled by delivery of the entitlement in respect of each calculation amount] [then the redemption amount in respect of each calculation amount will be [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below].]

[If:

(a) a redemption barrier event has not occurred and as a "redemption upper barrier percentage" is specified, then the Notes will be redeemed on the maturity date at an amount for each calculation amount equal to

(i) if the final performance of the final performance underlying(s) is

Element	Title	
		equal to or greater than [●]% (being the redemption upper barrier percentage), [the upper redemption amount due where no redemption barrier event has occurred being [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below]; OR (ii) if the final performance of the final performance underlying[(s)] is less than [●]% (being the redemption upper barrier percentage), the lower redemption amount due where no redemption barrier event has occurred, being [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below]; OR (b) a redemption barrier event has occurred, [the Notes will be physically settled by delivery of the entitlement in respect of each calculation amount] [then the redemption amount in respect of each calculation amount will be [[●]] [the performance-linked redemption amount determined in accordance with the [put] [call] [call spread-put spread] [twin win] option provisions below].] ***[Definitions relating to redemption:*** _Dates_ A **final valuation date** is [[●] [[●] scheduled trading days prior to [[●]] [each scheduled trading day [for all the redemption underlyings] which is not a disrupted day [for any of the redemption underlyings] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below). [A **redemption barrier observation date** is [[●][[●] scheduled trading days prior to [[●]] [each scheduled trading day [for all the redemption underlyings] which is not a disrupted day [for any redemption underlying] from [(and including)] [(but excluding)] [●] to (but excluding) [(and including)] [●]]]. The **redemption strike date(s)** is [[●][[●] scheduled trading days prior to [[●]] [, in respect of redemption underlying [●], [●] *(specify for each redemption underlying where different redemption strike dates apply)*] [each scheduled trading day for the redemption underlying which is not a disrupted day for the redemption underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] (subject to adjustment – see "Disrupted Days, Market Disruption Events and Adjustments" below). _Definitions relating to the underlying(s) relevant for redemption, the performance of such underlying(s) and levels of the such underlying(s)_ A **redemption underlying** means the or each underlying specified as an underlying for the purpose of the redemption provisions in Element C.20 below. The **final performance underlying(s)** or **(FPU)** is

Element	Title	
		[as "single underlying observation" applies, the redemption underlying] [as "weighted basket observation" applies, all of the redemption underlyings (as final performance is determined by reference to the weighted basket of all of the redemption underlyings)] [as "[best of] [worst of] observation" applies, the redemption underlying with the [highest] [lowest] (or equal [highest] [lowest]) final performance] [as "outperformance observation" provisions applies, outperformance a underlying and outperformance b underlying (as final performance is determined by reference to the performance of outperformance a underlying less the performance of outperformance b underlying)]. The **final performance** shall be determined in accordance with the: ["single underlying observation" provisions, meaning that the final performance in respect of the redemption underlying is, in the determination of the calculation agent, an amount expressed as a percentage equal to the redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] ["weighted basket observation" provisions, meaning that the final performance is, in the determination of the calculation agent, an amount expressed as a percentage equal to the weighted sum of the performance of each redemption underlying, determined for each such redemption underlying as such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\sum_{n=1}^{n} Wn \times \frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] $\mathbf{W_n}$ of each redemption underlying is [[●]% (therefore the redemption underlyings are equally weighted)] [the weighting specified for such redemption underlying below (therefore the redemption underlyings have predetermined weightings attributed to them)]: redemption underlying — W_n [●] — [●]% [●] — [●]%

Element	Title	
		(complete for each relevant redemption underlying) [●] [●]% [as "rainbow weighting" applies, the weighting for each redemption underlying shall be as specified below ("rainbow weighting" means in respect of a redemption underlying that the weighting of such redemption underlying will depend on such redemption underlying's final performance as compared to the final performance of the other redemption underlyings]: redemption underlying — $W_{\mathbf{n}}$ [redemption underlying with highest (or equal highest) final performance] — [●]% [redemption underlying with [●] highest (or [●] equal [highest]/[lowest]) final performance] — [●]% *(complete for each relevant redemption underlying)* [redemption underlying with lowest (or equal lowest) final performance] — [●]%] ["[best of] [worst of] basket observation" provisions, meaning that the final performance in respect of a redemption underlying is, in the determination of the calculation agent, an amount expressed as a percentage equal to such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] ["outperformance observation" provisions, meaning that the final performance is, in the determination of the calculation agent, an amount expressed as a percentage equal to the performance of outperformance a underlying ("outperf A") less the performance of outperformance b underlying ("outperf B") determined for each such redemption underlying as such redemption underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$(\text{outperf A - outperf B}) \times 100$$ **outperf A** shall be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the

Element	Title	
		outperf A is, in the determination of the calculation agent, an amount expressed as a decimal equal to the outperformance a underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level - redemption strike level}}{\text{redemption initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] ["weighted basket observation" provisions, meaning that the outperf A is, in the determination of the calculation agent, an amount expressed as a decimal equal to the weighted sum of the performance of each outperformance a underlying, determined for each such outperformance a underlying as such outperformance a underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\sum_{n=1}^{n} Wn \times \frac{\text{final reference level - redemption strike level}}{\text{redemption initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] **W_n** of each outperformance a underlying is [[●]% (therefore the outperformance a underlyings are equally weighted) [the weighting specified for such outperformance a underlying below (therefore the outperformance a underlyings have predetermined weightings attributed to them): outperformance a underlying — W_n [●] — [●] [●] — [●] *(complete for each relevant outperformance a underlying)* [●] — [●]] [as "rainbow weighting" applies, the weighting for each outperformance a underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance a underlying that the weighting of such outperformance a underlying will depend on such outperformance a underlying's outperf A as compared to the outperf A of the other outperformance a underlyings)]: outperformance a underlying — W_n [outperformance a underlying with highest — [●]

Element	Title	
		(or equal highest) outperf A [outperformance a underlying with [●] highest (or [●] equal [highest] [lowest]) outperf A [●] *(complete for each relevant outperformance a underlying)* [outperformance a underlying with lowest (or equal lowest) outperf A] [●]] ["[best of] [worst of] basket observation" provisions, meaning that outperf A will be the [highest (or equal highest)] [lowest (or equal lowest)] performance of all of the outperformance a underlyings, such performance being determined in respect of an outperformance a underlying as, in the determination of the calculation agent, an amount expressed as a decimal equal to such outperformance a underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such decimal is subject to a [maximum (cap) of [●]] [minimum (floor) of [●]] [maximum of [●] and a minimum of [●] (collar)].] **outperformance a underlying** means the or each redemption underlying specified as an "outperformance a underlying" in Element C.20 below. **outperf B** shall be determined by the calculation agent in accordance with the ["single underlying observation" provisions, meaning that the outperf B is, in the determination of the calculation agent, an amount expressed as a percentage equal to the outperformance b underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] ["weighted basket observation" provisions, meaning that the outperf B is, in the determination of the calculation agent, an amount expressed as a percentage equal to the weighted sum of

Element	Title	
		the performance of each outperformance b underlying, determined for each such outperformance b underlying as such outperformance b underlying's final reference level less its redemption strike level, all divided by its redemption initial level, expressed as a formula: $$\sum_{n=1}^{n} Wn \times \frac{\text{final reference level - redemption strike level}}{\text{redemption initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] **W_n** of each outperformance b underlying is [[●] (therefore the outperformance b underlyings are equally weighted) [the weighting specified for such outperformance b underlying below (therefore the outperformance b underlyings have predetermined weightings attributed to them)]: outperformance b underlying — W_n [●] — [●] [●] — [●] *(complete for each relevant outperformance b underlying)* [●] — [●]] [as "rainbow weighting" applies, the weighting for each outperformance b underlying shall be as specified below ("rainbow weighting" means in respect of an outperformance b underlying that the weighting of such outperformance b underlying will depend on such outperformance b underlying's outperf B as compared to the outperf B of the other outperformance b underlyings): outperformance b underlying — W_n [outperformance b underlying with highest (or equal highest) outperf B] — [●] [outperformance b underlying with [●] highest (or [●] equal [highest] [lowest]) outperf B] — [●] *(complete for each relevant outperformance b underlying)* [outperformance b underlying with lowest (or equal lowest) outperf B] — [●]] ["[best of] [worst of] basket observation" provisions, meaning that outperf B will be the [highest (or equal highest)] [lowest (or equal lowest)] performance of all of the outperformance b

Element	Title	
		underlyings, such performance being determined in respect of an outperformance b underlying as, in the determination of the calculation agent, an amount expressed as a percentage equal to such outperformance b underlying's final reference level less its final strike level, all divided by its final initial level, expressed as a formula: $$\frac{\text{final reference level} - \text{redemption strike level}}{\text{redemption initial level}}$$ [Such percentage is subject to a [maximum percentage (cap) of [●]%] [minimum percentage (floor) of [●]%] [maximum percentage of [●]% and a minimum percentage of [●]% (collar)].] **outperformance b underlying** means the or each redemption underlying specified as an "outperformance b underlying" in Element C.20 below.] The **redemption strike level** for a redemption underlying is [the redemption initial level of such redemption underlying] [the level specified for such redemption underlying below: redemption underlying — redemption strike level [●] — [●] *(complete for each relevant redemption underlying)*]]. The **final reference level** means, in respect of the or each redemption underlying: ["closing level on final valuation date", being the underlying closing level for such redemption underlying on the final valuation date [converted at the fx on the final valuation date]] ["arithmetic average closing level on final valuation dates", being the arithmetic average underlying closing level for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] ["lowest closing level on final valuation dates", being the lowest underlying closing level for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] ["lowest intra-day level on final valuation dates", being the lowest underlying level (continuously observed) for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] ["highest closing level on final valuation dates", being the highest underlying closing level for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]] ["highest intra-day level on final valuation dates", being the highest

Element	Title	
		underlying level (continuously observed) for such redemption underlying for the relevant final valuation dates [converted at the fx on each such final valuation date]]. The **redemption initial level** for the or each redemption underlying is: ["closing level on redemption strike date", being the underlying closing level for such redemption underlying for the redemption strike date [converted at the fx on the redemption strike date]] ["arithmetic average closing level on redemption strike dates", being the arithmetic average underlying closing level for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]] ["lowest closing level on redemption strike dates", being the lowest underlying closing level for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]] ["lowest intra-day level on redemption strike dates", being the lowest underlying level (continuously observed) for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]] ["highest closing level on redemption strike dates", being the highest underlying closing level for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]] ["highest intra-day level on redemption strike dates", being the highest underlying level (continuously observed) for such redemption underlying for the relevant redemption strike dates [converted at the fx on each such redemption strike date]] [the level specified for the or each redemption underlying below: redemption underlying — redemption initial level [●] — [●] *(complete for each relevant redemption underlying)*]. [**fx** for a redemption underlying is either (a) 1, where such redemption underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such redemption underlying below: redemption underlying — fx [●] — [●] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date]] <u>*Definitions relating to the determination of whether the performance-linked redemption amount or entitlement is due*</u> A **redemption barrier event** will occur if, in the determination of the calculation

Element	Title	
		agent, [on the related redemption barrier observation date, the underlying closing level of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event european closing observation").] [the final performance of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event european performance observation").] [on each related redemption barrier observation date, the underlying closing level of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american observation – closing level").] [on each related redemption barrier observation date, the underlying level (continuously observed) of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american observation – intra-day level").] [on any related redemption barrier observation date, the underlying closing level of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american one touch observation – closing level").] [on any related redemption barrier observation date, the underlying level (continuously observed) of [the redemption underlying] [all redemption underlyings] [any redemption underlying] [the final performance

Element	Title	
		underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the final barrier level ("redemption barrier event american one touch observation – intra-day level").] [on each related redemption barrier observation date, the underlying closing level of [the redemption underlying(s)] [all redemption underlying(s)] [any redemption underlying(s)] [the final performance underlying] (the "redemption barrier underlying(s)") is [less than] [less than or equal to] [greater than] [greater than or equal to] [within] [in respect of [●] and [less than] [less than or equal to] [greater than] [greater than or equal to] [within] in respect of [●] *(specify for each redemption underlying where different conditions apply)*] the relevant redemption barrier level ("redemption barrier event american performance observation") and, as the final performance shall be calculated in respect of each redemption barrier observation date, then: (i) reference in the definition of final performance to "final reference level" shall be construed to be to the "underlying closing level for the relevant redemption underlying on the relevant redemption barrier observation date [converted at the fx on such redemption barrier observation date]"; and (ii) reference to final performance shall be construed to be to final performance in respect of the relevant redemption barrier observation date"[and (iii) the final performance underlying(s) shall be determined in respect of the relevant interest barrier event observation date]. The **final barrier level** is [[●]%] [greater than (or equal to) [●]% and less than (or equal to) [●]%] [of [the redemption initial level of the relevant redemption barrier underlying] [●]]. *<u>Definitions relating to the determination of the redemption amount due, or entitlement deliverable in relation to physical delivery notes, if a redemption barrier event has occurred</u>* [The **entitlement** means, in respect of each calculation amount, an amount of the final performance underlying(s) determined by the calculation agent by reference to the calculation amount [converted into the currency of the calculation amount if necessary] divided by the redemption initial level of such underlying, expressed as a formula: $\frac{\text{calculation amount}[\times \text{fx}]}{\text{redemption inital level of final performance underlying(s)}}$] [**fx** for the final performance underlying is either (a) 1, where such final performance underlying is denominated in the currency of the calculation amount; or otherwise (b) the rate specified for such underlying below: final performance underlying — fx [●] — [●] [the currency exchange rate for [●] into [●] published on [●] at [●] time on the relevant valuation date]] [The **performance-linked redemption amount determined in accordance with the "put option provisions"** means that the redemption amount will be a "put option" amount

Element	Title	
		[determined by the calculation agent to be the product of the calculation amount (CA) and the sum of 100% and the final performance of the final performance underlying(s) (FPU) [multiplied by the final participation rate (FPR)] [(which [may] [will] be less than [the calculation amount] [●]), expressed as a formula: $\text{CA} \times \left(100\% + \text{final performance of FPU}\right)[\times \text{FPR}]$ [The **final participation rate** or **FPR** is [●]%.] [Such redemption amount is subject to a [maximum amount (cap) of [●]] [minimum amount (floor) of [●]] [maximum amount of [●] and minimum amount (collar)].] [The **performance-linked redemption amount determined in accordance with the "call option provisions"** means that the redemption amount will be a "call option" amount [determined by the calculation agent to be the sum of (a) the calculation amount (CA) and (b) the product of the calculation amount (CA) and the final performance of the final performance underlying(s) (FPU) [multiplied by the final participation rate (FPR)], expressed as a formula: $\text{CA} + (\text{CA} \times \text{final performance of FPU} [\times \text{FPR}])$ [The **final participation rate** or **FPR** is [●]%.] [Such redemption amount is subject to a [maximum amount (cap) of [●]] [minimum amount (floor) of [●]] [maximum amount of [●] and minimum amount (collar)].] [The **performance-linked redemption amount determined in accordance with the "call spread – put spread option provisions"** means that the redemption amount will be a "call spread put spread option" amount [determined by the calculation agent to be (a) the calculation amount (CA) multiplied by (b) the call spread amount [multiplied by the call final participation rate (FPR call)] less the put spread amount [multiplied by the put final participation rate (FPR put)], expressed as a formula: $\text{CA} \times \Big[[\text{Max}([\bullet]\%, \text{Min}([\bullet]\%, \text{FinalPerf})) [\times \text{FPR put}]] - [\text{Min}([\bullet]\%, \text{Max}([\bullet]\%, 100\% + \text{FinalPerf})) [\times \text{FPR call}]]\Big]$ [The **call final participation rate** or **FPR call** is [●]% and the **put final participation rate** or **FPR put** is [●]%.] The **FinalPerf** means the final performance of the final performance underlying. Therefore such redemption amount is subject to a maximum amount of [●] and minimum amount of [●] (a collar)].] [The **performance-linked redemption amount determined in accordance with the "twin win option provisions"** means that the redemption amount will be a

Element	Title	
		"twin win" amount [determined by the calculation agent to be the product of (a) the calculation amount (CA) and (b) 100% and the absolute value (Abs) (meaning the positive percentage value of the percentage without regard to its sign) of the final performance of the final performance underlying(s) (FPU) [multiplied by the final participation rate (FPR)], expressed as a formula: CA x (100% + Abs [final performance of FPU [x FPR]]) The redemption amount is therefore subject to a minimum amount (floor) of par. [The **final participation rate** or **FPR** is [●].] The **calculation amount** or **CA** is [●].] [***Optional redemption***: [The Notes may be redeemed prior to their stated maturity at the option of [the Issuer (either in whole or in part)] [and/or] [the Noteholders]. [The Issuer may elect to redeem all, or some only, of the Notes.] [The optional redemption amount payable in such circumstances is [●] and the optional redemption date(s) [is] [are] [●].] [A Noteholder may elect to redeem any of the Notes held by it.] [The optional redemption amount payable in such circumstances is [●] and the optional redemption date(s) [is] [are] [●].]] ***Disrupted Days, Market Disruption Events and Adjustments*** The terms and conditions of the Notes contain provisions, as applicable, 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 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 and/or, in the case of an increased cost of hedging, adjustments to pass onto Noteholders such increased cost of hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs) and/or, in the case of realisation disruption, payment in the relevant local currency rather than in the relevant specified currency, deduction of or payment by Noteholder(s) of amounts in respect of any applicable taxes, delay of payments or deliveries, determination of relevant exchange rates taking into consideration all available relevant information and/or (where legally permissible) procuring the physical delivery of any underlying(s) in lieu of cash settlement (or *vice versa*) and/or, in the case of mutual fund interests, adjustments to 'monetise' the mutual fund interest affected by the relevant adjustment event and adjust amounts payable under the Notes to account for such monetisation) or to cancel the Notes and to pay an amount equal to the early redemption amount as specified in Element C.16 above.

Element	Title						
C.19	Exercise price/final reference price	See Element C.18 above					
C.20	Underlying	Each underlying specified under the heading "description of underlying" in the Table below which is an underlying for, as specified in such Table for such underlying, [the interest provisions and/or] [the mandatory early redemption (MER) provisions and/or] [the redemption provisions] set out in Element C.18 above, and is of the classification specified for such underlying in the Table below. Information relating to the underlyings can be obtained from the electronic page specified for such underlying in the Table below and from [other internationally recognised published or electronically displayed sources/section H "Proprietary Index Disclosure" of the Base Prospectus relating to the Programme].					
		Descrip-tion of underly-ing	**classification**	**[underlying for the purpose of the interest provisions**	**[underlying for the purpose of the redemption provisions**	**[underlying for the purpose of the MER provisions**	**Elec-tronic page**
		[●]	[security index] [inflation index] [commodity index] [commodity] [share] [depositary receipt] [exchange traded fund share] [fx rate] [warrant] [proprietary index] [dividend futures contract] [rate]	[Yes] [No] [and such interest underlying shall be an outperformance underlying [A] [B]]]	[Yes] [No] [and such redemption underlying shall be an outperformance underlying [A] [B]]]	[Yes] [No] [and such MER underlying shall be an outperformance underlying [A] [B]]]	[●]
C.21	**Indication of the market where the Notes will be traded**	[Application has been made to the [Irish Stock Exchange for the Notes to be admitted to trading on the Irish Stock Exchange]/[●]/[Not Applicable. The Notes are not admitted to trading on any exchange.].					

SECTION D – RISKS

Element	Title	
D.2	Key risks regarding the Issuers	[Citigroup Inc.][CGMFL] believes that the factors summarised below may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and [Citigroup Inc.][CGMFL] is not in a position to express a view on the likelihood of any such contingency occurring. There are certain factors that may affect [CGMFL's/Citigroup Inc.'s] ability to fulfil its obligations under any Notes issued by it [and CGML's ability to fulfil its

Element	Title	
		obligations as guarantor in respect of Notes issued by CGMFL], including that such ability is dependent on the earnings of Citigroup Inc.'s subsidiaries, that Citigroup Inc. may be required to apply its available funds to support the financial position of its banking subsidiaries, rather than fulfil its obligations under the Notes, that Citigroup Inc.'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. [There are certain additional factors that may affect CGMFL's ability to fulfil its obligations under the Notes issued by it, including that such ability is dependent on the group entities to which it on-lends and funds raised through the issue of the Notes performing their obligations in respect of such funding in a timely manner. In addition, such ability and CGML's ability to fulfil its obligations as guarantor in respect of Notes issued by CGMFL is dependent on 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.]
D.3	Key risks regarding the Notes	Investors should note that the Notes (including Notes that are expressed to redeem at par or above) are subject to the credit risk of [CGMFL and CGML][Citigroup Inc.]. Furthermore, the Notes may be sold, redeemed or repaid early, and if so, the price for which a Note may be sold, redeemed or repaid early may be less than the investor's initial investment. There are other certain factors which are material for the purpose of assessing the risks associated with investing in any issue of Notes, which include, without limitation, (i) risk of disruption to valuations, (ii) adjustment to the conditions, substitution of the relevant underlying(s) and/or early redemption following an adjustment event or an illegality, (iii) postponement of interest payments and/or minimum and/or maximum limits imposed on interest rates, (iv) cancellation or scaling back of public offers or the issue date being deferred, (v) hedging activities of the Issuer and/or any of its affiliates, (vi) conflicts of interest between the Issuer and/or any of its affiliates and holders of Notes, (vii) modification of the terms and conditions of Notes by majority votes binding all holders, (viii) discretions of the Issuer and Calculation Agent being exercised in a manner that affects the value of the Notes or results in early redemption, (ix) change in law, (x) illiquidity of denominations consisting of integral multiples, (xi) payments being subject to withholding or other taxes, (xii) fees and commissions not being taken into account when determining secondary market prices of Notes, (xiii) there being no secondary market, (xiv) exchange rate risk, (xv) market value of Notes being affected by various factors independent of the creditworthiness of [CGMFL and CGML][Citigroup Inc.] such as market conditions, interest and exchange rates and macro economic and political conditions and (xvi) credit ratings not reflecting all risks. See also Element D.6 below
D.6	Key risks regarding the Notes and risk warning	**INVESTORS MAY LOSE THEIR ENTIRE INVESTMENT OR PART OF IT AS THE CASE MAY BE. [CITIGROUP INC.][CGMFL] DOES NOT REPRESENT THAT THE LIST BELOW IS COMPREHENSIVE. PROSPECTIVE INVESTORS SHOULD READ THE BASE PROSPECTUS IN ITS ENTIRETY AND FORM THEIR OWN CONCLUSIONS REGARDING [CITIGROUP INC.][CGMFL].** An investment in Notes may entail significant risks and risks that are not

Element	Title	
		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 include, without limitation, the possibility of significant changes in the prices of the relevant underlying(s). Such risks generally depend on factors over which [CGMFL and CGML][Citigroup Inc.] do[es] not have 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 the Notes. The risk of loss as a result of the linkage to the relevant underlying(s) can be substantial.

SECTION E – OFFER

Element	Title	
E.2b	Use of proceeds	[The net proceeds of the issue of the Notes by CGMFL will be used primarily to grant loans or other forms of funding to CGML and any entity belonging to the same group, and may be used to finance CGMFL itself.] [The net proceeds of the issue of the Notes by Citigroup Inc. will be used for general corporate purposes, which may include capital contributions to its subsidiaries and/or the reduction or refinancings of borrowings of Citigroup Inc. or its subsidiaries. Citigroup Inc. expects to incur additional indebtedness in the future.] [*In particular, the proceeds will be used to/for [●]*]
E.3	Terms and conditions of the offer	[Not Applicable. The Notes are not the subject of a Non-exempt Offer][The Notes are the subject of a Non-exempt Offer, the terms and conditions of which are further detailed as set out below and in the applicable Final Terms. A Non-exempt Offer of the Notes may be made in [●] (the [●] **Offer**) during the period from (and including) [●] to (and including) [●]. [Such period may be [lengthened] [or] [shortened] at the option of the Issuer.] [The Issuer reserves the right to cancel the [●] Offer]. The offer price is [●] per calculation amount. [In addition to any expenses detailed in Element E.7 below, an Authorised Offeror may charge investors under the [●] Offer a [●] [fee] [commission] of [up to] [●] per cent. of the principal amount of the Notes to be purchased by the relevant investor]. The minimum subscription amount is [[●]] [the offer price]. [The Issuer may decline in whole or in part an application for Notes under the [●] Offer.] *(If required, summarise any additional terms and conditions of each relevant Non-Exempt Offer as set out in the section entitled "Terms and Conditions of the Offer" in the applicable Final Terms))*]
E.4	Interests of natural and legal persons involved in the issue/offer	[The Dealer and/or any distributors will be paid [●] as fees in relation to the issue of Notes.][So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the Offer(s)][*A description of any interest that is material to the issue/offer including conflicting interests.*]
E.7	Estimated	No expenses are being charged to an investor by the Issuer. [[There is no

	expenses charged to the investor by the Issuer or an Authorised Offeror	Non-exempt Offer of Notes and therefore no Authorised Offeror] [No expenses are being charged to an investor by an Authorised Offer] [except as follows: *(insert details)*]].

SECTION B – RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor may become insolvent or otherwise be unable to satisfy their obligations in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor becoming unable to satisfy their obligations in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and, where CGMFL is the Issuer, the CGMFL Guarantor's control. The Issuer and, where CGMFL is the Issuer, the CGMFL Guarantor have identified in this Base Prospectus a number of factors which could materially adversely affect their businesses and ability to make payments due under, or to deliver assets on or in connection with, the Notes.

Each of the risks highlighted below could adversely affect the trading price of the Notes and, as a result, investors could lose some or all of their investment.

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

Prospective investors must read the detailed information set out elsewhere in this Base Prospectus including any documents incorporated by reference herein and reach their own views prior to making any investment decision.

RISKS RELATING TO CITIGROUP INC., CGMFL AND THE CGMFL GUARANTOR

Set out below are certain risk factors which could have a material adverse affect on the business, operations, financial condition or prospects of one or more of Citigroup Inc., CGMFL and/or the CGMFL Guarantor and cause one or more of Citigroup Inc.'s, CGMFL's and or the CGMFL Guarantor future results to be materially different from expected results. Citigroup Inc.'s, CGMFL's and/or the CGMFL Guarantor results could also be affected by competition and other factors. The factors discussed below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties Citigroup Inc.'s, CGMFL's and the CGMFL Guarantor's, businesses face. Each of Citigroup Inc., CGMFL and the CGMFL Guarantor has described only those risks relating to its operations that it considers to be material. There may be additional risks that Citigroup Inc., CGMFL and the CGMFL Guarantor currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above. Investors should note that they bear the Issuer's and, where the Issuer is CGMFL, the CGMFL Guarantor's solvency risk.

The ability of each of Citigroup Inc., CGMFL and the CGMFL Guarantor to fulfil its obligations under the Notes issued by Citigroup Inc. or CGMFL, as the case may be, is dependent on the earnings of Citigroup Inc.'s subsidiaries.

Citigroup Inc. is a holding company that does not engage in any material amount of business activities that generate revenues. Citigroup Inc. 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 Citigroup Inc., Citigroup Inc.'s ability to fulfil its obligations under the Notes issued by it may be adversely affected.

In addition, the ability of CGMFL to fulfil its obligations under any Notes issued by it (which Notes will not have the benefit of any guarantee of Citigroup Inc. but will have the benefit of a guarantee of the CGMFL Guarantor which is an indirect subsidiary of Citigroup Inc.) will be dependent on the group entities to which it on-lends the funds raised through the issue of such Notes performing their obligations in respect of such funding in a timely manner. Accordingly, investors in these Notes should consider the risk factors applicable to Citigroup Inc. and its subsidiaries as set out elsewhere in the Base Prospectus Risk Factors.

Under U.S. banking law, Citigroup Inc. 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 Citigroup Inc.) 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, Citigroup Inc. 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 Notes.

A reduction of the Issuer's and/or, where the Issuer is CGMFL, the CGMFL Guarantor's ratings may reduce the market value and liquidity of the relevant Notes.

Each rating agency may reduce or withdraw its ratings of an Issuer and/or the CGMFL Guarantor at any time in the future if, in its judgment, circumstances warrant a change. No rating agency is obligated to maintain its ratings at their current levels. If a rating agency reduces or withdraws its rating of an Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor, the liquidity and market value of the Notes of the Issuer are likely to be adversely affected.

Credit Ratings - Rating Agencies of the Issuers and the CGMFL Guarantor

S&P is not established in the European Union and has not applied for registration under the CRA Regulation. The S&P ratings have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. Standard & Poor's Credit Market Services Europe Ltd. is established in the European Union and registered under the CRA Regulation. As such, Standard & Poor's Credit Market Services Europe Ltd. is included in the list of credit rating agencies published by the European Securities Market Authority (**ESMA**) on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Standard & Poor's Credit Market Services Europe Ltd. may be used in the European Union by the relevant market participants.

Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. The Moody's ratings have been endorsed by Moody's Investors Service Ltd. in accordance with the CRA Regulation. Moody's Investors Service Ltd. is established in the European Union and registered under the CRA Regulation. As such, Moody's Investors Service Ltd. is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Moody's Investors Service Ltd. may be used in the European Union by the relevant market participants.

Fitch is not established in the European Union and has not applied for registration under the CRA Regulation. The Fitch ratings have been endorsed by Fitch Ratings Limited in accordance with the CRA Regulation. Fitch Ratings Limited is established in the European Union and registered under the CRA Regulation. As such, Fitch Ratings Limited is included in the list of credit rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Fitch Ratings Limited may be used in the European Union by the relevant market participants.

Citigroup Inc. has a long term/short term senior debt rating of A-/A-2 by S&P, Baa2/P-2 by Moody's and A/F1 by Fitch. In respect of the Notes where CGMFL is the Issuer, CGMFL has a long term/short term senior debt rating of A/A-1 by Standard & Poor's Financial Services LLC based on the CGMFL Deed of Guarantee. The rating of certain Tranches of Notes may be specified in the applicable Issue Terms. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) will be disclosed in the applicable Issue Terms.

The following risk factors have been extracted from the "Risk Factors" section of the Annual Report on Form 10-K filed by Citigroup Inc. with the SEC on 1 March 2013 for the fiscal year ended 31 December 2012 and reproduced without material amendment and references therein to "Citigroup" and "Citi" are to "Citigroup Inc. and its Consolidated Subsidiaries" and other terms used but not defined therein are as defined in such Annual Report.

REGULATORY RISKS

Citi Faces Ongoing Significant Regulatory Changes and Uncertainties in the U.S. and Non-U.S. Jurisdictions in Which It Operates That Negatively Impact the Management of Its Businesses, Results of Operations and Ability to Compete.

Citi continues to be subject to significant regulatory changes and uncertainties both in the U.S. and the non-U.S. jurisdictions in which it operates. As discussed throughout this section, the complete scope and ultimate form of a number of provisions of The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (**Dodd-Frank Act**) and other regulatory initiatives in the U.S. are still being finalized and, even when finalized, will likely require significant interpretation and guidance. These regulatory changes and uncertainties are compounded by numerous regulatory initiatives underway in non-U.S. jurisdictions in which Citi operates. Certain of these initiatives, such as prohibitions or restrictions on proprietary trading or the requirement to establish "living wills," overlap with changes in the U.S., while others, such as proposals for financial transaction and/or bank taxes in particular countries or regions, currently do not. Even when U.S. and international initiatives overlap, in many instances they have not been undertaken on a coordinated basis and areas of divergence have developed with respect to scope, interpretation, timing, structure or approach.

Citi could be subject to additional regulatory requirements or changes beyond those currently proposed, adopted or contemplated, particularly given the ongoing heightened regulatory environment in which financial institutions operate. For example, in connection with their orderly liquidation authority under Title II of the Dodd-Frank Act, U.S. regulators may require that bank holding companies maintain a prescribed level of debt at the holding company level. In addition, under the Dodd-Frank Act, U.S. regulators may require additional collateral for inter-affiliate derivative and other credit transactions which, depending upon rulemaking and regulatory guidance, could be significant. There also continues to be discussion of potential GSE reform which would likely affect markets for mortgages and mortgage securities in ways that cannot currently be predicted. The heightened regulatory environment has resulted not only in a tendency toward more regulation, but toward the most prescriptive regulation as regulatory agencies have generally taken a conservative approach to rulemaking, interpretive guidance and their general ongoing supervisory authority.

Regulatory changes and uncertainties make Citi's business planning more difficult and could require Citi to change its business models or even its organizational structure, all of which could ultimately negatively impact Citi's results of operations as well as realization of its deferred tax assets (**DTAs**). For example, regulators have proposed applying limits to certain concentrations of risk, such as through single counterparty credit limits or legal lending limits, and implementation of such limits currently or in the future could require Citi to restructure client or counterparty relationships and could result in the potential loss of clients.

Further, certain regulatory requirements could require Citi to create new subsidiaries instead of branches in foreign jurisdictions, or create subsidiaries to conduct particular businesses or operations (so-called "subsidiarization"). This could, among other things, negatively impact Citi's global capital and liquidity management and overall cost structure. Unless and until there is sufficient regulatory certainty, Citi's business planning and proposed pricing for affected businesses necessarily include assumptions based on possible or proposed rules or requirements, and incorrect assumptions could impede Citi's ability to effectively implement and comply with final requirements in a timely manner. Business planning is further complicated by the continual need to review and evaluate the impact on Citi's businesses of ongoing rule proposals and final rules and interpretations from numerous regulatory bodies, all within compressed timeframes.

Citi's costs associated with implementation of, as well as the ongoing, extensive compliance costs associated with, new regulations or regulatory changes will likely be substantial and will negatively impact Citi's results of operations. Given the continued regulatory uncertainty, however, the ultimate amount and timing of such impact going forward cannot be predicted. Also, compliance with inconsistent, conflicting or duplicative regulations, either within the U.S. or between the U.S. and non-U.S. jurisdictions, could further increase the impact on Citi. For example, the Dodd-Frank Act provided for the elimination of "federal preemption" with respect to the operating subsidiaries of federally chartered institutions such as Citibank, N.A., which allows for a broader application of state consumer finance laws to such subsidiaries. As a result, Citi is now required to conform the consumer businesses conducted by operating subsidiaries of Citibank, N.A. to a variety of potentially conflicting or inconsistent state laws not previously applicable, such as laws imposing customer fee restrictions or requiring additional consumer disclosures. Failure to comply with these or other regulatory changes could further increase Citi's costs or otherwise harm Citi's reputation.

Uncertainty persists regarding the competitive impact of these new regulations. Citi could be subject to more stringent regulations, or could incur additional compliance costs, compared to its U.S. competitors because of its global footprint. In addition, certain other financial intermediaries may not be regulated on the same basis or to the same extent as Citi and consequently may have certain competitive advantages. Moreover, Citi could be subject to more, or more stringent, regulations than its foreign competitors because of several U.S. regulatory initiatives, particularly with respect to Citi's non-U.S. operations. Differences in substance and severity of regulations across jurisdictions could significantly reduce Citi's ability to compete with its U.S. and non-U.S. competitors and further negatively impact Citi's results of operations. For example, Citi conducts a substantial portion of its derivatives activities through Citibank, N.A. Pursuant to the CFTC's current and proposed rules on cross-border implications of the new derivatives registration and trading requirements under the Dodd-Frank Act, clients who transact their derivatives business with overseas branches of Citibank, N.A. could be subject to U.S. registration and other derivatives requirements. Clients of Citi and other large U.S. financial institutions have expressed an unwillingness to continue to deal with overseas branches of U.S. banks if the rules would subject them to these requirements. As a result, Citi could lose clients to non-U.S. financial institutions that are not subject to the same compliance regime.

Continued Uncertainty Regarding the Timing and Implementation of Future Regulatory Capital Requirements Makes It Difficult to Determine the Ultimate Impact of These Requirements on Citi's Businesses and Results of Operations and Impedes Long-Term Capital Planning.

During 2012, U.S. regulators proposed the U.S. Basel III rules that would be applicable to Citigroup and its depository institution subsidiaries, including Citibank, N.A. U.S. regulators also adopted final rules relating to Basel II.5 market risk that were effective on 1 January 2013. This new regulatory capital regime will increase the level of capital required to be held by Citi, not only with respect to the quantity and quality of capital (such as capital required to be held in the form of common equity), but also as a result of increasing Citi's overall risk-weighted assets.

There continues to be significant uncertainty regarding the overall timing and implementation of the final U.S. regulatory capital rules. For example, while the U.S. Basel III rules have been proposed, additional rulemaking and interpretation is necessary to adopt and implement the final rules. Overall implementation phase-in will also need to be finalized by U.S. regulators, and it remains to be seen how U.S. regulators will address the interaction between the new capital adequacy rules, Basel I, Basel II, Basel II.5 and the proposed "standardized" approach serving as a "floor" to the capital requirements of "advanced approaches" institutions, such as Citigroup. (For additional information on the current and proposed regulatory capital standards applicable to Citi, see "*Capital Resources and Liquidity – Capital Resources – Regulatory Capital Standards*" above.) As a result, the ultimate impact of this new regime on Citi's businesses and results of operations cannot currently be estimated.

Based on the proposed regulatory capital regime, the level of capital required to be held by Citi will likely be higher than most of its U.S. and non-U.S. competitors, including as a result of the level of DTAs recorded on Citi's balance sheet and its strategic focus on emerging markets (which could result in Citi having higher risk-weighted assets under Basel III than those of its global competitors that either lack presence in, or are less focused on, such markets). In addition, while the Federal Reserve Board has yet to finalize any capital surcharge framework for U.S. "global systemically important banks" (G-SIBs), Citi is currently expected to be subject to a surcharge of 2.5 per cent., which will likely be higher than the surcharge applicable to most of Citi's U.S. and non-U.S. competitors. Competitive impacts of the proposed regulatory capital regime could further negatively impact Citi's businesses and results of operations.

Citi's estimated Basel III capital ratios necessarily reflect management's understanding, expectations and interpretation of the proposed U.S. Basel III requirements as well as existing implementation guidance. Furthermore, Citi must incorporate certain enhancements and refinements to its Basel II.5 market risk models, as required by both the Federal Reserve Board and the OCC, in order to retain the risk-weighted asset benefits associated with the conditional approvals received for such models. Citi must also separately obtain final approval from these agencies for the use of certain credit risk models that would also yield reduced risk-weighted assets, in part, under Basel III.

All of these uncertainties make long-term capital planning by Citi's management challenging. If management's estimates and assumptions with respect to these or other aspects of U.S. Basel III implementation are not accurate, or if Citi fails to incorporate the required enhancement and refinements to its models as required by the Federal Reserve Board and the OCC, then Citi's ability to meet its future regulatory capital requirements as it projects or as required could be negatively impacted, or the business and financial consequences of doing so could be more adverse than expected.

The Ongoing Implementation of Derivatives Regulation Under the Dodd-Frank Act Could Adversely Affect Citi's Derivatives Businesses, Increase Its Compliance Costs and Negatively Impact Its Results of Operations.

Derivatives regulations under the Dodd-Frank Act have impacted and will continue to substantially impact the derivatives markets by, among other things: (i) requiring extensive regulatory and public reporting of derivatives transactions; (ii) requiring a wide range of over-the-counter derivatives to be cleared through recognized clearing facilities and traded on exchanges or exchange-like facilities; (iii) requiring the collection and segregation of collateral for most uncleared derivatives; and (iv) significantly broadening limits on the size of positions that may be maintained in specified derivatives. These market structure reforms will make trading in many derivatives products more costly, may significantly reduce the liquidity of certain derivatives markets and could diminish customer demand for covered derivatives. These changes could negatively impact Citi's results of operations in its derivatives businesses.

Numerous aspects of the new derivatives regime require costly and extensive compliance systems to be put in place and maintained. For example, under the new derivatives regime, certain of Citi's subsidiaries have registered as "swap dealers," thus subjecting them to extensive ongoing compliance requirements, such as electronic recordkeeping (including recording telephone communications), real-time public transaction reporting and external business conduct requirements (e.g., required swap counterparty disclosures), among others. These requirements require the successful and timely installation of extensive technological and operational systems and compliance infrastructure, and Citi's failure to effectively install such systems subject it to increased compliance risks and costs which could negatively impact its earnings and result in regulatory or reputational risk. Further, new derivatives-related systems and infrastructure will likely become the basis on which institutions such as Citi compete for clients. To the extent that Citi's connectivity, product offerings or services for clients in these businesses is deficient, this could further negatively impact Citi's results of operations.

Additionally, while certain of the derivatives regulations under the Dodd-Frank Act have been finalized, the rulemaking process is not complete, significant interpretive issues remain to be resolved and the timing for the effectiveness of many of these requirements is not yet clear. Depending on how the uncertainty is resolved, certain outcomes could negatively impact Citi's competitive position in these businesses, both with respect to the cross-border aspects of the U.S. rules as well as with respect to the international coordination and timing of various non-U.S. derivatives regulatory reform efforts. For example, in mid-2012, the European Union (**EU**) adopted the European Market Infrastructure Regulation which requires, among other things, information on all European derivative transactions be reported to trade repositories and certain counterparties to clear "standardized" derivatives contracts through central counterparties. Many of these non-U.S. reforms are likely to take effect after the corresponding provisions of the Dodd-Frank Act and, as a result, it is uncertain whether they will be similar to those in the U.S. or will impose different, additional or even inconsistent requirements on Citi's derivatives activities. Complications due to the sequencing of the effectiveness of derivatives reform, both among different components of the Dodd-Frank Act and between the U.S. and other jurisdictions, could result in disruptions to Citi's operations and make it more difficult for Citi to compete in these businesses.

The Dodd-Frank Act also contains a so-called "push-out" provision that, to date, has generally been interpreted to prevent FDIC-insured depository institutions from dealing in certain equity, commodity and credit-related derivatives, although the ultimate scope of the provision is not certain. Citi currently conducts a substantial portion of its derivatives-dealing activities within and outside the U.S. through Citibank, N.A., its primary insured depository institution. The costs of revising customer relationships and modifying the organizational structure of Citi's businesses or the subsidiaries engaged in these businesses remain unknown and are subject to final regulations or regulatory interpretations, as well as client expectations. While this push-out provision is to be effective in July 2013, U.S. regulators may grant up to an initial two-year transition period to each depository institution. In January 2013, Citi applied for an initial two-year transition period for Citibank, N.A. The timing of any approval of a transition period request, or any parameters imposed on a transition period, remains uncertain. In addition, to the extent that certain of Citi's competitors already conduct these derivatives activities outside of FDIC-insured depository institutions, Citi would be disproportionately impacted by any restructuring of its business for push-out purposes. Moreover, the extent to which Citi's non-U.S. operations will be impacted by the push-out provision remains unclear, and it is possible that Citi could lose market share or profitability in its derivatives business or client relationships in jurisdictions where foreign bank competitors can operate without the same constraints.

It Is Uncertain What Impact the Proposed Restrictions on Proprietary Trading Activities Under the Volcker Rule Will Have on Citi's Market-Making Activities and Preparing for Compliance with the Proposed Rules Necessarily Subjects Citi to Additional Compliance Risks and Costs.

The "Volcker Rule" provisions of the Dodd-Frank Act are intended in part to restrict the proprietary trading activities of institutions such as Citi. While the five regulatory agencies required to adopt rules to implement the Volcker Rule have each proposed their rules, none of the agencies has adopted final rules. Instead, in July 2012, the regulatory agencies instructed applicable institutions, including Citi, to engage in "good faith efforts" to be in compliance with the Volcker Rule by July 2014. Because the regulations are not yet final, the degree to which Citi's market-making activities will be permitted to continue in their current form remains uncertain. In addition, the proposed rules and any restrictions imposed by final regulations will also likely affect Citi's trading activities globally, and thus will impact it disproportionately in comparison to foreign financial institutions that will not be subject to the Volcker Rule with respect to all of their activities outside of the U.S.

As a result of this continued uncertainty, preparing for compliance based only on proposed rules necessarily requires Citi to make certain assumptions about the applicability of the Volcker Rule to its businesses and operations. For example, as proposed, the regulations contain exceptions for market-making, underwriting, risk-mitigating hedging, certain transactions on behalf of customers and activities in certain asset classes, and require that certain of these activities be designed not to encourage or reward "proprietary risk taking." Because the regulations are not yet final, Citi is required to make certain assumptions as to the degree to which Citi's activities in these areas will be permitted to continue. If these assumptions are not accurate, Citi could be subject to additional compliance risks and costs and could be required to undertake such compliance on a more compressed time frame when regulators issue final rules. In addition, the proposed regulations would require an extensive compliance regime for the "permitted" activities under the Volcker Rule. Citi's implementation of this compliance regime will be based on its "good faith" interpretation and understanding of the proposed regulations, and to the extent its interpretation or understanding is not correct, Citi could be subject to additional compliance risks and costs.

Like the other areas of ongoing regulatory reform, alternative proposals for the regulation of proprietary trading are developing in non-U.S. jurisdictions, leading to overlapping or potentially conflicting regimes. For example, in the U.K., the so-called "Vickers" proposal would separate investment and commercial banking activity from retail banking and would require ring-fencing of U.K. domestic retail banking operations coupled with higher capital requirements for the ring-fenced assets. In the EU, the so-called "Liikanen" proposal would require the mandatory separation of proprietary trading and other significant trading activities into a trading entity legally separate from the legal entity holding the banking activities of a firm. It is likely that, given Citi's worldwide operations, some form of the Vickers and/or Liikanen proposals will eventually be applicable to a portion of Citi's operations. While the Volcker Rule and these non-U.S. proposals are intended to address similar concerns – separating the perceived risks of proprietary trading and certain other investment banking activities in order not to affect more traditional banking and retail activities – they would do so under different structures, resulting in inconsistent regulatory regimes and increased compliance and other costs for a global institution such as Citi.

Regulatory Requirements in the U.S. and in Non-U.S. Jurisdictions to Facilitate the Future Orderly Resolution of Large Financial Institutions Could Negatively Impact Citi's Business Structures, Activities and Practices.

The Dodd-Frank Act requires Citi to prepare and submit annually a plan for the orderly resolution of Citigroup (the bank holding company) under the U.S. Bankruptcy Code in the event of future material financial distress or failure. Citi is also required to prepare and submit a resolution plan for its insured depository institution subsidiary, Citibank, N.A., and to demonstrate how Citibank is adequately protected from the risks presented by non-bank affiliates. These plans must include information on resolution strategy, major counterparties and "interdependencies," among other things, and require substantial effort, time and cost across all of Citi's businesses and geographies. These resolution plans are subject to review by the Federal Reserve Board and the FDIC.

If the Federal Reserve Board and the FDIC both determine that Citi's resolution plans are not "credible" (which, although not defined, is generally believed to mean the regulators do not believe the plans are feasible or would otherwise allow the regulators to resolve Citi in a way that protects systemically important functions without severe systemic disruption and without exposing taxpayers to loss), and Citi does not remedy the deficiencies within the required time period, Citi could be required to restructure or reorganize businesses, legal entities, or operational systems and intracompany transactions in ways that could negatively impact its operations, or be subject to restrictions on growth. Citi could also eventually be subjected to more stringent capital, leverage or liquidity requirements, or be required to divest certain assets or operations.

In addition, other jurisdictions, such as the U.K., have requested or are expected to request resolution plans from financial institutions, including Citi, and the requirements and timing relating to these plans are different from the U.S. requirements and from each other. Responding to these additional requests will require additional effort, time and cost, and regulatory review and requirements in these jurisdictions could be in addition to, or conflict with, changes required by Citi's regulators in the U.S.

Additional Regulations with Respect to Securitizations Will Impose Additional Costs, Increase Citi's Potential Liability and May Prevent Citi from Performing Certain Roles in Securitizations.

Citi plays a variety of roles in asset securitization transactions, including acting as underwriter of asset-backed securities, depositor of the underlying assets into securitization vehicles, trustee to securitization vehicles and counterparty to securitization vehicles under derivative contracts. The Dodd-Frank Act contains a number of provisions that affect securitizations. These provisions include, among others, a requirement that securitizers in certain transactions retain un-hedged exposure to at least 5 per cent. of the economic risk of certain assets they securitize and a prohibition on securitization participants engaging in transactions that would involve a conflict with investors in the securitization. Many of these requirements have yet to be finalized. The SEC has also proposed additional extensive regulation of both publicly and privately offered securitization transactions through revisions to the registration, disclosure, and reporting requirements for asset-backed securities and other structured finance products. Moreover, the proposed capital adequacy regulations (see "Capital Resources and Liquidity – Capital Resources – Regulatory Capital Standards" above) are likely to increase the capital required to be held against various exposures to securitizations.

The cumulative effect of these extensive regulatory changes as well as other potential future regulatory changes cannot currently be assessed. It is likely, however, that these various measures will increase the costs of executing securitization transactions, and could effectively limit Citi's overall volume of, and the role Citi may play in, securitizations, expose Citi to additional potential liability for securitization transactions and make it impractical for Citi to execute certain types of securitization transactions it previously executed. As a result, these effects could impair Citi's ability to continue to earn income from these transactions or could hinder Citi's ability to use such transactions to hedge risks, reduce exposures or reduce assets with adverse risk-weighting in its businesses, and those consequences could affect the conduct of these businesses. In addition, certain sectors of the securitization markets, particularly residential mortgage-backed securitizations, have been inactive or experienced dramatically diminished transaction volumes since the financial crisis. The impact of various regulatory reform measures could negatively delay or restrict any future recovery of these sectors of the securitization markets, and thus the opportunities for Citi to participate in securitization transactions in such sectors.

MARKET AND ECONOMIC RISKS

There Continues to Be Significant Uncertainty Arising from the Ongoing Eurozone Debt and Economic Crisis, Including the Potential Outcomes That Could Occur and the Impact Those Outcomes Could Have on Citi's Businesses, Results of Operations or Financial Condition, as well as the Global Financial Markets and Financial Conditions Generally.

Several European countries, including Greece, Ireland, Italy, Portugal and Spain (**GIIPS**), continue to experience credit deterioration due to weaknesses in their economic and fiscal situations. Concerns have been raised, both within the European Monetary Union (**EMU**) as well as internationally, as to the financial, political and legal effectiveness of measures taken to date, and the ability of these countries to adhere to any required austerity, reform or similar measures. These ongoing conditions have caused, and are likely to continue to cause, disruptions in the global financial markets, particularly if they lead to any future sovereign debt defaults and/or significant bank failures or defaults in the Eurozone.

The impact of the ongoing Eurozone debt and economic crisis and other developments in the EMU could be even more significant if they lead to a partial or complete break-up of the EMU. The exit of one or more member countries from the EMU could result in certain obligations relating to the exiting country being redenominated from the Euro to a new country currency. Redenomination could be accompanied by immediate revaluation of the new currency as compared to the Euro and the U.S. dollar, the extent of which would depend on the particular facts and circumstances. Any such redenomination/revaluation would cause significant legal and other uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and would likely lead to complex, lengthy litigation. Redenomination/revaluation could also be accompanied by the imposition of exchange and/or capital controls, required functional currency changes and "deposit flight."

The ongoing Eurozone debt and economic crisis has created, and will continue to create, significant uncertainty for Citi and the global economy. Any occurrence or combination of the events described above could negatively impact Citi's businesses, results of operations and financial condition, both directly through its own exposures as well as indirectly. For example, at times, Citi has experienced widening of its credit spreads and thus increased costs of funding due to concerns about its Eurozone exposure. In addition, U.S. regulators could impose mandatory loan loss and other reserve requirements on U.S. financial institutions, including Citi, if a particular country's economic situation deteriorates below a certain level, which could negatively impact Citi's earnings, perhaps significantly. Citi's businesses, results of operations and financial condition could also be negatively impacted due to a decline in general global economic conditions as a result of the ongoing Eurozone crises, particularly given its global footprint and strategy. In addition to the uncertainties and potential impacts described above, the ongoing Eurozone crisis and/or partial or complete break-up of the EMU could cause, among other things, severe disruption to global equity markets, significant increases in bond yields generally, potential failure or default of financial institutions (including those of systemic importance), a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession.

While Citi endeavors to mitigate its credit and other exposures related to the Eurozone, the potential outcomes and impact of those outcomes resulting from the Eurozone crisis are highly uncertain and will ultimately be based on the specific facts and circumstances. As a result, there can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against these events will be sufficient. In addition, there could be negative impacts to Citi's businesses, results of operations or financial condition that are currently unknown to Citi and thus cannot be mitigated as part of its ongoing contingency planning. For additional information on these matters, see "*Managing Global Risk—Country Risk*" below.

The Continued Uncertainty Relating to the Sustainability and Pace of Economic Recovery in the U.S. and Globally Could Have a Negative Impact on Citi's Businesses and Results of Operations. Moreover, Any Significant Global Economic Downturn or Disruption, Including a Significant Decline in Global Trade Volumes, Could Materially and Adversely Impact Citi's Businesses, Results of Operations and Financial Condition.

Like other financial institutions, Citi's businesses have been, and could continue to be, negatively impacted by the uncertainty surrounding the sustainability and pace of economic recovery in the U.S. as well as globally. This continued uncertainty has impacted, and could continue to impact, the results of operations in, and growth of, Citi's businesses. Among other impacts, continued economic concerns can negatively affect Citi's ICG businesses, as clients cut back on trading and other business activities, as well as its Consumer businesses, including its credit card and mortgage businesses, as continued high levels of unemployment can impact payment and thus delinquency and loss rates. Fiscal and monetary actions taken by U.S. and non-U.S. government and regulatory authorities to spur economic growth or otherwise, such as by maintaining a low interest rate environment, can also have an impact on Citi's businesses and results of operations. For example, actions by the Federal Reserve Board can impact Citi's cost of funds for lending, investing and capital raising activities and the returns it earns on those loans and investments, both of which affect Citi's net interest margin.

Moreover, if a severe global economic downturn or other major economic disruption were to occur, including a significant decline in global trade volumes, Citi would likely experience substantial loan and other losses and be required to significantly increase its loan loss reserves, among other impacts. A global trade disruption that results in a permanently reduced level of trade volumes and increased costs of global trade, whether as a result of a prolonged "trade war" or some other reason, could significantly impact trade financing activities, certain trade dependent economies (such as the emerging markets in Asia) as well as certain industries heavily dependent on trade, among other things. Given Citi's global strategy and focus on the emerging markets, such a downturn and decrease in global trade volumes could materially and adversely impact Citi's businesses, results of operation and financial condition, particularly as compared to its competitors. This could include, among other things, a potential that any such losses would not be tax benefitted, given the current environment.

Concerns About the Level of U.S. Government Debt and a Downgrade (or a Further Downgrade) of the U.S. Government Credit Rating Could Negatively Impact Citi's Businesses, Results of Operations, Capital, Funding and Liquidity.

Concerns about the level of U.S. government debt and uncertainty relating to fiscal actions that may be taken to address these and related issues have, and could continue to, adversely affect Citi. In 2011, Standard & Poor's lowered its long-term sovereign credit rating on the U.S. government from AAA to AA+, and Moody's and Fitch both placed such rating on negative outlook.

According to the credit rating agencies, these actions resulted from the high level of U.S. government debt and the continued inability of Congress to reach an agreement to ensure payment of U.S. government debt and reduce the U.S. debt level. Among other things, a future downgrade (or further downgrade) of U.S. debt obligations or U.S. government-related obligations, or concerns that such a downgrade might occur, could negatively affect Citi's ability to obtain funding collateralized by such obligations and the pricing of such funding as well as the pricing or availability of Citi's funding as a U.S. financial institution. Any further downgrade could also have a negative impact on financial markets and economic conditions generally and, as a result, could have a negative impact on Citi's businesses, results of operations, capital, funding and liquidity.

Citi's Extensive Global Network Subjects It to Various International and Emerging Markets Risks as well as Increased Compliance and Regulatory Risks and Costs.

During 2012, international revenues accounted for approximately 57 per cent. of Citi's total revenues. In addition, revenues from the emerging markets (which Citi generally defines as the markets in Asia (other than Japan, Australia and New Zealand), the Middle East, Africa and central and eastern European countries in EMEA and the markets in Latin America) accounted for approximately 44 per cent. of Citi's total revenues in 2012.

Citi's extensive global network subjects it to a number of risks associated with international and emerging markets, including, among others, sovereign volatility, political events, foreign exchange controls, limitations on foreign investment, socio-political instability, nationalization, closure of branches or subsidiaries and confiscation of assets. For example, Citi operates in several countries, such as Argentina and Venezuela, with strict foreign exchange controls that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside the country. In such cases, Citi could be exposed to a risk of loss in the event that the local currency devalues as compared to the U.S. dollar (see "*Managing Global Risk – Country and Cross-Border Risk*" below). There have also been instances of political turmoil and other instability in some of the countries in which Citi operates, including in certain countries in the Middle East and Africa, to which Citi has responded by transferring assets and relocating staff members to more stable jurisdictions. Similar incidents in the future could place Citi's staff and operations in danger and may result in financial losses, some significant, including nationalization of Citi's assets.

Additionally, given its global focus, Citi could be disproportionately impacted as compared to its competitors by an economic downturn in the international and/or emerging markets, whether resulting from economic conditions within these markets, the ripple effect of the ongoing Eurozone crisis, the global economy generally or otherwise. If a particular country's economic situation were to deteriorate below a certain level, U.S. regulators could impose mandatory loan loss and other reserve requirements on Citi, which could negatively impact its earnings, perhaps significantly. In addition, countries such as China, Brazil and India, each of which are part of Citi's emerging markets strategy, have recently experienced uncertainty over the pace and extent of future economic growth. Lower or negative growth in these or other emerging market economies could make execution of Citi's global strategy more challenging and could adversely affect Citi's results of operations.

Citi's extensive global operations also increase its compliance and regulatory risks and costs. For example, Citi's operations in emerging markets subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as anti-money-laundering regulations and the Foreign Corrupt Practices Act, which can be more acute in less developed markets and thus require substantial investment in compliance infrastructure. Any failure by Citi to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi's earnings and its general reputation. Further, Citi provides a wide range of financial products and services to the U.S. and other governments, to multi-national corporations and other businesses, and to prominent individuals and families around the world. The actions of these clients involving the use of Citi products or services could result in an adverse impact on Citi, including adverse regulatory and reputational impact.

LIQUIDITY RISKS

The Maintenance of Adequate Liquidity Depends on Numerous Factors, Including Those Outside of Citi's Control such as Market Disruptions and Increases in Citi's Credit Spreads.

As a global financial institution, adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets or negative perceptions about the financial services industry in general, or negative investor perceptions of Citi's liquidity, financial position or creditworthiness in particular. Market perception of sovereign default risks, including those arising from the ongoing Eurozone debt crisis, can also lead to inefficient money markets and capital markets, which could further impact Citi's availability and cost of funding.

In addition, Citi's cost and ability to obtain deposits, secured funding and long-term unsecured funding from the credit and capital markets are directly related to its credit spreads. Changes in credit spreads constantly occur and are market-driven, including both external market factors and factors specific to Citi, and can be highly volatile. Citi's credit spreads may also be influenced by movements in the costs to purchasers of credit default swaps referenced to Citi's long-term debt, which are also impacted by these external and Citi-specific factors. Moreover, Citi's ability to obtain funding may be impaired if other market participants are seeking to access the markets at the same time, or if market appetite is reduced, as is likely to occur in a liquidity or other market crisis. In addition, clearing organizations, regulators, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral based on these market perceptions or market conditions, which could further impair Citi's access to and cost of funding.

As a holding company, Citigroup relies on dividends, distributions and other payments from its subsidiaries to fund dividends as well as to satisfy its debt and other obligations. Several of Citigroup's subsidiaries are subject to capital adequacy or other regulatory or contractual restrictions on their ability to provide such payments. Limitations on the payments that Citigroup receives from its subsidiaries could also impact its liquidity.

For additional information on Citi's funding and liquidity, including Basel III regulatory liquidity standards, see "Capital Resources and Liquidity – Funding and Liquidity – Liquidity Management, Measures and Stress Testing" above.

The Credit Rating Agencies Continuously Review the Ratings of Citi and Certain of Its Subsidiaries, and Reductions in Citi's or Its More Significant Subsidiaries' Credit Ratings Could Have a Negative Impact

on Citi's Funding and Liquidity Due to Reduced Funding Capacity, Including Derivatives Triggers That Could Require Cash Obligations or Collateral Requirements.

The credit rating agencies, such as Fitch, Moody's and S&P, continuously evaluate Citi and certain of its subsidiaries, and their ratings of Citi's and its more significant subsidiaries' long-term/senior debt and short-term/ commercial paper, as applicable, are based on a number of factors, including financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as the agencies' proprietary rating agency methodologies and assumptions and conditions affecting the financial services industry and markets generally.

Citi and its subsidiaries may not be able to maintain their current respective ratings. A ratings downgrade by Fitch, Moody's or S&P could negatively impact Citi's ability to access the capital markets and other sources of funds as well as the costs of those funds, and its ability to maintain certain deposits. A ratings downgrade could also have a negative impact on Citi's funding and liquidity due to reduced funding capacity, including derivative triggers, which could take the form of cash obligations and collateral requirements. In addition, a ratings downgrade could also have a negative impact on other funding sources, such as secured financing and other margined transactions for which there are no explicit triggers, as well as on contractual provisions which contain minimum ratings thresholds in order for Citi to hold third-party funds.

Moreover, credit ratings downgrades can have impacts which may not be currently known to Citi or which are not possible to quantify. For example, some entities may have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. In addition, certain of Citi's corporate customers and trading counterparties, among other clients, could re-evaluate their business relationships with Citi and limit the trading of certain contracts or market instruments with Citi in response to ratings downgrades. Changes in customer and counterparty behavior could impact not only Citi's funding and liquidity but also the results of operations of certain Citi businesses. For additional information on the potential impact of a reduction in Citi's or Citibank, N.A.'s credit ratings, see "*Capital Resources and Liquidity – Funding and Liquidity – Credit Ratings*" above.

LEGAL RISKS

Citi Is Subject to Extensive Legal and Regulatory Proceedings, Investigations, and Inquiries That Could Result in Substantial Losses. These Matters Are Often Highly Complex and Slow to Develop, and Results Are Difficult to Predict or Estimate.

At any given time, Citi is defending a significant number of legal and regulatory proceedings and is subject to numerous governmental and regulatory examinations, investigations and other inquiries. These proceedings, examinations, investigations and inquiries could result, individually or collectively, in substantial losses.

In the wake of the financial crisis of 2007-2009, the frequency with which such proceedings, investigations and inquiries are initiated, and the severity of the remedies sought, have increased substantially, and the global judicial, regulatory and political environment has generally become more hostile to large financial institutions such as Citi. Many of the proceedings, investigations and inquiries involving Citi relating to events before or during the financial crisis have not yet been resolved, and additional proceedings, investigations and inquiries relating to such events may still be commenced. In addition, heightened expectations by regulators and other enforcement authorities for strict compliance could also lead to more regulatory and other enforcement proceedings seeking greater sanctions for financial institutions such as Citi.

For example, Citi is currently subject to extensive legal and regulatory inquiries, actions and investigations relating to its historical mortgage-related activities, including claims regarding the accuracy of offering documents for residential mortgage-backed securities and alleged breaches of representation and warranties relating to the sale of mortgage loans or the placement of mortgage loans into securitization trusts (for additional information on representation and warranty matters, see "*Managing Global Risk – Credit Risk –*

Citigroup Residential Mortgages—Representations and Warranties" below). Citi is also subject to extensive legal and regulatory inquiries, actions and investigations relating to, among other things, submissions made by Citi and other panel banks to bodies that publish various interbank offered rates, such as the London Inter-Bank Offered Rate (**LIBOR**), or other rates or benchmarks. Like other banks with operations in the U.S., Citi is also subject to continuing oversight by the OCC and other bank regulators, and inquiries and investigations by other governmental and regulatory authorities, with respect to its anti-money laundering program. Other banks subject to similar or the same inquiries, actions or investigations have incurred substantial liability in relation to their activities in these areas, including in a few cases criminal convictions or deferred prosecution agreements respecting corporate entities as well as substantial fines and penalties.

Moreover, regulatory changes resulting from the Dodd-Frank Act and other recent regulatory changes—such as the limitations on federal preemption in the consumer arena, the creation of the Consumer Financial Protection Bureau with its own examination and enforcement authority and the "whistle-blower" provisions of the Dodd-Frank Act—could further increase the number of legal and regulatory proceedings against Citi. In addition, while Citi takes numerous steps to prevent and detect employee misconduct, such as fraud, employee misconduct cannot always be deterred or prevented and could subject Citi to additional liability.

All of these inquiries, actions and investigations have resulted in, and will continue to result in, significant time, expense and diversion of management's attention. In addition, proceedings brought against Citi may result in adverse judgments, settlements, fines, penalties, restitution, disgorgement, injunctions, business improvement orders or other results adverse to it, which could materially and negatively affect Citi's businesses, financial condition or results of operations, require material changes in Citi's operations, or cause Citi reputational harm. Moreover, many large claims asserted against Citi are highly complex and slow to develop, and they may involve novel or untested legal theories. The outcome of such proceedings is difficult to predict or estimate until late in the proceedings, which may last several years. In addition, certain settlements are subject to court approval and may not be approved. Although Citi establishes accruals for its legal and regulatory matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued. For additional information relating to Citi's legal and regulatory proceedings, see Note 28 to the Consolidated Financial Statements.

BUSINESS AND OPERATIONAL RISKS

The Remaining Assets in Citi Holdings Will Likely Continue to Have a Negative Impact on Citi's Results of Operations and Its Ability to Utilize the Capital Supporting the Remaining Assets in Citi Holdings for More Productive Purposes.

As of 31 December 2012, the remaining assets within Citi Holdings constituted approximately 8 per cent. of Citigroup's GAAP assets and 15 per cent. of its risk-weighted assets (as defined under current regulatory guidelines). Also as of 31 December 2012, LCL constituted approximately 81 per cent. of Citi Holdings assets, of which approximately 73 per cent. consisted of legacy U.S. mortgages which had an estimated weighted average life of six years.

The pace of the wind-down of the remaining assets within Citi Holdings has slowed as Citi has disposed of certain of the larger businesses within this segment. While Citi's strategy continues to be to reduce the remaining assets in Citi Holdings as quickly as practicable in an economically rational manner, sales of the remaining assets could largely depend on factors outside of Citi's control, such as market appetite and buyer funding. Assets that are not sold will continue to be subject to ongoing run-off and paydowns. As a result, Citi Holdings' remaining assets will likely continue to have a negative impact on Citi's overall results of operations. Moreover, Citi's ability to utilize the capital supporting the remaining assets within Citi Holdings and thus use such capital for more productive purposes, including return of capital to shareholders, will also depend on the ultimate pace and level of the wind-down of Citi Holdings.

Citi's Ability to Return Capital to Shareholders Is Dependent in Part on the CCAR Process and the Results of Required Regulatory Stress Tests and Other Governmental Approvals.

In addition to Board of Directors' approval, any decision by Citi to return capital to shareholders, whether through an increase in its common stock dividend or by initiating a share repurchase program, is dependent in part on regulatory approval, including annual regulatory review of the results of the Comprehensive Capital Analysis and Review (CCAR) process required by the Federal Reserve Board and the supervisory stress tests required under the Dodd-Frank Act. Restrictions on Citi's ability to increase its common stock dividend or engage in share repurchase programs as a result of these processes has, and could in the future, negatively impact market perceptions of Citi.

Citi's ability to accurately predict or explain to stakeholders the outcome of the CCAR process, and thus address any such market perceptions, is hindered by the Federal Reserve Board's use of proprietary stress test models. In 2013, for the first time there will also be a requirement for Citi to publish, in March and September, certain stress test results (as prescribed by the Federal Reserve Board) that will be based on Citi's own stress tests models. The Federal Reserve Board will disclose, in March, certain results based on its proprietary stress test models. Because it is not clear how these proprietary models may differ from Citi's models, it is likely that Citi's stress test results using its own models may not be consistent with those eventually disclosed by the Federal Reserve Board, thus potentially leading to additional confusion and impacts to Citi's perception in the market.

In addition, pursuant to Citi's agreement with the FDIC entered into in connection with exchange offers consummated in July and September 2009, Citi remains subject to dividend and share repurchase restrictions for as long as the FDIC continues to hold any Citi trust preferred securities acquired in connection with the exchange offers. While these restrictions may be waived, they generally prohibit Citi from paying regular cash dividends in excess of $0.01 per share of common stock per quarter or from redeeming or repurchasing any Citi equity securities, which includes its common stock or trust preferred securities. As of 15 February 2013, the FDIC continued to hold approximately $2.225 billion of trust preferred securities issued in connection with the exchange offers (which become redeemable on July 30, 2014).

Citi May Be Unable to Reduce Its Level of Expenses as It Expects, and Investments in Its Businesses May Not Be Productive.

Citi continues to pursue a disciplined expense-management strategy, including re-engineering, restructuring operations and improving the efficiency of functions. In December 2012, Citi announced a series of repositioning actions designed to further reduce its expenses and improve its efficiency. However, there is no guarantee that Citi will be able to reduce its level of expenses, whether as a result of the recently-announced repositioning actions or otherwise, in the future. Citi's ultimate expense levels also depend, in part, on factors outside of its control. For example, as a result of the extensive legal and regulatory proceedings and inquiries to which Citi is subject, Citi's legal and related costs remain elevated, have been, and are likely to continue to be, subject to volatility and are difficult to predict. In addition, expenses incurred in Citi's foreign entities are subject to foreign exchange volatility. Further, Citi's ability to continue to reduce its expenses as a result of the wind-down of Citi Holdings will also decline as Citi Holdings represents a smaller overall portion of Citigroup. Moreover, investments Citi has made in its businesses, or may make in the future, may not be as productive as Citi expects or at all.

Citi's Ability to Utilize Its DTAs Will Be Driven by Its Ability to Generate U.S. Taxable Income, Which Could Continue to Be Negatively Impacted by the Wind-Down of Citi Holdings.

Citigroup's total DTAs increased by approximately $3.8 billion in 2012 to $55.3 billion at 31 December 2012, while the time remaining for utilization has shortened, particularly with respect to the foreign tax credit (FTC) component of the DTAs. The increase in the total DTAs in 2012 was due, in large part, to the continued negative impact of Citi Holdings on Citi's U.S. taxable income.

The accounting treatment for DTAs is complex and requires a significant amount of judgment and estimates regarding future taxable earnings in the jurisdictions in which the DTAs arise and available tax planning strategies. Realization of the DTAs will continue to be driven primarily by Citi's ability to generate U.S. taxable income in the relevant tax carry-forward periods, particularly the FTC carry-forward periods. Citi does not expect a significant reduction in the balance of its net DTAs during 2013. For additional information, see "Significant Accounting Policies and Significant Estimates – Income Taxes" below and Note 10 to the Consolidated Financial Statements.

The Value of Citi's DTAs Could Be Significantly Reduced If Corporate Tax Rates in the U.S. or Certain State or Foreign Jurisdictions Decline or as a Result of Other Changes in the U.S. Corporate Tax System.

Congress and the Obama Administration have discussed decreasing the U.S. corporate tax rate. Similar discussions have taken place in certain state and foreign jurisdictions. While Citi may benefit in some respects from any decrease in corporate tax rates, a reduction in the U.S., state or foreign corporate tax rates could result in a significant decrease in the value of Citi's DTAs. There have also been recent discussions of more sweeping changes to the U.S. tax system, including changes to the tax treatment of foreign business income. It is uncertain whether or when any such tax reform proposals will be enacted into law, and whether or how they will affect Citi's DTAs.

Citi Maintains Contractual Relationships with Various Retailers and Merchants Within Its U.S. Credit Card Businesses in NA RCB, and the Failure to Maintain Those Relationships Could Have a Material Negative Impact on the Results of Operations or Financial Condition of Those Businesses.

Through its U.S. Citi-branded cards and Citi retail services credit card businesses within North America Regional Consumer Banking (**NA RCB**), Citi maintains numerous co-branding relationships with third-party retailers and merchants in the ordinary course of business pursuant to which Citi issues credit cards to customers of the retailers or merchants. These agreements provide for shared economics between the parties and ways to increase customer brand loyalty, and generally have a fixed term that may be extended or renewed by the parties or terminated early in certain circumstances. While various mitigating factors could be available in the event of the loss of one or more of these co-branding relationships, such as replacing the retailer or merchant or by Citi's offering new card products, the results of operations or financial condition of Citi-branded cards or Citi retail services, as applicable, or NA RCB could be negatively impacted, and the impact could be material.

These agreements could be terminated due to, among other factors, a breach by Citi of its responsibilities under the applicable co-branding agreement, a breach by the retailer or merchant under the agreement, or external factors outside of either party's control, including bankruptcies, liquidations, restructurings or consolidations and other similar events that may occur. For example, within NA RCB Citi-branded cards, Citi issues a co-branded credit card product with American Airlines, the Citi-AAdvantage card. As has been widely reported, AMR Corporation and certain of its subsidiaries, including American Airlines, Inc. (collectively, **AMR**), filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy code in November 2011. On 14 February 2013, AMR and US Airways Group, Inc. announced that the boards of directors of both companies had approved a merger agreement under which the companies would be combined. The merger, which is conditioned upon, among other things, U.S. Bankruptcy Court approval, is expected to be completed in the third quarter of 2013. To date, the ongoing AMR bankruptcy and the merger announcement have not had a material impact on the results of operations for U.S. Citi-branded cards or NA RCB. However, it is not certain when the bankruptcy and merger processes will be resolved, what the outcome will be, whether or over what period the Citi-AAdvantage card program will continue to be maintained and whether the impact of the bankruptcy or merger could be material to the results of operations or financial condition of U.S. Citi-branded cards or NA RCB over time.

Citi's Operational Systems and Networks Have Been, and Will Continue to Be, Subject to an Increasing Risk of Continually Evolving Cybersecurity or Other Technological Risks, Which Could Result in the

Disclosure of Confidential Client or Customer Information, Damage to Citi's Reputation, Additional Costs to Citi, Regulatory Penalties and Financial Losses.

A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. For example, through its global consumer banking, credit card and Transaction Services businesses, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. With the evolving proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, large, global financial institutions such as Citi have been, and will continue to be, subject to an increasing risk of cyber incidents from these activities.

Although Citi devotes significant resources to maintain and regularly upgrade its systems and networks with measures such as intrusion and detection prevention systems and monitoring firewalls to safeguard critical business applications, there is no guarantee that these measures or any other measures can provide absolute security. Citi's computer systems, software and networks are subject to ongoing cyber incidents such as unauthorized access; loss or destruction of data (including confidential client information); account takeovers; unavailability of service; computer viruses or other malicious code; cyber attacks; and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Additional challenges are posed by external extremist parties, including foreign state actors, in some circumstances as a means to promote political ends. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to Citi's reputation with its clients and the market, customer dissatisfaction, additional costs to Citi (such as repairing systems or adding new personnel or protection technologies), regulatory penalties, exposure to litigation and other financial losses to both Citi and its clients and customers. Such events could also cause interruptions or malfunctions in the operations of Citi (such as the lack of availability of Citi's online banking system), as well as the operations of its clients, customers or other third parties. Given Citi's global footprint and high volume of transactions processed by Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

Citi has been subject to intentional cyber incidents from external sources, including (i) denial of service attacks, which attempted to interrupt service to clients and customers; (ii) data breaches, which aimed to obtain unauthorized access to customer account data; and (iii) malicious software attacks on client systems, which attempted to allow unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data. For example, in 2012 Citi and other U.S. financial institutions experienced distributed denial of service attacks which were intended to disrupt consumer online banking services. While Citi's monitoring and protection services were able to detect and respond to these incidents before they became significant, they still resulted in certain limited losses in some instances as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such cyber incidents will not occur again, and they could occur more frequently and on a more significant scale. In addition, because the methods used to cause cyber attacks change frequently or, in some cases, are not recognized until launched, Citi may be unable to implement effective preventive measures or proactively address these methods.

Third parties with which Citi does business may also be sources of cybersecurity or other technological risks. Citi outsources certain functions, such as processing customer credit card transactions, uploading content on customer-facing websites, and developing software for new products and services. These relationships allow for the storage and processing of customer information, by third party hosting of or access to Citi websites, which could result in service disruptions or website defacements, and the potential to introduce vulnerable code, resulting in security breaches impacting Citi customers. While Citi engages in certain actions to reduce the exposure resulting from outsourcing, such as performing onsite security control assessments, limiting third-party access to the least privileged level necessary to perform job functions, and restricting third-party processing to systems stored within Citi's data centers, ongoing threats may result in unauthorized access, loss or destruction of data or other cyber incidents with increased costs and consequences to Citi such as those discussed above. Furthermore, because financial institutions are becoming increasingly interconnected with central agents, exchanges and clearing houses, including through the derivatives provisions of the Dodd-Frank Act, Citi has increased exposure to operational failure or cyber attacks through third parties.

While Citi maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Citi's Performance and the Performance of Its Individual Businesses Could Be Negatively Impacted If Citi Is Not Able to Hire and Retain Qualified Employees for Any Reason.

Citi's performance and the performance of its individual businesses is largely dependent on the talents and efforts of highly skilled employees. Specifically, Citi's continued ability to compete in its businesses, to manage its businesses effectively and to continue to execute its overall global strategy depends on its ability to attract new employees and to retain and motivate its existing employees. Citi's ability to attract and retain employees depends on numerous factors, including without limitation, its culture, compensation, the management and leadership of the company as well as its individual businesses, Citi's presence in the particular market or region at issue and the professional opportunities it offers. The banking industry has and may continue to experience more stringent regulation of employee compensation, including limitations relating to incentive-based compensation, clawback requirements and special taxation. Moreover, given its continued focus on the emerging markets, Citi is often competing for qualified employees in these markets with entities that have a significantly greater presence in the region or are not subject to significant regulatory restrictions on the structure of incentive compensation. If Citi is unable to continue to attract and retain qualified employees for any reason, Citi's performance, including its competitive position, the successful execution of its overall strategy and its results of operations could be negatively impacted.

Incorrect Assumptions or Estimates in Citi's Financial Statements Could Cause Significant Unexpected Losses in the Future, and Changes to Financial Accounting and Reporting Standards Could Have a Material Impact on How Citi Records and Reports Its Financial Condition and Results of Operations.

Citi is required to use certain assumptions and estimates in preparing its financial statements under U.S. GAAP, including determining credit loss reserves, reserves related to litigation and regulatory exposures and mortgage representation and warranty claims, DTAs and the fair value of certain assets and liabilities, among other items. If Citi's assumptions or estimates underlying its financial statements are incorrect, Citi could experience unexpected losses, some of which could be significant.

Moreover, the Financial Accounting Standards Board (**FASB**) is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of Citi's financial statements, including those areas where Citi is required to make assumptions or estimates. For example, the FASB's financial instruments project could, among other things, significantly change how Citi determines the impairment on financial instruments and accounts for hedges. The FASB has also proposed a new accounting model intended to require earlier recognition of credit losses. The accounting model would require a single "expected credit loss" measurement objective for the recognition of credit losses for all financial instruments, replacing the multiple existing impairment models in U.S. GAAP, which generally require that a loss be "incurred" before it is recognized. For additional information on this proposed new accounting model, see Note 1 to the Consolidated Financial Statements.

As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, Citi could be required to change certain of the assumptions or estimates it previously used in preparing its financial statements, which could negatively impact how it records and reports its financial condition and results of operations generally. In addition, the FASB continues its convergence project with the International Accounting Standards Board (**IASB**) pursuant to which U.S. GAAP and International Financial Reporting Standards (**IFRS**) may be converged. Any transition to IFRS could further have a material impact on how Citi records and reports its financial results. For additional information on the key areas for which assumptions and estimates are used in preparing Citi's financial statements, see "*Significant Accounting Policies and Significant Estimates*" below and Note 28 to the Consolidated Financial Statements.

Changes Could Occur in the Method for Determining LIBOR and It Is Unclear How Any Such Changes Could Affect the Value of Debt Securities and Other Financial Obligations Held or Issued by Citi That Are Linked to LIBOR, or How Such Changes Could Affect Citi's Results of Operations or Financial Condition.

As a result of concerns about the accuracy of the calculation of the daily LIBOR, which is currently overseen by the British Bankers' Association (**BBA**), the BBA has taken steps to change the process for determining LIBOR by increasing the number of banks surveyed to set LIBOR and to strengthen the oversight of the process. In addition, recommendations relating to the setting and administration of LIBOR were put forth in September 2012, and the U.K. government has announced that it intends to incorporate these recommendations in new legislation.

It is uncertain what changes, if any, may be required or made by the U.K. government or other governmental or regulatory authorities in the method for determining LIBOR. Accordingly, it is not certain whether or to what extent any such changes could have an adverse impact on the value of any LIBOR-linked debt securities issued by Citi, or any loans, derivatives and other financial obligations or extensions of credit for which Citi is an obligor. It is also not certain whether or to what extent any such changes would have an adverse impact on the value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to Citi or on Citi's overall financial condition or results of operations.

Citi May Incur Significant Losses If Its Risk Management Processes and Strategies Are Ineffective, and Concentration of Risk Increases the Potential for Such Losses.

Citi's independent risk management organization is structured so as to facilitate the management of the principal risks Citi assumes in conducting its activities – credit risk, market risk and operational risk – across three dimensions: businesses, regions and critical products. Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations. Market risk encompasses both liquidity risk and price risk. For a discussion of funding and liquidity risk, see "Capital Resources and Liquidity – Funding and Liquidity" and "Risk Factors – Liquidity Risks" above. Price risk losses arise from fluctuations in the market value of trading and non-trading positions resulting from changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices and in their implied volatilities. Operational risk is the risk for loss resulting from inadequate or failed internal processes, systems or human factors, or from external events, and includes reputation and franchise risk associated with business practices or market conduct in which Citi is involved. For additional information on each of these areas of risk as well as risk management at Citi, including management review processes and structure, see "Managing Global Risk" below. Managing these risks is made especially challenging within a global and complex financial institution such as Citi, particularly given the complex and diverse financial markets and rapidly evolving market conditions in which Citi operates.

Citi employs a broad and diversified set of risk management and mitigation processes and strategies, including the use of various risk models, in analyzing and monitoring these and other risk categories. However, these models, processes and strategies are inherently limited because they involve techniques, including the use of historical data in some circumstances, and judgments that cannot anticipate every economic and financial outcome in the markets in which it operates nor can it anticipate the specifics and timing of such outcomes. Citi could incur significant losses if its risk management processes, strategies or models are ineffective in properly anticipating or managing these risks.

In addition, concentrations of risk, particularly credit and market risk, can further increase the risk of significant losses. At 31 December 2012, Citi's most significant concentration of credit risk was with the

U.S. government and its agencies, which primarily results from trading assets and investments issued by the U.S. government and its agencies. Citi also routinely executes a high volume of securities, trading, derivative and foreign exchange transactions with counterparties in the financial services sector, including banks, other financial institutions, insurance companies, investment banks and government and central banks. To the extent regulatory or market developments lead to an increased centralization of trading activity through particular clearing houses, central agents or exchanges, this could increase Citi's concentration of risk in this sector. Concentrations of risk can limit, and have limited, the effectiveness of Citi's hedging strategies and have caused Citi to incur significant losses, and they may do so again in the future.

RISKS RELATING TO NOTES

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. In particular, Citigroup Inc., CGMFL and the CGMFL Guarantor recommend that investors take independent tax advice before committing to purchase any Notes. None of Citigroup Inc., CGMFL and the CGMFL Guarantor provides tax advice and therefore responsibility for any tax implications of investing in any Notes rests entirely with each investor. Investors should note that the tax treatment will differ from jurisdiction to jurisdiction. Investors will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including (without limitation) any state or local taxes or other similar assessment or charge that may be applicable to any payment in respect of the Notes.

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 Citigroup Inc., CGMFL, the CGMFL Guarantor, 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 Citigroup Inc., CGMFL, the CGMFL Guarantor, 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.

An investment in Notes involves risks and should only be made after assessing the direction, timing and magnitude of potential future market changes (e.g. in the value of the reference securities, shares, bonds, assets, indices, commodities, rates, contracts, currencies or other items which comprise or relate to the Underlying(s)), as well as the terms and conditions of the Notes. More than one risk factor may have simultaneous effects with regard to the Notes such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect, which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Notes.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under this Base Prospectus. A number of these Notes may have features which contain particular risks for potential investors. Set out below are a description of the most common features. Investors must also refer to such risk factors to understand the particular risks related to the features of the provisions for payment of interest (if any) and determination of the amount payable and/or, as the case may be, assets deliverable on redemption or final settlement of the Notes that may be issued under this Base Prospectus.

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 redemption 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 Valuation and Settlement Schedule(s) and the applicable Issue Terms, to the extent of any minimum redemption 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 matures (except to the extent of any minimum redemption value). See "*Certain factors affecting the value and trading price of Notes linked to Underlying(s)*" 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 Issue 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.

Prospective investors should understand that although the Notes do not create an actual interest in, or ownership of, the relevant Underlying(s), the return on the Notes may attract certain of the same risks as an actual investment in the relevant Underlying(s).

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.

Any Issuer may issue several issues of Notes relating to particular Underlying(s). However, no assurance can be given that any Issuer will issue any Notes other than the Notes to which the applicable Issue 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).

All Notes will be unsecured and unsubordinated obligations of the Issuer and all Notes issued by it will rank equally among themselves and with all other unsecured and unsubordinated obligations of the Issuer. Similarly, the obligations of the CGMFL Guarantor under the CGMFL Deed of Guarantee will be unsecured and unsubordinated and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the CGMFL Guarantor. The Issuer's obligations under the Notes issued by it and the CGMFL Guarantor's obligations under the CGMFL Deed of Guarantee represent general contractual obligations of each respective entity and of no other person. Only Notes issued by CGMFL will be guaranteed by the CGMFL Guarantor. Notes issued by Citigroup Inc. will not be guaranteed by the CGMFL Guarantor.

In particular, except in certain circumstances where the Notes are Physical Delivery Notes, a Note will not represent a claim against any Underlying and, in the event that the amount paid on redemption of the Notes is less than the nominal amount of the Notes, a Noteholder will not have recourse under any relevant Note to any security share, bond, asset index, commodity, rate, contract, currency or other item which may comprise the relevant Underlying(s) in respect of such Notes. The exposure to the relevant Underlying(s) is notional and an investment in the Notes is not an investment in the relevant Underlying(s). Although the performance of the relevant Underlying(s) will have an effect on the Notes, the relevant Underlying(s) and the Notes are separate obligations of different legal entities. Investors will have no legal or beneficial interest in the relevant Underlying(s). In addition, any Issuer and/or the CGMFL Guarantor and/or any of their affiliates may enter into arrangements to hedge the Issuer's and/or the CGMFL Guarantor's obligations under the Notes and/or the CGMFL Deed of Guarantee but are not required to do so. If they do so, any Issuer and/or the CGMFL Guarantor and/or any such affiliate will have certain rights under such hedging arrangements and may pursue actions and take steps that they deem appropriate to protect their own interests under such hedging arrangements without regard to the consequences for Noteholders. A Noteholder will not have recourse to the applicable counterparty under any such hedging arrangements and any such hedging arrangements will not confer any rights or entitlements on any Noteholders and will constitute separate obligations of the Issuer and/or the CGMFL Guarantor and/or any such affiliate.

The Notes will only redeem at an amount equivalent to at least par if the applicable Issue Terms provide that the Redemption Amount per Calculation Amount of such Notes at maturity is an amount equivalent to at least the Calculation Amount of such Notes. Investors should note that all payments under the Notes are subject to the credit risk of the Issuer and, where the Issuer is CGMFL, of the CGMFL Guarantor. Furthermore, the Notes may be traded or redeemed early, and if so, the price for which a Note may be sold or redeemed early may be less than the principal amount of such Note and an investor's initial investment in such Notes.

Investors should note that, if the Notes provide that the Redemption Amount per Calculation Amount of such Notes at maturity may be less than the Calculation Amount, such Notes would in these circumstances be redeemed at an amount less than par. If the Notes are redeemed at less than par or the Notes are cancelled or repaid early in accordance with their terms, the amount received by the relevant holders may be less than the initial investment. Furthermore, any amount due to be paid or delivered is subject to the credit risk of the Issuer and, where the Issuer is CGMFL, the CGMFL Guarantor.

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

The amounts due and/or value of any assets to be delivered in respect of the Notes at any time prior to the relevant maturity date is typically expected to be less than the trading price of such Notes at that time. The difference between the trading price and such amounts due and/or value of any assets to be delivered 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 remaining tenor, (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 none of the Issuers and the CGMFL Guarantor has any 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).

In addition, investors should be aware that the value of any relevant Underlying(s) may be determined or published by any Issuer and/or the CGMFL Guarantor or an affiliate thereof or determined or published 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 linking principal and/or interest payments to Underlying(s) can be substantial and the payment of principal and/or interest may be contingent on the occurrence of certain events which may not occur. Each investor should consult their own financial and legal advisers as to the risks of an investment in Notes linked to Underlying(s).

Risks related to implementation of regulatory reform

Implementation of recently-enacted U.S. federal financial reform legislation may affect the value of Underlying(s), which may ultimately affect the value, trading price and viability of Notes. For example, the Dodd-Frank Act would, upon implementation, impose limits on the maximum position that could be held by a single dealer in certain of the Underlying(s) and may subject certain transactions to new forms of regulation that could create barriers to some types of hedging activity by the Issuer and/or any Hedging Party or any of their respective affiliates. Other provisions of the Dodd-Frank Act could require certain Underlying(s) or hedging transactions to be cleared, traded on a regulated exchange and reported to regulators, central data repositories and, in some cases, the public. The Dodd-Frank Act will also expand entity registration requirements and impose business conduct requirements on persons active in the swaps market (including new capital and margin requirements), which may affect the value of Underlying(s) or value and/or cost of hedging transactions. Such regulation may consequently affect the value, trading price and viability of the Notes. The implementation of the Dodd-Frank Act and future rulemaking thereunder could potentially limit or completely restrict the ability of the Issuer to hedge its exposure on Notes, increase the costs of hedging or make hedging strategies less effective, which may then constitute an Adjustment Event in respect of certain Notes.

Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments in respect 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 none of Citigroup Inc., CGMFL and the CGMFL Guarantor has any 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 (if applicable) 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, where the Issuer is CGMFL, the CGMFL Guarantor when payments on a Note are due because of circumstances beyond the control of the Issuer and/or CGMFL Guarantor. Each investor should consult their own financial and legal advisers 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

The currency in which payments on a Note are required to be made may be redenominated, for example, because such currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond the Issuer's and/or, where the Issuer is CGMFL, the CGMFL 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,

Where the currency in which payments in respect of a Note is officially redenominated, other than as a result of Economic and Monetary Union, such as by an official redenomination of any such currency that is a composite currency, then the payment obligations of the Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor on such Note will be the amount of redenominated currency that represents the amount of the Issuer's and/or, where the Issuer is CGMFL, the CGMFL 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 security indices

Investors in Notes relating to security indices should be familiar with investments in global capital markets and with indices generally. The level of a security index is generally based on the value of the component securities of that index although investors should note that the level of a security index at any time may not include the reinvestment of the yield on the component securities of such security 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 security index and/or the performance of a security index.

The risks of a particular Note linked to a security 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**) and the weighting of each component within the relevant index or indices;
- other objective prices; and
- economic or other measures making up the relevant security index or indices.

Investors should note that any dividends, other distributions assets and/or amounts paid to holders of the component securities will not be paid to the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) or to the holders of Notes. The return on Notes will thus not reflect any such assets and/or amounts 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 security 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 Security Indices.

In considering whether to purchase Notes relating to Security Indices, each investor should be aware that the calculation of amounts payable or, as applicable, assets due on Notes relating to Security Indices may involve reference to:

- an index determined by an affiliate of the Issuer and/or the CGMFL Guarantor (if applicable); 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 Security Indices

As the terms and conditions of Notes relating to Security 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 security index (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging; (b) such security 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 Issue 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 security index the subject of the Adjustment Event with a new security 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 security index or, if the Notes are Exempt Notes, a security index selected by reference to such other criteria as specified in the applicable Pricing Supplement. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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 the Calculation Agent determines that a Security Index Adjustment Event occurs (being, in respect of a security index, the relevant index sponsor announcing that it will make a material change to a relevant security 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 Security Index Adjustment Event has a material effect on the relevant Notes and, if so, shall either (A) calculate the relevant level of such security index in accordance with the formula for and method of calculating the relevant security index last in effect prior to the applicable change, cancellation or failure and/or (B) substitute the affected security 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 security index or, in the case of Exempt Notes, a security index selected by reference to such other criteria as specified in the applicable Pricing Supplement and determine any adjustment necessary to the terms of the Notes to account for such substitution and/or (C) make such adjustments to the terms of the Notes as it determines necessary or appropriate to account for the effect of such Security Index Adjustment Event. 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 Security 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 Security 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 Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent, or such other amount as is specified in the Valuation and Settlement Schedule and the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to Security Indices should read "*Underlying Schedule 1 – Security Index Conditions*" in this Base Prospectus and the applicable Issue 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 particular 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 the value of Notes relating to inflation indices, including:

- general economic, financial, political or regulatory conditions and/or events; and/or
- 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 a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, 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 including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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 Issue 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 Issue 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 affect 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 Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent, or such other amount as is specified in the Valuation and Settlement Schedule and the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

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

Certain considerations associated with Notes relating to commodity indices

Investors 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 or postponement of the valuation of a component of a commodity index 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 a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, (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 Issue 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 or the Calculation Agent may replace the commodity index the subject of the Adjustment Event with a new commodity 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 or, in the case of Exempt Notes, a commodity index selected by reference to such other criteria as specified in the applicable Pricing Supplement. 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 the Calculation Agent determines that 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 either (A) 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 and/or (B) substitute the affected 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 or, in the case of Exempt Notes, a commodity index selected by reference to such other criteria as specified in the applicable Pricing Supplement and determine any adjustment necessary to the terms of the Notes to account for such substitution and/or (C) make such adjustments to the terms of the

Notes as it determines necessary or appropriate to account for the effect of such Commodity Index Adjustment Event. 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 Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to commodity indices should read "*Underlying Schedule 3 – Commodity Index Conditions*" in this Base Prospectus and the applicable Issue 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 resulting in 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 a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging), 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 including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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 (a) circumstances in which the Calculation Agent determines that no adjustment can reasonably be made following an Adjustment Event, (b) 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 or (c) any Additional Early Redemption Event specified in the applicable Issue Terms (being an "abandonment of scheme" in relation to commodities that are emissions) or, in the case of Exempt Notes only, any other event specified as such in the applicable Pricing Supplement), 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 Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

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

Certain considerations associated with Notes relating to shares

Investors 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 or deliverable under the relevant Notes are calculated.

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 Issue Terms or in establishing the terms of the Notes and none of Citigroup Inc., CGMFL, the CGMFL 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 Issue 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 Issue 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 Issue 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, in relation to Exempt Notes and if so specified in the applicable Pricing Supplement, 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 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, 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) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) a corporate action, de-listing, insolvency, merger event, nationalisation, tender offer and/or any Additional Disruption Event specified in the applicable Issue 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 share the subject of the Adjustment Event with a new share selected by the Calculation Agent from an applicable reference index or, in the case of Exempt Notes, selected by reference to such other criteria as specified in the applicable Pricing Supplement. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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 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. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

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

Certain considerations associated with Notes relating to depositary receipts

Investors 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.

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 Issue Terms or in establishing the terms of the Notes and none of Citigroup Inc., CGMFL, the CGMFL 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 Issue 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 Issue 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 Issue 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 Pricing Supplement and, in relation to Exempt Notes only, 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) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) 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 Issue 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 selected by the Calculation Agent (referencing, where "same underlying share and currency" is specified as the Depositary Receipt Substitution Criteria in the applicable Issue Terms, the same underlying share and denominated in the same currency as the previous depositary receipt (and, if no such depositary receipt is selected or available, then the underlying share shall be substituted and a new depositary receipt selected in respect of such new underlying share) or, in the case of Exempt Notes only, in accordance with any other criteria specified in the applicable Pricing Supplement) and/or a new share selected by the Calculation Agent: (a) from an applicable reference index, or, in the case of Exempt Notes only, (b) in accordance with the criteria (if any) specified in the applicable Pricing Supplement. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to depositary receipts should read "*Underlying Schedule 6 – Depositary Receipt Conditions*" in this Base Prospectus and the applicable Issue 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.

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 Issue Terms or in establishing the terms of the Notes and none of Citigroup Inc., CGMFL, the CGMFL 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 Issue 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 Issue 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 Issue 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 Pricing Supplement and in relation to Exempt Notes only, 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) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging; (b) 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 Issue 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 (which shall be an exchange-traded fund share which, where a "related index" is specified in the applicable Issue Terms, tracks such related index, or an index substantially similar in formula and calculation method, or, in the case of Exempt Notes only, an index selected by the Calculation Agent with reference to such other criteria as specified in the applicable Pricing Supplement). Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to ETF Shares should read "*Underlying Schedule 7 – Exchange-Traded Fund (ETF) Share Conditions*" in this Base Prospectus and the applicable Issue 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.

The Notes will give rise to obligations of the Issuer and will not give rise to any obligations of any mutual fund administrator, adviser or manager in respect of a mutual fund. No offer is made by any mutual fund administrator, adviser or manager in respect of a mutual fund and no offer is made of other mutual fund interests or any securities, investments or other assets in which any relevant mutual fund may trade or invest.

No mutual fund administrator, adviser or manager in respect of a mutual fund will have participated in the preparation of the applicable Issue Terms or in establishing the terms of the Notes and none of Citigroup Inc., CGMFL, the CGMFL 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 Issue 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 Issue 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 Issue 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 Issue 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 Pricing Supplement, 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) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) 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 and/or any Additional Disruption Event specified in the applicable Issue 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 mutual fund interest the subject of the Adjustment Event with a new mutual fund interest selected by the Calculation Agent (in a fund which provides daily liquidity shall be liquid, the shares or units of which may be subscribed, sold to or redeemed by the fund (subject to giving no more than two fund business days' notice and no charges being imposed by the fund), and which in the definition of the Calculation Agent, has the same or substantially similar strategies, and the same currency as, the affected mutual fund). Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustment may also include a monetisation whereby the Calculation Agent shall determine the value of the Mutual Fund Interest affected by the relevant Adjustment Event on a date selected by the Calculation Agent and shall make such adjustments to the terms of the Notes so that the Notes reference such value (and interest thereon) rather than such Mutual Fund Interest. 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. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

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

Certain considerations associated with Notes relating to currency exchange rates

Investors in Notes relating to currency exchange rates should be familiar with investments in global capital markets and with currency exchange rates generally. An investment in Notes linked to currency exchange rates may bear similar market risks to a direct investment in foreign exchange and investors should take advice accordingly.

Movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the currency exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In addition, Notes linked to currency exchange rates may be linked to emerging market currencies and, as such, may experience greater volatility and less certainty as to future levels or as against other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis happening in the future and this could result in the occurrence of a Disrupted Day – see "*Disrupted Days*" below.

Fluctuations in exchange rates and implied volatility of the relevant currency (or basket of currencies) will affect the value of the relevant Notes. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency/currencies, regardless of other market forces (see "*Changes in exchange rates and exchange controls could result in a loss of the value of the Notes and payments in respect thereof in relation to the currency of the jurisdiction of an investor*" above).

Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to currency exchange rates

Where the EMTA Provisions are not specified as applicable in the applicable Issue Terms:

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 the 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 currency exchange rate (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) a relevant country has lawfully converted or exchanged its currency for a successor currency), 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 including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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) 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) 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. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is set out in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Where the EMTA Provisions are specified as applicable in the applicable Issue Terms

The terms and conditions of the Notes include provisions dealing with the consequences of a Disrupted Day. These consequences shall be determined in accordance with the Disruption Fallbacks specified in the applicable Issue Terms and may include (i) where Valuation Postponement is specified in the applicable Issue Terms, postponement of a Valuation Date due to the occurrence of a Disrupted Day; (ii) where First Fallback Reference Price or Second Fallback Reference Price is specified in the applicable Issue Terms, determination of the Underlying Closing Level for the relevant Valuation Date by reference to alternative prices for the applicable currency exchange rate; and (iii) where Calculation Agent Determination is specified as applicable in the applicable Issue Terms, the Calculation Agent determining the Underlying Closing Level for the relevant Valuation Date. Such alternative provisions for valuation provided in the terms and conditions of the Notes may have an adverse effect on the value of such Notes. The Valuation Postponement provisions, if applicable, may result in a Noteholder receiving payments in respect of the Notes after the originally scheduled date for payment.

If the Calculation Agent determines that an Adjustment Event occurs in respect of a currency exchange rate (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging or (b) any relevant rate which as of the Trade Date is reported, sanctioned, recognised, published, announced or adopted (or similar action) by the relevant Government Authority and any such rate cease to be so reported, sanctioned, recognised, published, announced or adopted (or similar action), 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 including, in the case of an Increased Cost of Hedging, adjustments to pass on to Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs) and in the case of a successor rate, determination of the relevant rate by reference to the official successor rate. Any such adjustment(s) may have an adverse effect on the value of such Notes and, if the Calculation Agent determines that no adjustment(s) 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) 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. If the Notes are redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is set out in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Settlement Disruption

If, in the opinion of the Calculation Agent, payment of any amount due in respect of the Notes cannot be made by it in the Specified Currency on any date on which payment is scheduled to be made under the Notes due to the occurrence of a Currency Settlement Disruption Event (being (a) the imposition of restrictions on the transferability, purchase and holding of the Specified Currency, (b) its non-acceptance by a clearing system or its disuse, (c) its illiquidity in the relevant market or (d) any other circumstances beyond the Issuer's control), then the Issuer shall be entitled to satisfy its obligations to the Holders by either (i) delaying any such payment until after the Currency Settlement Disruption Event ceases to exist or (ii) making such payment in United States dollars on, or as soon as reasonably practicable after, the relevant payment date. Any such delayed payment or payment in United States dollars will not constitute a default and Holders shall not be entitled to further interest or any other payment in respect of such delay.

Investors in Notes relating to currency exchange rates should read "*Underlying Schedule 9 – FX Rate Conditions*" in this Base Prospectus and the applicable Issue Terms in order to fully understand the provisions relating to such Notes.

Certain considerations associated with Notes relating to warrants

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

Notes will give rise to obligations of the Issuer and will not give rise to any obligations of the issuer of any warrant. No offer is made by the issuer of any warrant and no offer is made of other securities or other assets into which the warrants may be convertible.

No issuer of such warrants will have participated in the preparation of the applicable Issue Terms or in establishing the terms of the Notes and none of Citigroup Inc., CGMFL, the CGMFL Guarantor and any Dealer will make any investigation or enquiry in connection with the offering of the Notes with respect to the information concerning any such issuer of warrants or the assets, indices or other item(s) to which the warrants relate contained in such Issue 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 Issue Terms) that would affect the trading price of the warrants 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 warrants or such assets, indices or other item(s) could affect the trading price of the warrants and therefore the trading price of the relevant Notes.

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

The risks of a Note relating to warrants will depend on the terms of that Note and payments in respect of a Note relating to warrants will depend upon the value of the relevant warrants which will be dependent on the reference item or items underlying such warrant. Such risks may include, but are not limited to, the possibility of significant changes in the price(s) of the warrants. The value of warrants may go down as well as up and the value of any warrant on any date may not reflect its performance in any prior period. There can be no assurance as to the future value of any warrant or of the continued existence of any warrant or the issuer of the warrants or the creditworthiness of the warrant issuer. 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 warrants, is suitable for them.

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

Payments in respect of the relevant warrants will be determined by reference to one or more indices, shares, depositary receipts, mutual fund interests, currencies, commodities, gilts or other reference items specified in the terms of the relevant warrants. In considering whether to purchase the Notes, each investor should review carefully the terms of the warrants and understand fully such reference item or items and how amounts payable in respect of the warrants are determined.

Early Redemption in relation to Notes linked to warrants

If an Early Redemption Event occurs (being the cancellation or termination of a relevant warrant for any reason other than by reason of its scheduled exercise), 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 Calculation Amount held by such holder an amount determined as set out in the Valuation and Settlement Schedule and the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to warrants should read "*Underlying Schedule 10 – Warrant Conditions*" in this Base Prospectus and the applicable Issue Terms in order to fully understand the provisions relating to such Notes.

Certain considerations associated with Notes relating to Citi proprietary indices

Investors in Notes relating to Citi proprietary indices should be familiar with investments in global capital markets and with indices generally. The level of a Citi proprietary index is generally based on the value of the components of that index, which may be securities, commodities, indices or other types of assets or any combination thereof, as described in the relevant index conditions and/or methodology and, as such, investors in Notes relating to Citi proprietary indices should also read the sub-sections set out in this risk factors section which relate to Notes linked directly to such components. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the value of the components of a Citi proprietary index and/or the performance of a Citi proprietary index.

The risks of a particular Note linked to a Citi proprietary index will depend on the terms of that Note and the index conditions and/or methodology. Such risks may include, but are not limited to, the possibility of significant changes in:

- the prices of the components of the relevant Citi proprietary index or indices (**component securities**) and the weighting of each component within the relevant Citi proprietary index;
- other objective prices; and
- economic or other measures making up the relevant Citi proprietary index or indices.

Investors should note that any dividends, other distributions assets and/or amounts paid to holders of the component securities will not be paid to the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) or to the holders of Notes. The return on Notes will thus not reflect any such assets and/or amounts 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 Citi proprietary index and are 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 components 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 Citi proprietary indices. Investors should also note that the strategy that Citi proprietary indices are developed to reflect may not be successful and other strategies using the same components may perform better than the relevant Citi proprietary index. Investors should review the applicable index conditions to determine the strategy that the relevant Citi proprietary index has been developed to reflect.

In considering whether to purchase Notes relating to Citi proprietary indices, each investor should be aware that the calculation of amounts payable on Notes relating to Citi proprietary indices involve reference to an index or indices determined by an affiliate of the Issuer and/or the CGMFL Guarantor, the level of which may not be widely published or available.

A Citi proprietary index will reflect the performance of notional investment positions in its components. There will be no actual portfolio of assets in respect of such Citi proprietary index to which any person is entitled or in which any person has any ownership interest and no Citi proprietary index creates any obligation of any person connected with any component. A Citi proprietary index merely identifies certain hypothetical investment positions, the performance of which will be used as a reference point for the purpose of calculating the level of the relevant Citi proprietary index. The result of any actual investment in relevant components may be different from the performance of the Citi proprietary index. In particular, any notional fees or costs deducted in the calculation of the level of the relevant Citi proprietary index and any proportionate amount included in such level of any dividend, distribution or payment in respect of any component may be different from those arising in respect of any actual investment in any constituent or any combination of constituents.

Disruption of a component of a Citi proprietary index and determination of the level of such Citi proprietary index

The conditions and/or methodology of a Citi proprietary index will set out the frequency of publication of the level of the relevant Citi proprietary index. In the event that the level of any component included in a Citi proprietary index is not available for any reason, the index calculation agent of the Citi proprietary index may calculate the level of such Citi proprietary index for the relevant day by taking a value for the affected component from a different day or may delay the calculation of the level of the relevant Citi proprietary index. Investors should review the conditions and/or methodology of the relevant index to determine how the level of such Citi proprietary index is calculated.

If "Component Valuation" is specified as applicable in the applicable Issue Terms and the level of a Citi proprietary index has been published for a particular day, if such day is not a day on which valuations of a component are scheduled to be observed or is a disrupted day for a component of such Citi proprietary index (each, howsoever defined in the conditions and/or methodology of the relevant Citi proprietary index), then any level of such Citi proprietary index calculated and published by the relevant index calculation agent for such day may be disregarded by the Calculation Agent and the Calculation Agent may itself calculate the level of such Citi proprietary index for such day in accordance with the then-current methodology of such Citi proprietary index but may do so by reference to the price, level or value of the components of such Citi proprietary index determined on subsequent days. This may result in a level of the index for such day being calculated by the Calculation Agent which is different to the published level of the index and may have an adverse effect on the value of the Notes.

Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to Citi proprietary indices

As the terms and conditions of Notes relating to proprietary 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 Citi proprietary index (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, (b) the substitution of a Citi proprietary index with a substitute index due to the originally designated Citi proprietary 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 or (c) the imposition of, change in or removal of any tax relating to any component of such Citi proprietary index or other asset relating to such component (if specified as applicable in the applicable Issue 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 proprietary index the subject of the Adjustment Event with a new proprietary 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 proprietary index or, in the case of Exempt Notes only, a replacement proprietary index selected by reference to such other criteria as specified in the applicable Pricing Supplement. Any such adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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 Proprietary Index Adjustment Event occurs (being, in respect of a Citi proprietary index, the relevant index sponsor announcing that it will make a material change to a relevant Citi proprietary 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 Citi proprietary index), then the Calculation Agent may determine whether such Proprietary Index Adjustment Event has a material effect on the relevant Notes and, if so, shall either (A) calculate the relevant level of such Citi proprietary index in accordance with the formula for and method of calculating the relevant Citi proprietary index last in effect prior to the applicable change, cancellation or failure or (B) substitute the affected Citi proprietary 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 proprietary index or, in the case of Exempt Notes only, a replacement proprietary index, selected in accordance with other criteria as specified in the applicable Pricing Supplement and determine any adjustment necessary 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 (a) 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 Proprietary Index Adjustment Event or (b) any Additional Early Redemption Event specified in the applicable Issue Terms (being a "hedging disruption early termination event") or, in the case of Exempt Notes only, any other event specified as such in the applicable Pricing Supplement), 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 Calculation Amount held by such holder an amount equal to the fair market value of such Calculation

Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to Citi proprietary indices should read "*Underlying Schedule 11 – Proprietary Index Conditions*" in this Base Prospectus and the applicable Issue Terms in order to fully understand the provisions relating to such Notes.

Certain considerations associated with Notes relating to dividend futures contracts

Investors relating to dividend futures contracts should be familiar with investments in global capital markets and with equity index dividends derivatives generally. The value of a dividend futures contract will generally track the dividends paid by the companies (each a **Relevant Company**) comprised in the equity index (the **Relevant Index**) relating to the relevant dividend futures contract from time to time during one calendar year. Investors should understand that global economic, financial and political developments, among other things, may have a material effect on the performance of such Relevant Companies and therefore on the value of the dividends paid by such Relevant Companies and the value of the relevant dividend futures contract. Before purchasing Notes relating to dividend futures contracts, investors should carefully consider, among other matters, the value and price volatility of dividend futures contracts and the performance of the Relevant Companies comprised in the Relevant Index by reference to which amounts payable under the relevant Notes are calculated.

Notes relating to dividend futures contracts will give rise to obligations of the Issuer and will not give rise to any obligations under the relevant dividend futures contract or any obligations of any Relevant Company. No offer is made by the sponsor of the relevant dividend futures contract or any Relevant Company. No sponsor of the relevant dividend futures contract will have participated in the preparation of the applicable Issue Terms or in establishing the terms of the Notes.

Not all types of dividends paid by a Relevant Company may be relevant for the purpose of determining the price of a dividend futures contract (for example, in general, ordinary dividends declared by a Relevant Company (paid in cash or shares) are considered as realised dividends, which, if so provided in the contract specifications for the relevant dividend futures contract, are relevant for the purpose of determining the price of dividend futures contracts, whereas special or extraordinary dividends are not generally considered as realised dividends and therefore, if so provided in the contract specifications for the relevant dividend futures contract will not be relevant for the purpose of determining the price of such dividend futures contract). Further, the Relevant Companies may change from time to time in accordance with the rules of the Relevant Index and such a change in Relevant Companies may have an adverse effect on the price of the dividend futures contract and amounts payable in respect of the Notes. Investors should refer to the contract specifications for the dividend futures contract and the index rules relating to the Relevant Index for details regarding the calculation methodologies (including which dividends will be included in the calculation of the dividend futures contract) and adjustments which may be made thereto (including to the Relevant Companies to be included in the Relevant Index). Investors should note that the performance of similar dividend futures contracts in respect of prior contract periods will not necessarily be indicative of the performance of the relevant dividend futures contract to which the Notes relate.

The market value of the Notes may, at any time, be affected by certain factors relating to dividend futures contracts which may include, but are not limited to, the possibility of significant changes in:

- the Relevant Companies comprised in the Relevant Index and expectations relating to the dividends to be announced in relation thereto;
- market interest and yield rates;

- the time remaining to the final settlement date of the relevant dividend futures contract; and
- economic, political and macro-economic factors.

Investors should understand that the value of the dividends paid by the Relevant Companies may be influenced by many factors, including the earnings and dividend policy of each such Relevant Company, changes in applicable laws and regulations, global economic, financial and political developments and structural supply and demand factors. Relevant Companies may pay reduced dividends or no dividends in respect of the relevant contract period. The amount of dividends paid by Relevant Companies in respect of similar periods may bear no relation to dividends paid during the relevant contract period. Any such changes may have an adverse effect on the amount of relevant dividends paid by Relevant Companies and, in turn, the price of the relevant dividend futures contract and amounts payable in respect of the Notes.

Adjustments to Valuation Dates, Adjustment Events and Early Redemption in relation to Notes linked to dividend futures contracts

As the terms and conditions of Notes relating to dividend futures contracts may include provisions dealing with (x) the postponement of a Valuation Date due to the occurrence of a Disrupted Day or (y) the variation of a Valuation Date following the announcement by the relevant dividend futures contract sponsor that the expiry date of a dividend futures contract will occur on an alternative date to that originally contemplated, such postponement, variation 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 dividend futures contract (being (a) the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging, (b) such dividend futures contract (i) not being calculated and announced by or on behalf of the relevant dividend futures contract sponsor but instead being calculated and announced by or on behalf of a successor to the relevant dividend futures contract sponsor or (ii) being replaced by a successor dividend futures contract; or, in the case of Exempt Notes only, (c) any Additional Disruption Event specified in the applicable Issue 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 including, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). Any such adjustments may have an adverse effect on the value of the 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 Dividend Futures Contract Adjustment Event occurs (being, in respect of a dividend futures contract, (i) the relevant exchange and/or dividend futures contract sponsor, as the case may be, announcing that it will make a material change or modification to a relevant dividend futures contract, (ii) the relevant exchange and/or the dividend futures contract sponsor, as the case may be, permanently cancelling or discontinuing the dividend futures contract or there otherwise being a permanent discontinuation in trading or trading never commencing in such dividend futures contract and no successor dividend futures contract existing, or (iii) any "final settlement price" not being displayed or published on the relevant electronic page or by the exchange at the relevant valuation time), then the Calculation Agent may determine whether such Dividend Futures Contract Adjustment Event has a material effect on the Notes and, if so, shall either (A) calculate the "final settlement price" of such dividend futures contract by calculating the value of the relevant dividends for the applicable contract period for such dividend futures contract by reference to the formula for and the method of calculation last in effect of any related dividend point index or such other sources as it deems appropriate and/or (B) make such adjustments to the terms of the Notes as it determines necessary or appropriate to account for the effect of the relevant Dividend Futures Contract Adjustment Event and/or (C) in the case of (iii) above only, substitute such dividend futures contract with a replacement dividend futures contract and determine any adjustment necessary to account for such substitution. Any such calculation, substitution and/or adjustment may have an adverse effect on the value of the Notes and, if the Calculation Agent determines that no calculation, adjustment or substitution can reasonably so be made, such Dividend Futures Contract 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, substitution or adjustment can reasonably be made following a Dividend Futures Contract Adjustment Event), the Notes will be redeemed as more fully set out in the terms and conditions of the 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 and/or related hedging and funding arrangements, as determined by the Calculation Agent or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 Notes and such amount may be substantially less than the investor's initial investment.

Investors in Notes relating to dividend futures contracts should read "*Underlying Schedule 12 – Dividend Futures Contract Conditions*" in this Base Prospectus and the applicable Issue Terms in order to fully understand the provisions relating to such Notes.

Certain considerations associated with Notes relating to rates

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

The market value of the Notes may, at any time, be affected by certain factors relating to rates which may include, but are not limited to, the possibility of significant changes in:

- the level of the rate;
- macro economic, political or financial factors, speculation; and
- central bank and government intervention

In recent years, rates have been relatively low and stable, but this may not continue and interest rates may rise and/or become volatile. Fluctuations that have occurred in any rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Note. Fluctuations in rates will affect the value of the Notes.

Investors should understand that, depending on the terms of the Notes, they may receive no amount(s) or assets because of the performance of the relevant rates and they may lose a substantial portion of their investment. In addition, investors should ensure that they review the terms of the Notes in question as these may provide for amounts due or assets deliverable to be determined by reference to an option or formulae linked to the relevant rate rather than being a conventional debt security referencing a rate, such as one which bears interest at a specified floating rate of interest.

Disrupted Days, Adjustment Events and Early Redemption in relation to Notes linked to rates

As the terms and conditions of Notes relating to rates include provisions dealing with the consequences of a Disrupted Day, including referring to alternative price sources or determination of the relevant rate by the Calculation Agent or by reference to quotes from reference dealers, such 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 rate (being the occurrence at any time of a change in law affecting any underlying hedging position in relation to the Notes or materially increasing the Issuer's costs in relation to performing its obligations in respect of the Notes, a Hedging Disruption or an Increased Cost of Hedging), 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 adjustment may include, in the case of an Increased Cost of Hedging, adjustments to pass onto Noteholders any such Increased Cost of Hedging (including, but not limited to, reducing any amounts payable or deliverable in respect of the Notes to reflect any such increased costs). 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.

Investors in Notes relating to warrants should read "*Underlying Schedule 13 – Rate Conditions*" in this Base Prospectus and the applicable Issue Terms in order to fully understand the provisions relating to such Notes.

Realisation Disruption

If "Realisation Disruption" is specified as applicable in the applicable Issue Terms and a Realisation Disruption Event occurs (being, in summary, either (i) an event which imposes restrictions or taxes, charges or deductions in respect of the Notes and/or on hedging arrangements in respect of the Notes which would materially restrict, or materially increase the cost of, the Issuer's obligations under the Notes or materially restrict, or materially increase the cost of, any Hedging Party's obligations under any such hedging arrangements or (ii) the occurrence or existence of any event which either materially restricts the exchange, delivery or transfer of the currency of payment of the Notes or of any hedging arrangements in respect of the Notes or restricts the determination of any exchange rate in relation to any such currency), then either (a) the terms of the Notes (including any payment or delivery obligations) may be adjusted in order to reflect the economic effect of the particular Realisation Disruption Event or (b) the Issuer may redeem the Notes.

Investors should note that any such adjustments by the Calculation Agent may include (but are not limited to): (i) payments under the Notes being made in a different currency to the previously specified payment currency of the Notes; (ii) deduction of applicable taxes, charges or deductions from payments due in respect of the Notes resulting in reduced amounts paid in respect of the Notes or delivery of any Entitlement being subject to payment by the relevant Noteholder of an amount equal to a pro rata portion of any such tax, charge or deduction; (iii) delay of payments or deliveries in respect of the Notes until the relevant restrictions are lifted; (iv) determination of relevant exchange rates by the Calculation Agent taking into consideration all available information that it deems relevant, which may result in a different rate to that which would have applied had the Realisation Disruption Event not occurred and (v) (where legally permissible) in lieu of paying any cash amounts in respect of the Notes, procuring the physical delivery of any Underlying(s) (or vice versa). All the above could produce a materially different redemption to that originally anticipated in respect of the Notes.

If the Notes are redeemed early pursuant to (b) of the first paragraph above, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount 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 Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

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.

Leveraging Risk

Borrowing to fund the purchase of the Notes (leveraging) can have a significant negative impact on the value of and return on the investment. Investors considering leveraging the Notes should obtain further detailed information as to the applicable risks from the leverage provider.

Illegality in relation to Notes

If the Issuer determines that the performance of its obligations under an issue of Notes or, where the Issuer is CGMFL, the CGMFL Guarantor determines that the performance of its obligations under the CGMFL Deed of Guarantee in respect of such Notes or that any arrangements made to hedge the Issuer's and/or, where the Issuer is CGMFL, the CGMFL Guarantor's obligations under such Notes and/or, where the Issuer is CGMFL, the CGMFL 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 (i) in respect of Underlying Linked Notes 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 or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue Terms and (ii) in respect of Notes other than Underlying Linked Notes, an amount calculated pursuant to the relevant Condition or as specified in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Section 871(m) Event

It is possible, under regulations recently proposed by the United States Treasury Department, that Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (**Section 871(m)**) could apply to Notes relating to Underyling(s). While significant aspects of the application of these regulations to the Notes are uncertain, the Issuer or any Paying Agent may be required to withhold (at a rate of 30 per cent., subject to reduction under an applicable income tax treaty) on certain amounts paid with respect to the Notes in the event that any payment on the Notes is treated as contingent upon or determined by reference to a dividend under these rules.

If withholding is required pursuant to Section 871(m), the Issuer will not be required to pay any additional amounts with respect to amounts so withheld and, in circumstances that constitute a "Section 871(m) Event" (being the occurrence at any time of circumstances in which the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Business Days, the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) with respect to the relevant Notes and/or the CGMFL Deed of Guarantee and/or any underlying Hedging Positions), an Early Redemption Event shall occur and the relevant Notes will be redeemed as more fully set out in the terms and conditions of such Notes.

If the Notes are so redeemed early, the Issuer will pay to each Noteholder in respect of each Calculation Amount held by such holder an amount equal to the fair market value of such Calculation Amount less the cost to the Issuer and/or its affiliates of unwinding any underlying, related hedging arrangements, or such other amount as is specified in the Valuation and Settlement Schedule and in the applicable Issue 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 and such amount may be substantially less than the investor's initial investment.

Meetings of Noteholders and Modifications

The Terms and 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 Terms and Conditions of the Notes also provide that the Issuer and, where the Issuer is CGMFL, the CGMFL Guarantor may make, without the consent of the Noteholders, (i) any modification to the Notes, the Coupons, the Talons, the Fiscal Agency Agreement, Swedish Notes Issuing and Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement, the relevant Deed of Covenant and/or the CGMFL Deed of Guarantee which, in the opinion of the Issuer, is not materially prejudicial to the interests of the Noteholders or (ii) any modification to the Notes, the Coupons, the Talons, the Fiscal Agency Agreement, Swedish Notes Issuing and Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement, the Deeds of Covenant, and/or the CGMFL 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.

In determining what is "materially prejudicial", the Issuer shall not consider the individual circumstances of any Noteholder or the tax or other consequences of such modification in any jurisdiction. Any such amendment may have an adverse effect on the value of the Notes or, without limitation, a Noteholder's tax, regulatory or accounting treatment of such Notes.

Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values that more standard securities.

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

Substitution

Investors should note that, in relation to any Notes, either of the Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor may, without the consent of the holders but subject to certain conditions, substitute for itself in respect of such Notes or, if applicable, the CGMFL Deed of Guarantee in respect thereof any company which is, on the date of such substitution, in the opinion of the Issuer or the CGMFL Guarantor, as the case may be, of at least equivalent standing and creditworthiness to it.

Determinations

The terms of the Notes confer on the Issuer, the Calculation Agent and certain other persons some discretion in making determinations and calculations in relation to, *inter alia*, Underlying(s) and the occurrence of various events. The Issuer, the Calculation Agent or such other persons will act in good faith and in its sole and absolute discretion or, if specified in the applicable Issue Terms in good faith and in a commercially reasonable manner, but 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.

Investors should note, *inter alia*, the circumstances, in Condition 5 of Terms and Conditions of the Notes when the Issuer is entitled to redeem the relevant Notes and the related provisions set out in the applicable Issue Terms.

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.

Notes issued at a substantial discount or premium

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

Risks in investing in the form of certificateless depositary interests in CREST

Investors may also hold interests in Notes through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (**CREST**) through the issuance of dematerialised depository interests (**CDIs**) issued, held, settled and transferred through CREST, representing interests in the relevant Notes. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the **CREST Depository**) pursuant to the global deed poll dated 26 June 2001 (as subsequently modified, supplemented and/or restated) (the **CREST Deed Poll**).

The rights of CDI Holders to Notes are represented by the relevant entitlements against the CREST Depository which (through the CREST Nominee (as defined herein)) holds interests in such Notes. Accordingly, rights under Notes underlying CDIs cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians. The enforcement of rights under such Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of such Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of Notes through the CREST International Settlement Links Service.

Potential investors should note that none of Citigroup Inc., CGMFL, the CGMFL Guarantor any Dealer, any distributor, any Paying Agent, the Registrar and any Transfer Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Risks related to the market generally

Impact of fees, commissions and/or inducements on the Issue Price and/or offer price

Investors should note that the Issue Price and/or offer price of Notes may include fees and/or other commissions and inducements (e.g. placement fees, distribution fees, structuring fees). Any such fees and/or other commissions and inducements will not be taken into account for the purposes of determining the price of such Notes in the secondary market and will result in a difference between the Issue Price and/or offer price of the Notes and the bid/offer price quoted by any intermediary in the secondary market. Any such difference will result in a decrease in the value of an issue of Notes, particularly in relation to any such Notes sold immediately following the issue date or offer period relating to such Notes.

Certain considerations relating to public offers of Notes in the European Economic Area

As described in the applicable Final Terms, Non-Exempt Notes may be distributed by means of a public offer made in the specified Member State(s) of the European Economic Area 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 or, in the case of public offers in Italy any amount segregated by a distributor as intended payment of the offer price 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.

In addition, the Issuer and/or the other entities specified in the applicable Final Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests and by giving notice to the public in accordance with the applicable Final Terms. Any such termination may occur, even where the maximum amount for subscription in relation to that offer (as specified in the applicable Final Terms), has not been reached and, in such circumstances, the early closing of the offer may have an impact on the aggregate number of Notes issued and, therefore, may have an adverse effect on the liquidity of the relevant Notes.

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

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. Investors seeking to liquidate/sell positions in the Notes prior to the stated maturity date may receive substantially less than their original purchase price. 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. To the extent that an issue of Notes is or becomes illiquid, investors may have to hold the relevant Notes until maturity before they are able to realise value.

The Issuer may, but is not obliged to, list an issue of Notes on a stock exchange or regulated market. If Notes are not listed or traded on any stock exchange or regulated market, 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 or traded on a stock exchange or 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). In the event that trading in such Notes takes place outside any such stock exchange, regulated market or trading systems, the manner in which the price of such Notes is determined may be less transparent and the liquidity of such Notes may be adversely affected. Investors should note that none of Citigroup Inc., CGMFL, the CGMFL Guarantor and any Dealer grants 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. Even if Notes are listed and/or admitted to trading, this will not necessarily result in greater liquidity.

Each of Citigroup Inc., CGMFL, the CGMFL 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 agreement. Any Notes so purchased may be held or resold or surrendered for cancellation. If any Notes are redeemed in part, then the number of Notes outstanding will decrease, which will reduce liquidity for the outstanding Notes. Any such activities may have an adverse effect on the price of the relevant Notes in the secondary market and/or the existence of a secondary market.

Any of Citigroup Inc., CGMFL, the CGMFL Guarantor or any Dealer or affiliate thereof, as, where applicable, part of its activities as a broker and dealer in fixed income and equity securities and related products or otherwise, may make a secondary market in relation to any Notes and may provide an indicative bid price on a daily basis. Any indicative prices so provided shall be determined by the relevant party in its sole discretion taking into account prevailing market conditions and shall not be a representation by such party that any Notes can be purchased or sold at such prices (or at all).

Notwithstanding the above, any of the parties specified above may suspend or terminate making a market and providing indicative prices without notice, at any time and for any reason.

Consequently, there may be no market for the relevant Notes and investors should not assume that such a market will exist. Accordingly an investor must be prepared to hold the Notes until the maturity date.

Where a market does exist, to the extent that an investor wants to sell the Notes, the price may, or may not, be at a discount from the outstanding principal amount.

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 any relevant Underlying, prevailing interest rates at the time of sale, the time remaining to the stated maturity date, the creditworthiness of the Issuer and/or, where the Issuer is CGMFL, the CGMFL Guarantor and factors affecting the capital markets generally. The introduction of additional or competing products in the market may also have a negative effect on the price of any Notes. It is therefore possible that an investor selling Notes in the secondary market may receive substantially less than their original purchase price.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to securities issued under the Programme, including any Notes. The credit rating agencies may have different rating methodologies, criteria, models and requirements from one another. 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. The ratings of any Notes may be reduced, withdrawn or qualified at any time by the applicable rating agency. If the ratings on any Notes are reduced, withdrawn or qualified, it could adversely affect the liquidity or the market value of such Notes.

Additionally, the global landscape of financial sector regulation itself is undergoing significant change. In the U.S., the Dodd-Frank Act, among other things, expands regulatory oversight of Citigroup Inc. (and its subsidiaries) and credit rating agencies. It is not clear how this expanded regulatory oversight will impact the ratings on the Notes or the rating of the Issuer and/or the CGMFL Guarantor.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out above and will be disclosed in the applicable Issue Terms. Information relating to the current ratings of Citigroup Inc. and the CGMFL Guarantor is available at www.citigroup.com.

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 advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The United States tax treatment of certain notes is unclear

For U.S. federal tax purposes, the proper treatment and characterisation of Notes that are not treated as debt instruments (generally, Notes that do not provide for the return at maturity of a holder's investment) are unclear. As a result, the timing and character of income on such a Note are uncertain, and for a non-U.S. investor there is a risk that payments on such a Note may be subject to withholding tax.

In addition, 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. The Notice focuses in particular on whether to require holders of these securities to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these securities; whether short-term securities should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the securities and the nature of the underlying property to which the securities are linked; whether these securities are or should be subject to the "constructive ownership" regime described below, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge; and the degree, if any, to which income (including any mandated accruals) realised by non-U.S. investors should be subject to withholding tax.

If withholding tax applies to a payment on such a Note or Coupon, the Issuer will not be required to pay additional interest in respect of amounts withheld.

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, 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). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015 in favour of automatic information exchanges under the Directive.

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

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, none of the Issuers, the CGMFL Guarantor (where the Issuer is CGMFL), 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. As provided in Condition 6(f) of the Terms and Conditions of the Notes, each of the Issuers and, where the Issuer is CGMFL, the CGMFL 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 in respect of the Notes.

Any of Citigroup Inc., CGMFL, the CGMFL Guarantor and/or their affiliates may be the sponsor of an Underlying and may publish values or prices in respect of an Underlying. Any of Citigroup Inc., CGMFL, the CGMFL Guarantor and/or any of their affiliates may also 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 all applicable laws and regulations. Any of Citigroup Inc., CGMFL, the CGMFL Guarantor and/or their affiliates may also issue other derivative instruments in respect of any Underlying(s). Any of Citigroup Inc., CGMFL, the CGMFL 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 securities are Underlying(s) in respect of one or more issues of Notes 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.

Any of Citigroup Inc., CGMFL, the CGMFL Guarantor, any Dealer and/or any of their affiliates 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 and may or may not be publicly available to Noteholders. There is no obligation on any of Citigroup Inc., CGMFL, the CGMFL Guarantor, or any Dealer to disclose to any potential investors in Notes or to Noteholders any such information.

Any of Citigroup Inc., CGMFL, the CGMFL Guarantor, any Dealer and/or any of their affiliates may have existing or future business relationships with the issuer of, or other entity associated 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 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 Notes, potential conflicts of interest could arise.

Post issuance information

None of the Issuers and the CGMFL Guarantor will provide any post issuance information, except if required by any applicable laws and regulations.

PERFORMANCE OF THE UNDERLYING(S), EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING(S) AND THE NOTES

The Notes are linked to the performance of the relevant Underlying(s) and a Noteholder may receive no interest during the term of the Notes and the Redemption Amount (if Cash Settlement Notes) or the value of the Entitlement (if Physical Delivery Notes) may be less than an investor's initial investment

Amounts due or assets deliverable in respect of the Notes are linked to the performance of the relevant Underlying(s).

Interest

Notes other than Coupon Barrier Notes

The Notes may or may not be expressed to bear interest in the applicable Issue Terms. Where the Notes are expressed to bear interest and are not specified to be Coupon Barrier Notes, then amounts in respect of interest due under the Notes will be determined by reference to the applicable fixed rate or amount, floating rate or inflation rate but whether interest is due or not shall not otherwise be determined by reference to the performance of the relevant rate(s) or inflation index.

Coupon Barrier Notes

Where the applicable Issue Terms specifies that the Notes are Coupon Barrier Notes, then whether interest is due or not is determined by reference to the performance of the relevant Underlying(s) and, if an Interest Barrier Event does not occur in respect of the relevant Interest Payment Date, then no amount in respect of interest shall be paid on that Interest Payment Date.

If an Interest Barrier Event occurs in respect of the relevant Interest Payment Date, the amount of interest due on such Interest Payment Date will also be determined by reference to the performance of the relevant Underlying(s) if Interim Performance Interest Provisions are specified as applicable in the applicable Issue Terms. Otherwise, if an Interest Barrier Event occurs in respect of the relevant Interest Payment Date, the amount of interest due on such Interest Payment Date will be an amount determined by reference to the applicable fixed rate or amount, floating rate or inflation rate provisions set out in the applicable Issue Terms.

In addition to the features described under “Barrier Events” below, an Interest Barrier Event will occur (a) if “Interest Barrier Event Lock-In” is specified as applicable in the applicable Issue Terms, if the relevant barrier condition has been satisfied in respect of a prior Interest Payment Date (such that, once an Interest Barrier Event has occurred in respect of an Interest Payment Date, then an Interest Barrier Event will occur in respect of each subsequent Interest Payment Date); and (b) if “Multi-Chance Provisions” is specified as applicable in the applicable Issue Terms, only if an Interest Barrier Event has occurred in respect of a specified minimum number of relevant Underlying(s) and in such circumstances the amount of interest due may then depend on the exact number of relevant Underlying(s) above such minimum number in respect of which an Interest Barrier Event has occurred for such Interest Payment Date; and (c) if “Range Accrual” is specified as applicable in the applicable Issue Terms, on each range accrual observation date during the relevant interest period and the amount of interest due will accrue in respect of each such date on which an Interest Barrier Event occurs; if an Interest Barrier Event occurs on no date during the relevant interest period, then no amount in respect of interest shall be due.

Coupon Barrier Notes may, in addition to any amounts in respect of interest due if an Interest Barrier Event occurs, pay a Non-Contingent Interest Amount on each Non-Contingent Interest Payment Date, but only if the Non-Contingent Interest Provisions are specified as applicable in the applicable Issue Terms.

Investors in Coupon Barrier Notes should be aware that they may not receive any amount in respect of interest during the term of the Notes.

Mandatory early redemption or "autocall"

If "Mandatory Early Redemption Provisions" are specified as applicable in the applicable Issue Terms, then such Issue Terms will specify what constitutes a "Mandatory Early Redemption Barrier Event" and, following the occurrence of a Mandatory Early Redemption Barrier Event, the Notes will be redeemed on the relevant Mandatory Early Redemption Date and the relevant Mandatory Early Redemption Amount specified in the applicable Issue 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.

Unless the Mandatory Early Redemption Amount is a specified fixed amount in respect of each Calculation Amount and such amount is greater than an investor's initial investment in the Notes, then investors should note that, unless a minimum redemption amount is specified in all circumstances, then they may lose all or part of their investment.

Redemption amount or Entitlement due on the maturity date

Where the Underlying Linked Notes Redemption Provisions are specified as not applicable in the applicable Issue Terms, then a fixed redemption amount shall be due in respect of each Calculation Amount on the Maturity Date. Such amount shall not be linked to the performance of any Underlying.

Where the Underlying Linked Notes Redemption Provisions are specified as applicable in the applicable Issue Terms and the Provisions relating to Redemption Barrier Event are specified as not applicable in the applicable Issue Terms, then the redemption amount due or assets deliverable shall in all circumstances be linked to the performance of the relevant Underlying(s).

Where the Underlying Linked Notes Redemption Provisions are specified as applicable in the applicable Issue Terms and the Provisions relating to Redemption Barrier Event are specified as applicable in the applicable Issue Terms, then the redemption amount due or assets deliverable shall depend on whether a Redemption Barrier Event has occurred and, if a Redemption Upper Barrier Percentage is specified, whether the Final Performance satisfies such Redemption Upper Barrier Percentage. The applicable Issue Terms will specify what constitutes a "Redemption Barrier Event" and any "Redemption Upper Barrier Percentage". Such alternate amounts may either be expressed as being a fixed redemption amount shall be due in respect of each Calculation Amount or as being a redemption amount due or assets deliverable that is linked to the performance of the relevant Underlying(s).

Where the redemption amount or assets deliverable at maturity is determined by reference to the performance of the relevant Underlying(s), investors should note that, unless a minimum redemption amount is specified in all circumstances, then they may lose all or part of their investment.

Features relating to the performance of the Underlying(s) applicable to Coupon Barrier Notes, Mandatory Early Redemption and Notes where the Underlying Linked Notes Redemption Provisions apply

Where the Notes are linked to the performance of Underlying(s), then certain features of such Notes may determine amounts due or assets deliverable thereunder. Investors must ensure that they read the terms and conditions of such Notes to fully understand the risks thereof.

Performance

Interim Performance, Mandatory Early Redemption Performance and Final Performance may be determined in respect of one or more Underlyings as follows:

- "single underlying observation" would mean that the relevant performance is calculated by reference to the Underlying performance of a single Underlying for the relevant payment date (assessed as the appreciation or depreciation in level of the relevant Underlying on the relevant Valuation Date(s) compared with the relevant strike date(s) or as otherwise determined as provided in the applicable terms and conditions of the Notes). As such, amounts due or assets deliverable where such provisions apply are linked only to the performance of that Underlying;

- "best of basket observation" would mean that the relevant performance is calculated by reference to the Underlying having the highest performance for the relevant payment date (assessed as the appreciation in level of such Underlying on the relevant Valuation Date(s) compared with the relevant strike date(s) or as otherwise determined as provided in the applicable terms and conditions of the Notes). As such, amounts due or assets deliverable where such provisions apply are linked to such highest performing Underlying(s) only.

- "worst of basket observation" would mean that the relevant performance is calculated by reference to the Underlying having the lowest performance for the relevant payment date (assessed as the depreciation in level of such Underlying on the relevant Valuation Date(s) compared with the relevant strike date(s) or as otherwise determined in the applicable terms and conditions of the Notes). As such, amounts due or assets deliverable where such provisions apply are linked to such lowest performing Underlying(s) only and if one Underlying performs negatively, then any positive performance of all other Underlying(s) will be irrelevant in the determination of the applicable amount(s) due or assets deliverable.

- "weighted basket observation" would mean that the relevant performance is calculated by reference to the performance of a weighted basket of Underlying(s) (assessed as the appreciation or depreciation in level of such Underlying on the relevant Valuation Date(s) compared with the relevant strike date(s)) and multiplied by the weighting. As such, amounts due or assets deliverable are not directly linked to the performance of any one Underlying and positive performance of some Underlying(s) may be negated by negative performance of other Underlying(s), particularly when the weighting attributed to such Underlying(s) having a negative performance is greater than that attributed to those Underlying(s) having a positive performance. Where "rainbow weighting" is applicable, the higher the weighting attributed to the relevant Underlying having the lowest performance for the relevant Valuation Date, the lower the Interim Performance, Mandatory Early Redemption Performance or Final Performance, as the case may be.

- "outperformance" would mean that the relevant performance is calculated by reference to the difference in the performance of the Underlying or Underlyings comprising the Outperformance A Underlyings and the Underlying or Underlyings comprising the Outperformance B Underlying. Therefore, the performance will be positive where the performance of the Outperformance A Underlyings is greater than the performance of the Underlying or Underlyings comprising the Outperformance B Underlying. by In determining which Underlyings comprise each of the

Outperformance A Underlyings and the Outperformance B Underlyings, any of the above observation provisions may apply, as further detailed in the applicable Issue Terms.

Barrier Events

Whether a Barrier Event has occurred or not may be determined by reference (a) to one or more Underlying(s) and, in the case of each such Underlying, whether it is less than, less than or equal to, greater than, greater than or equal to or within specified barrier levels; (b) to specified dates only ("European" observation) or during a period ("American" observation); and/or (c) to the performance of such Underlying(s) as detailed under *Performance* above, or by reference to the closing level or the level of the relevant Underlying(s) continuously observed of the relevant Underlying.

Investors must ensure that they read and understand what constitutes each relevant Barrier Event in respect of the Notes as the relevant contingencies will influence if certain amounts are paid or delivered and may impact the relevant amount or assets due in respect of the Notes.

Participation rates, caps, floors and collars applied to formulae

Certain formulae for determining amounts due or assets deliverable under the Notes may be subject to one or a combination of the following features:

- A maximum amount (a cap)
- A minimum amount (a floor)
- A maximum amount and a minimum amount (a collar)
- An "absolute value" (meaning that the relevant calculation, if resulting in a negative number, will be determined as if it were a positive number)
- One or more participation rates

In such circumstances, the relevant calculation will not be made only by reference to the performance of the relevant Underlying(s) and the application of such features may result in the calculation being subject to a minimum and/or maximum amount or otherwise increasing or decreasing the amount that would otherwise have been calculated had no such feature(s) been applicable. Movements in the value of the relevant Underlying will be magnified where a participation rate applies and may therefore result in greater gains or losses than if no participation rate applied.

FX

Where FX Provisions are specified as applicable in the applicable Issue Terms and a relevant Underlying is denominated in a currency other than the relevant Specified Currency of the Notes then values of such Underlying will be converted into the relevant Specified Currency. Therefore, amounts due or assets deliverable in respect of the Notes will also be linked to the performance of the relevant exchange rate and negative performance of such exchange rate could negate positive performance of the relevant Underlying(s).

Risks relating to Notes that are Physical Delivery Notes

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 (where Settlement via

Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 Issue Terms and it is impossible or impracticable, in the opinion of the Intermediary, 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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.

If "Aggregation of Entitlements" is specified as applicable in the applicable Issue Terms, 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 and such aggregate Entitlements will be rounded down to the nearest Tradeable Amount of the Relevant Asset(s), in such manner as the relevant Intermediary shall determine. If "Aggregation of Entitlements" is not specified as applicable in the applicable Issue Terms, the Entitlement in respect of each Calculation Amount will be rounded down to the nearest whole multiple of the Tradeable Amount of the Relevant Asset(s) in such manner as the relevant Intermediary shall determine. 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 Issue Terms, in which case, the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) shall pay to the relevant Noteholder a cash amount equal to the value of any such lesser amount.

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

If the Notes are Physical Delivery Notes, the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 and deliverable, 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) from any cash amount owing to such Noteholder and paid by the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) on behalf of the Noteholder or paid by the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) on behalf of such Noteholder by converting such amount of the Relevant Asset(s) due to be delivered 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) to convert and the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) may convert such amount of the Relevant Asset(s) into cash sufficient to cover the Expenses in respect of the relevant Note from which the relevant Intermediary shall deduct such Expenses.

Variation of Settlement

In respect of Physical Delivery Notes, the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the relevant Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) has an option to vary settlement in respect of such Notes and, in lieu of delivering or procuring delivery of the relevant Entitlement, to pay an amount determined to be equal to the fair market value of the Entitlement on the Maturity Date.

In such circumstances, a Noteholder will not receive any Relevant Assets as the Notes will only be cash settled and the redemption amount received by a Noteholder may be significantly less than such Noteholder's initial investment in the Notes. Furthermore, a Noteholder would not benefit from any increase in the price of the Relevant Assets that would have otherwise been deliverable if the Notes had been settled by physical delivery.

Risks relating to Notes that are Dual Currency Notes

If the Notes are Dual Currency Notes, then amounts payable in respect of the Notes will be determined by converting all amounts due under the Notes from the Denomination Currency into the Relevant Currency by multiplying such amount by the Dual Currency Exchange Rate for the last occurring valuation date. In such circumstances, amounts that Noteholders receive in respect of the Notes are also linked to the performance of Underlying which is the exchange rate used for such conversions. Investors should therefore also have regard to the risk factors relating to Notes linked to a currency exchange rate as set out above.

Information concerning the Underlying(s) and historic interest rates in the case of Floating Rate Notes

Information relating to the past and further performance and volatility of the Underlying(s) is available from internationally recognised published or electronically displayed sources, including the relevant Electronic Page specified in the applicable Final Terms or Pricing Supplement in the case of Notes admitted to trading on the Global Exchange Market.

Information relating to historic interest rates in the case of Floating Rate Notes is available from internationally recognised published or electronically displayed sources, including the relevant Electronic Page, Page or, as the case may be, page referred to in the applicable Floating Rate Option, in each case as specified in the applicable Final Terms or Pricing Supplement in the case of Notes admitted to trading on the Global Exchange Market.

SECTION C – DOCUMENTS INCORPORATED BY REFERENCE AND AVAILABLE FOR INSPECTION AND SUPPLEMENTS

SECTION C.1 – DOCUMENTS INCORPORATED BY REFERENCE FOR THE CITIGROUP INC. BASE PROSPECTUS

The following documents which have previously been published and filed with the *Commission de Surveillance du Secteur Financier* (CSSF) are incorporated in, and form part of, this Base Prospectus:

(1) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2012 filed with the United States Securities and Exchange Commission (the **SEC**) on 1 March 2013 (the **Citigroup Inc. 2012 Form 10-K**) (which is published on the web-site of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadDocumentFlow&v=z/++Edz7f+o41gGTsQ+Xl4I4Z4Q28xkvly0XLr/PZYdiY2Xg2Bnsex9K+I7y5oEZSmOvLovrBQenCjAZ142M6wUSNTxGQAB/2dloJBPviIwahzEE1FPVS/AT29WV7gCCaoQIZso1v7DlUnDbPlrQ+g==&so_timeout=0); and

(2) the Quarterly Report of Citigroup Inc on Form 10-Q for the quarter ended 31 March 2013 filed with the SEC on 3 May 2013 (the **Citigroup Inc. Q1 Form 10-Q**) (which is published on the web-site of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadOAMGEDFlow&v=z/++Edz7f+o41gGTsQ+Xl27T7pX5t7DDL1dfaVb9IHn4xMb2bSESb1sFMmwXlo20cqqVgw3tB8UVNmEnE2KS8OB/PxA4TV7ib4Vs+ZiSE6c=&so_timeout=0).

The following information appears on the pages of the relevant document(s) as set out below:

1. Unaudited consolidated interim financial information of Citigroup Inc. in respect of the three months ended 31 March 2013, as set out in the Citigroup Inc. Q1 Form 10-Q:

		Page(s)
A.	Consolidated Statement of Income	103-104
B.	Consolidated Balance Sheet	105-106
C.	Consolidated Statement of Changes in Stockholders' Equity	107
D.	Consolidated Statement of Cash Flows	108
E.	Notes and Accounting Policies	109-216

2. Other information relating to Citigroup Inc., as set out in the Citigroup Inc. Q1 Form 10-Q:

		Page(s)
A.	Description of the principal activities of Citigroup Inc.	3-33, 109-111, 100-101, 113
B.	Description of the principal markets in which Citigroup Inc. competes	3-33
C.	Description of the principal investments of Citigroup Inc.	124-135
D.	Description of trends and events affecting Citigroup Inc.	3-33, 109-111, 100-101, 113, 218

E.	Description of litigation involving Citigroup Inc.	214-217
F.	Risk Management	33-94

3. Audited consolidated financial statements of Citigroup Inc. as of 31 December 2012 and 2011 and for the years ended 31 December 2012, 2011 and 2010, as set out in the Citigroup Inc. 2012 Form 10-K:

		Page(s)
A.	Consolidated Statement of Income	140-141
B.	Consolidated Balance Sheet	142-143
C.	Consolidated Statement of Changes in Stockholders' Equity	144
D.	Consolidated Statement of Cash Flows	145
E.	Notes and Accounting Policies	146-288
F.	Report of Independent Registered Accounting Firm - Consolidated Financial Statements of Citigroup Inc. as of 31 December 2012 and 2011 and for the years ended 31 December 2012, 2011 and 2010	138

4. Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2012 Form 10-K:

		Page(s)
A.	Description of the principal activities of Citigroup Inc.	4-36, 40, 126-132, 135-136, 163, 290-293
B.	Description of the principal markets in which Citigroup Inc. competes	292
C.	Description of the principal investments of Citigroup Inc.	190-200
D.	Description of trends and events affecting Citigroup Inc.	4-36, 40, 126-132, 135-136, 163, 290-293
E.	Description of litigation involving Citigroup Inc.	280-287

In addition, all quarterly interim reports on Form 10-Q of Citigroup Inc., its Annual Reports on Form 10-K for fiscal years after 2012 and any other reports filed by Citigroup Inc. 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 Citigroup Inc. Annual Report on Form 10-K for the fiscal year 2012 and Form 10-Q for the quarter ending 31 March 2013 referred to above will be available to the public on the SEC's website (address: http://www.sec.gov).

The Citigroup Inc. Base Prospectus should be read and construed in conjunction with any documents incorporated by reference therein, any supplement to this Base Prospectus or the Citigroup Inc. Base

Prospectus and any applicable Issue Terms. Any statement contained therein or in any document incorporated by reference therein shall be deemed to be modified or superseded for the purposes of this Base Prospectus or the Citigroup Inc. Base Prospectus to the extent that any supplement to this Base Prospectus or the Citigroup Inc. Base Prospectus or any other subsequently dated document incorporated by reference therein 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 or the Citigroup Inc. Base Prospectus.

SECTION C.2 –DOCUMENTS INCORPORATED BY REFERENCE FOR THE CGMFL BASE PROSPECTUS

The following documents which have previously been published and have been filed with the *Commission de Surveillance du Secteur Financier* (CSSF) are incorporated in, and form part of, this Base Prospectus:

(1) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2012 filed with the United States Securities and Exchange Commission (the **SEC**) on 1 March 2013 (the **Citigroup Inc. 2012 Form 10-K**) (which is published on the web-site of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadDocumentFlow&v=z/++Edz7f+o41gGTsQ+Xl4I4Z4Q28xkvly0XLr/PZYdiY2Xg2Bnsex9K+I7y5oEZSmOvLovrBQenCjAZ142M6wUSNTxGQAB/2dloJBPviIwahzEE1FPVS/AT29WV7gCCaoQIZso1v7DlUnDbPlrQ+g==&so_timeout=0); and

(2) the Quarterly Report of Citigroup Inc. on Form 10-Q for the quarter ended 31 March 2013 filed with the SEC on 3 May 2013 (the **Citigroup Inc. Q1 Form 10-Q**) (which is published on the web-site of the Luxembourg Stock Exchange at https://www.bourse.lu/Bourse/application?_flowId=DownloadOAMGEDFlow&v=z/++Edz7f+o41gGTsQ+Xl27T7pX5t7DDL1dfaVb9IHn4xMb2bSESb1sFMmwXlo20cqqVgw3tB8UVNmEnE2KS8OB/PxA4TV7ib4Vs+ZiSE6c=&so_timeout=0).

The report and audited financial statements of CGMFL for the period ended 31 December 2012 (the **CGMFL 2012 Annual Report**) are set out in the section entitled "Report and Audited Financial Statements of CGMFL" of this Base Prospectus.

The annual report and audited financial statements of the CGMFL Guarantor for the year ended 31 December 2012 and 31 December 2011 (the **CGML Annual Reports**) are set out in the section entitled "Annual Report and Audited Financial Statements of the CGMFL Guarantor" of this Base Prospectus.

Citigroup Inc. has not guaranteed, and is not otherwise liable for, the obligations of CGMFL or the CGMFL Guarantor in respect of Notes issued by CGMFL. Holders of Notes issued by CGMFL are subject to the credit risk of CGMFL and the CGMFL Guarantor, without recourse to Citigroup Inc. or any other party, and are dependent on the ability of CGMFL and the CGMFL Guarantor to make payments on their respective obligations as they become due.

The following information appears on the pages of the relevant document(s) as set out below:

1. Audited historical non-consolidated financial information of CGMFL in respect of the period ended 31 December 2012 as set out in the CGMFL 2012 Annual Report, namely:

		Page(s)
A.	Balance Sheet	3

2. Audited historical financial information of the CGMFL Guarantor in respect of the years ended 31 December 2012 and 2011, as set out in the CGML Annual Reports, namely:

		Page(s)
A.	Profit and Loss Account:	20
B.	Statement of Total Recognised Gains and Losses:	21

3. Unaudited consolidated interim financial information of Citigroup Inc. in respect of the three months ended 31 March 2013, as set out in the Citigroup Inc. Q1 Form 10-Q:

4. Other information relating to Citigroup Inc., as set out in the Citigroup Inc. Q1 Form 10-Q:

5. Audited consolidated financial statements of Citigroup Inc. as of 31 December 2012 and 2011 and for the years ended 31 December 2012, 2011 and 2010, as set out in the Citigroup Inc. 2012 Form 10-K:

6. Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2012 Form 10-K:

In addition, all quarterly interim reports on Form 10-Q of Citigroup Inc., its Annual Reports on Form 10-K for fiscal years after 2012 and any other reports filed by Citigroup Inc. 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 Citigroup Inc. Annual Report on Form 10-K for the fiscal year 2012 and Form 10-Q for the quarter ending 31 March 2013 referred to above will be available to the public on the SEC's website (address: http://www.sec.gov).The CGMFL Base Prospectus should be read and construed in conjunction with any documents incorporated by reference therein, any supplement to this Base Prospectus or the CGMFL Base Prospectus and any applicable Issue Terms. Any statement contained therein or in any document incorporated by reference therein shall be deemed to be modified or superseded for the purposes of this Base Prospectus or the CGMFL Base Prospectus to the extent that any supplement to this Base Prospectus or the CGMFL Base Prospectus or any other subsequently dated document incorporated by reference therein 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 or the CGMFL Base Prospectus.

SECTION C.3 – DOCUMENTS AVAILABLE FOR INSPECTION

1. For so long as the Programme remains in effect or any Notes remains outstanding, the following documents will be available for inspection in electronic form and (in the case of the items listed under (iii), (iv), (ix) and (xi) below) obtainable, during normal business hours free of charge on any weekday (Saturdays, Sundays and public holidays excepted), at the specified office of the Fiscal Agent and each of the other Paying Agents:

   (i) the Fiscal Agency Agreement, as amended or supplemented (which includes the form of the Global Notes, the Global Registered Note Certificates, the definitive Bearer Notes, the definitive Registered Note Certificates, the Coupons and the Talons);

   (ii) the Dealership Agreement, as amended or supplemented;

   (iii) the CGMFL Deed of Guarantee;

   (iv) the Deeds of Covenant, as amended or supplemented;

   (v) the Rule 144A Deed Poll, as amended or supplemented;

   (vi) the Restated Certificate of Incorporation and By-Laws of Citigroup Inc.;

   (vii) the articles of incorporation of CGMFL;

   (viii) the articles of association of the CGMFL Guarantor;

   (ix) the annual report and audited non-consolidated financial statements of CGMFL for the period ended 31 December 2012, the annual report and audited consolidated financial statements of Citigroup Inc. for the years ended 31 December 2012 and 2011 and the annual report and audited consolidated financial statements of the CGMFL Guarantor for the years ended 31 December 2012 and 2011, in each case together with any relevant audit reports prepared in connection therewith;

   (x) the most recently published unaudited interim consolidated financial statements of Citigroup Inc. and the most recent unaudited interim non-consolidated financial statements of CGMFL;

   (xi) each Final Terms; and

   (xii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.

2. Copies of the latest annual report and audited consolidated financial statements of Citigroup Inc. and the latest quarterly interim unaudited consolidated financial statements of Citigroup Inc. may be obtained at the specified offices of each of Fiscal Agent and the other Paying Agents during normal business hours so long as any of the Notes issued by Citigroup Inc. is outstanding. Copies of the latest annual report and audited non-consolidated financial statements of CGMFL and the latest half-yearly interim unaudited non-consolidated financial statements of CGMFL may be obtained at the specified offices of each of the Fiscal Agent and the Paying Agents during normal business hours so long as any of the Notes issued by CGMFL is outstanding. Copies of the latest annual report and audited consolidated financial statements of the CGMFL Guarantor may be obtained at the specified offices of each of Fiscal Agent and the other Paying Agents during normal business hours so long as any of the Notes issued by CGMFL is outstanding.

SECTION C.4 – SUPPLEMENTS TO THE CITIGROUP INC. BASE PROSPECTUS OR THE CGMFL BASE PROSPECTUS

Citigroup Inc. and/or CGMFL and/or the CGMFL Guarantor, as the case may be will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in the Citigroup Inc. Base Prospectus and/or the CGMFL Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to the Citigroup Inc. Base Prospectus, and/or the CGMFL Base Prospectus, as the case may be, or publish a new Citigroup Inc. Base Prospectus and/or CGMFL Base Prospectus, as the case may be, for use in connection with any subsequent issue of Notes.

SECTION D – INFORMATION RELATING TO THE ISSUERS AND THE CGMFL GUARANTOR

SECTION D.1 – DESCRIPTION OF CITIGROUP INC.

Citigroup Inc. (**Citi**, the **Company,** or **Citigroup**) is a global diversified financial services holding company whose businesses provide consumers, corporations, governments and institutions with a broad range of financial products and services. Citigroup Inc. has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citigroup Inc. 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 (the **Federal Reserve**). Some of Citi's subsidiaries are subject to supervision and examination by their respective federal and state authorities. At 31 December 2012, Citigroup Inc. had approximately 259,000 full-time employees worldwide.

Citigroup Inc.'s objects and purpose is to "engage in any lawful act or activity for which a corporation may be organised under the General Corporation Law of Delaware", as stated in Article THIRD of Citi's Restated Certificate of Incorporation. Citigroup Inc. operates, for management reporting purposes, via two primary business segments: Citicorp, consisting of Citi's Global Consumer Banking businesses (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); and Citi Holdings, which consists of Brokerage and Asset Management, Local Consumer Lending, and a Special Asset Pool. There is also a third segment, Corporate/Other.

Citigroup Inc. is a holding company and services its obligations primarily by earnings from its operating subsidiaries. Citigroup Inc. may augment its capital through issuances of common stock, perpetual preferred stock and equity issued through awards under employee benefit plans, among other issuances. Citigroup Inc. has also augmented its regulatory capital through the issuance of debt underlying trust preferred securities, although the treatment of such instruments as regulatory capital will be phased out under Basel III and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Citigroup Inc.'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. Citigroup Inc.'s ability to pay regular quarterly cash dividends of more than $0.01 per share, or to redeem or repurchase equity securities or trust preferred securities is currently restricted (which restriction may be waived) due to its agreements with certain U.S. government entities, generally for so long as the U.S. government continues to hold any of Citigroup Inc.'s trust preferred securities acquired in connection with the exchange offers consummated in 2009. Citigroup Inc.'s subsidiaries may be party to credit agreements that also may restrict their ability to pay dividends. Citigroup Inc. currently believes that none of these regulatory or contractual restrictions on the ability of its subsidiaries to pay dividends will affect Citigroup Inc.'s ability to service its own debt. Citigroup Inc. must also maintain the required capital levels of a bank holding company before it may pay dividends on its stock.

Under the regulations of the Federal Reserve, 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 Citigroup Inc. to commit resources to its subsidiary banks when doing so is not otherwise in the interests of Citigroup Inc. or its shareholders or creditors.

The principal offices for Citigroup Inc. are located at 399 Park Avenue, New York, NY 10043, and its telephone number is + 1 212 559-1000. Citigroup Inc. was established as a corporation incorporated in Delaware on 8 March 1988, registered at the Delaware Division of Corporations with perpetual duration pursuant to the Delaware General Corporation Law with file number 2154254. Citi's authorised capital stock consists of 6 billion shares of common stock and 30 million shares of preferred stock. As at 31 March 2013, there were approximately 3.0 billion fully paid common stock shares outstanding and approximately 125,000 preferred 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.

DIRECTORS AND EXECUTIVE OFFICERS OF CITIGROUP INC.

The members of the board of directors of Citigroup Inc. are:

Board of Directors	Title	Main duties outside Citigroup Inc.
Robert L. Joss		Philip H. Knight Professor and Dean Emeritus, Stanford University Graduate School of Business.
Michael E. O'Neill	Chairman	
Michael L. Corbat	CEO	–
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 Fund Management, L.P.
William S. Thompson, Jr.		CEO, Retired, Pacific Investment Management Company (PIMCO).
Ernesto Zedillo Ponce de Leon		Director, Center for the Study of Globalization and Professor in the Field of International Economics and Politics, Yale University
Franz B. Humer		Chairman, Roche Holding Ltd.
Joan E. Spero		Senior Research Scholar, Columbia University School of International and Public Affairs

The executive officers of Citigroup Inc. are: Eric W. Aboaf, Francisco Aristeguieta, Javier Arrigunaga, Stephen Bird, Don Callahan, Michael L. Corbat, James C. Cowles, Sanjiv Das, James A. Forese, John C. Gerspach, Michael Helfer, Bradford Hu, Brian Leach, Jud Linville, Mark Mason, Paul McKinnon, Eugene M. McQuade, Manuel Medina-Mora, William J. Mills, Edward Skyler, CeCe Stewart, Kevin Thurm, Francisco Vanni d'Archirafi, Rohan Weerasinghe and Paco Ybarra.

The business address of each director and executive officer of Citigroup Inc. in such capacities is 399 Park Avenue, New York, New York 10043.

There are no of any potential conflicts of interest existing between any duties owed to Citigroup Inc. by its senior management listed above and their private interests and/or other duties.

Citigroup Inc. 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 committee consisting of Anthony M Santomero (Chair), Michael E. O'Neill, Robert L. Ryan, and Joan Spero, which assists the board in general fulfilling its oversight responsibility relating to (i) the integrity of Citi's consolidated financial statements and financial reporting process and Citi's systems of internal accounting and financial controls, (ii) the performance of the internal audit function, (iii) the annual independent integrated audit of Citi's consolidated financial statements and effectiveness of Citi's internal control over financial reporting, the engagement of the independent registered public accounting firm (**Independent Auditors**) and the evaluation of the Independent Auditors' 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 nomination, governance and public affairs committee, which is responsible for (i) identifying individuals qualified to become board members and recommending to the board the director nominees for the next annual meeting of stockholders, (ii) leading the board in its annual review of the board's performance, (iii) recommending to the board directors for each committee for appointment by the board (iv) reviewing Citi's policies and programmes that relate to public issues of significance to Citi and to the public at large and (v) reviewing Citi's relationships with external constituencies and issues that impact Citi's reputation, and advising management as to its approach to each.

The personnel and compensation committee, which is responsible for determining the compensation for the CEO, and approving the compensation structure for executive officers, other members of senior management and certain highly compensated employees 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.

The committee meets periodically with Citi's senior risk officers to discuss the risk attributes of Citi's incentive compensation programmes so that such programmes do not encourage excessive risk taking. In consultation with the CEO, the committee regularly reviews Citi's talent development process to ensure it is effectively managed and to identify opportunities, performance gaps and next steps as part of Citi's executive succession planning and development process. The committee is also charged with annually reviewing Citi's performance toward meeting its goals on employee diversity.

The risk management and finance committee, which has the primary responsibility for (1) oversight of Citigroup's risk management framework, including the significant policies, procedures and practices used in managing credit, market, operational and certain other risks and (2) oversight of Citigroup's policies and practices relating to Treasury matters, including capital, liquidity and financing, as well as to merger, acquisition, and divestiture activity (M&A). The committee reports to the board regarding Citigroup's risk profile, as well as its risk management framework, including the significant policies, procedures, and practices employed to manage risks in Citigroup's businesses, as well as the overall adequacy of the Risk Management function. The committee's role is one of oversight, recognizing that management is responsible for executing Citigroup Inc.'s risk management, Treasury and M&A policies.

SELECTED FINANCIAL INFORMATION RELATING TO CITIGROUP INC.

The following table sets out in summary form selected financial information for Citigroup Inc. and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of Citigroup Inc. contained in the Citigroup Inc. 2012 Form 10-K as filed with the SEC on 1 March 2013.

	At or for the year ended 31 December		
	2012 (audited)	**2011 (audited)**	**2010 (audited)**
	(in millions of U.S. dollars)		
Income Statement Data:			
Total revenues, net of interest expense	70,173	78,353	86,601
Income from continuing operations	7,909	11,103	10,951
Net Income	7,541	11,067	10,602
Balance Sheet Data:			
Total assets	1,864,660	1,873,878	1,913,902
Total deposits	930,560	865,936	844,968
Long-term debt(1)	239,463	323,505	381,183
Total stockholders' equity	189,049	177,806	163,468

(1) Including U.S.$29,764 and U.S.$24,172 at 31 December 2012 and 2011, respectively, at fair value.

The following table sets out in summary form selected financial information for Citigroup Inc. and its consolidated subsidiaries. Such information is derived from the consolidated financial statements of Citigroup Inc. contained in the Citigroup Inc. Q1 Form 10-Q as filed with the SEC on 3 May 2013.

	At or for the three months ended 31 March	
	2013 (unaudited)	**2012 (unaudited)**
	(in millions of U.S. dollars)	
Income Statement Data:		
Total revenues, net of interest expense	20,491	19,406
Income from continuing operations	3,965	3,062
Net Income	3,808	2,931
Balance Sheet Data:		
Total assets	1,881,734	1,944,423
Total deposits	966,762	906,012
Long-term debt	234,326	311,079
Total stockholders' equity	193,359	181,820

Auditors

The auditors of Citigroup Inc. 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 Citigroup Inc. as of 31 December 2012 and 2011 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 2012. KPMG LLP expressed an unqualified opinion on such financial statements in its report dated 1 March 2013.

Material Contracts

Citigroup Inc. has no contracts that are material to its ability to fulfil its obligations under any Notes issued by it.

Use Of Proceeds

The net proceeds of the issue of Notes by Citigroup Inc. will be used for general corporate purposes, which may include capital contributions to its subsidiaries and/or the reduction or refinancings of borrowings of Citigroup Inc. or its subsidiaries. Citigroup Inc. expects to incur additional indebtedness in the future.

Corporate authorities

Citigroup Inc. has 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 Notes. The establishment of the Programme and the issue of the Notes by Citigroup Inc. under the Programme was authorised by certificates of the Funding Committee of Citigroup Inc. dated 21 June 2012 pursuant to resolutions of the board of directors of Citigroup Inc. dated18 January 2012 and 21 March 2012.

Legal proceedings

Save as disclosed in the Citigroup Inc. Base Prospectus (including the documents incorporated by reference therein), neither Citigroup Inc. nor 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 Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole, nor, so far as Citigroup Inc. is aware, are any such proceedings pending or threatened.

Significant change and material adverse change

There has been no significant change in the financial or trading position of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 March 2013 (the date of Citigroup Inc.'s most recently published unaudited interim financial statements), and there has been no material adverse change in the financial position or prospects of Citigroup Inc. or Citigroup Inc. and its subsidiaries as a whole since 31 December 2012 (the date of Citigroup Inc.'s most recently published audited financial statements).

SECTION D.2 – DESCRIPTION OF CGMFL

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A.

Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL**) was incorporated as a corporate partnership limited by shares *(société en commandite par actions)* on 24 May 2012 under the law of 10 August 1915 on commercial companies as amended (the **Companies Act 1915**) for an unlimited duration and is registered with the Register of Trade and Companies of Luxembourg under number B169 199. CGMFL has been established for the purpose, among others, of granting loans or other forms of funding directly or indirectly in whatever form or means to any entities in the same group.

The issued share capital of CGMFL is two million Euro (EUR2,000,000) divided into one (1) share with a nominal value of one Euro (EUR1.-) *(action de commandité,* the **Unlimited Share**) held by Citigroup Global Markets Funding Luxembourg GP S.à r.l., a private limited liability company *(société à responsabilité limitée)* incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg and registered with the Register of Trade and Companies of Luxembourg under number B169 149 (the **Unlimited Shareholder**) and one million nine hundred ninety-nine thousand nine hundred ninety-nine (1,999,999) shares with a nominal value of one Euro (EUR 1.-) each *(actions de commanditaire,* the **Limited Shares**) held (i) by the Unlimited Shareholder for one (1) Limited Share and (ii) by Citigroup Global Markets Limited, a private limited company, incorporated under the laws of the United Kingdom, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, registration number 1763297 for one million nine hundred ninety-nine thousand nine hundred ninety-eight (1,999,998) Limited Shares (the **Limited Shareholders** and together with the Unlimited Shareholder the **Shareholders**).

CGMFL is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. The Board of Managers (as defined below) provides independent management of CGMFL. CGMFL is a wholly owned indirect subsidiary of Citigroup Inc.. 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 Citigroup Inc.

CGMFL's registered office is situated at 31, Z.A. Bourmicht, L-8070 Bertrange, Grand Duchy of Luxembourg and the telephone number is +352 451 41 4237/+352 2700 6201.

Management of CGMFL

CGMFL is managed by Citigroup Global Markets Funding Luxembourg GP S.à r.l. in its capacity as manager (the **Manager**).

The following table sets forth the names of the members of the board of managers of the Unlimited Shareholder being the Manager (the **Board of Managers**) as of the date of this Base Prospectus:

– Mr. Laurent Dimanche, with professional address at Rue Hicht 14, L-6212 Consdorf, Luxembourg; and,

– Mr. Charles Denotte, with professional address at 48, avenue Gaston Diderich, L-1420 Luxembourg.

Charles Denotte is the Citi Country Officer (CCO) for Luxembourg and Managing Director, Compliance Cluster Head for Western and Northern Europe (12 countries).

Charles Denotte has over 24 years of Banking experience and prior to joining Citi he worked for Fortis Group, Credit Suisse and Bankgesellschaft Berlin in a variety of positions. In addition to his banking experience, Charles Denotte spent nearly two years as a criminal financial investigator for the Luxembourg judicial authorities.

Charles Denotte is a board member of Citigroup Global Markets Funding Luxembourg GP S.à r.l., a board member of various other Citi entities in Luxembourg, board member of the American Bankers Association Luxembourg, of the AmCham Luxembourg, of the International Bankers Club Luxembourg, of PlanetFinance Luxembourg and of Jonk Entrepreneuren Asbl Luxembourg.

He was recently appointed as representative of Citi at the Luxembourg Stock Exchange (May 2012).

Charles Denotte was also a non executive director and chairman of the board of Citibank Belgium S.A., and member of the audit committee of Citibank Belgium S.A. until the sale of the Consumer business in Belgium in May 2012.

Charles Denotte holds a banking diploma from the Luxembourg University (Centre Universitaire de Luxembourg Cycle Court Section Commerce – Banques) and has a Master of Business Administration from Sheffield Hallam University, UK.

Laurent Dimanche is director and Country Head Trader within Citigroup Global Markets Luxembourg since May 2011.

He has dealt with Structured Finance for 11 years and has over 15 years of Banking experience.

Laurent Dimanche is a board member of Citigroup Global Markets Funding Luxembourg GP S.à r.l.

Laurent Dimanche holds an Msc. in Finance and Banking from the Luxembourg School of Finance, a civil engineer degree in Electromechanics from the University of Liège (Belgium) as well as a post Graduate degree in Management from the same engineering school.

There are no potential conflicts of interest existing between any duties owed to CGMFL by the board of managers listed above and their private interests and/or other duties.

Principal activities

As set out in Clause 3 in the Statutes of CGMFL, the corporate object of CGMFL is the granting of loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to the same group (e.g. including, but not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of any entities, through derivatives or otherwise).

CGMFL may finance itself in whatever form including, without limitation, through borrowing or through issuance of listed or unlisted notes and other debt or equity instruments, convertible or not (e.g. including but not limited to bonds, notes, loan participation notes, subordinated notes, promissory notes, certificates and warrants) including under stand-alone issues, medium term note and commercial paper programmes.

CGMFL may also:

(i) grant security for funds raised, including notes and other debt or equity instruments issued, and for the obligations of CGMFL; and

(ii) enter into all necessary agreements, including, but not limited to underwriting agreements, marketing agreements, management agreements, advisory agreements, administration agreements and other contracts for services, selling agreements, deposit agreements, fiduciary agreements, hedging agreements, interest and/or currency exchange agreements and other financial derivative agreements, bank and cash administration agreements, liquidity facility agreements, credit insurance agreements and any agreements creating any kind of security interest.

In addition to the foregoing, CGMFL can perform all legal, commercial, technical and financial investments or operations and, in general, all transactions which are necessary or useful to fulfil its objects as well as all operations connected directly or indirectly to facilitating the accomplishment of its purpose in all areas described above.

CGMFL's articles however prohibit it from entering into any transaction which would constitute a regulated activity of the financial sector or require a business licence under Luxembourg law without due authorisation under Luxembourg law.

CGMFL's constitutional documents were published in the *"Mémorial C, Recueil des Sociétés et Associations* C N° 1700, p.81554".

CGMFL grants loans and other forms of funding to entities belonging to the same group and therefore competes in any market in which the Group has a presence.

Corporate Governance

No corporate governance regime to which CGMFL would be subject exists in Luxembourg as of the date of this Base Prospectus.

Share Capital

Issued shares (2,000,000 of EUR1), all these shares have been partially paid up, for an amount of five hundred thousand Euro (EUR500,000.-).

	Limited Shares:	**Unlimited Share:**	**Subscription Price in Euro**
Citigroup Global Markets Funding Luxembourg GP S.à.r.l.	1	1	0.50
Citigroup Global Markets Limited	1,999,998	/	499,999.50
Total Shares	1,999,999	1	500,000
Total Capitalisation:	EUR2,000,000		

Approved Statutory Auditor *(Réviseur d'entreprises agréé)* and financial year

CGMFL's approved statutory auditor *(réviseur d'enterprises agréé)* is KPMG Luxembourg, a *société à responsabilité limitée,* incorporated and existing under Luxembourg law, having its registered office at 9, allée Scheffer, L-2520 Luxembourg and registered with the Register of Commerce and Companies of Luxembourg under number B 149 133 (**KPMG Luxembourg**), who has been appointed by the first extraordinary general meeting of the Shareholders of CGMFL by a resolution dated 24 May 2012. KPMG Luxembourg is a member of the Institut des Réviseurs d'Entreprises.

CGMFL's fiscal year starts on 1 January and ends on 31 December each year, except for the first fiscal year that started on the date of incorporation of CGMFL and ended on 31 December 2012.

KPMG Luxembourg audited the CGMFL 2012 Annual Report. KPMG Luxembourg expressed an unqualified opinion on the CGMFL 2012 Annual Report.

Taxation

CGMFL is subject to the tax laws of Luxembourg on income and does not have any special tax status. It is, therefore, in principle entitled to the benefits of tax treaties concluded between the Grand Duchy of Luxembourg and other countries (subject to the acceptance of such contracting states).

Employees

CGMFL has no employees.

Selected Financial Information

The table below sets out in summary form key financial information for CGMFL. The summary form was extracted from CGMFL's Annual Report for the period ended on 31 December 2012 which was published on 7 June 2013 and from the opening balance sheet of CGMFL as at 24 May 2012:

	At or for the year ended 31 December 2012 (audited)	**Opening balance sheet dated 24 May 2012 (audited)**
	EUR	
Assets		
Subscribed capital unpaid		
Subscribed capital uncalled	1,500,000	1,500,000
Current assets		
Cash at bank	591,797	500,000
Prepayments and accrued income	1,575	
Total Assets	2,093,372	2,000,000
Liabilities		
Capital and reserves		
Subscribed capital	2,000,000	2,000,000
Loss for the financial period	(6,626)	
Non-subordinated debt		
Amounts owed to affiliated undertakings	99,998	–
Total Liabilities	2,093,372	2,000,000

Accounts

CGMFL prepares annual non-consolidated accounts. The first annual accounts were prepared in respect of the period from the date of its incorporation to 31 December 2012 in accordance with the articles of incorporation and were published by CGMFL on 7 June 2013.

In accordance with the provisions of the Companies Act 1915, CGMFL will publish its audited annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the Shareholders.

Any future published audited annual accounts prepared for CGMFL will be obtainable free of charge from the registered office of CGMFL in Luxembourg, as described in the section "*Documents Available for Inspection*".

Material Contracts

Apart from any agreements entered into by it in connection with the Programme, CGMFL has not entered into any material contracts other than in the ordinary course of its business.

In connection with the issue of Swedish Notes and Finnish Notes, CGMFL expects to enter into a Swedish Notes Issuing and Paying Agent Agreement and a Finnish Notes Issuing and Paying Agent Agreement respectively.

Use Of Proceeds

The net proceeds of the issue of Notes by CGMFL will be used primarily to grant loans or other forms of funding to Citigroup Global Markets Limited and any entity belonging to the same group, and may be used to finance CGMFL itself.

Corporate authorities

The issuance of the Notes by CGMFL and any other relevant corporate actions in relation to the issuance of the Notes have been authorised pursuant to a resolution of the board of managers of the Manager of CGMFL on 25 June 2013.

Legal proceedings

Save as disclosed in the CGMFL Base Prospectus (including the documents incorporated by reference therein), CGMFL has not been involved in any governmental, legal or arbitration proceedings that may have had, since the incorporation of CGMFL, a significant effect on CGMFL's financial position or profitability nor, so far as CGMFL is aware, any such proceedings are pending or threatened.

Significant change and material adverse change

There has been no significant change in the financial or trading position of CGMFL since 31 December 2012 (the date of its most recently published audited annual financial statements) and there has been no material adverse change in the financial position or prospects of CGMFL since 31 December 2012 (the date of its most recently published audited annual financial statements).

SECTION D.3 – DESCRIPTION OF CITIGROUP GLOBAL MARKETS LIMITED

Citigroup Global Markets Limited (**CGML**) is a private company limited by shares and was incorporated in England and Wales on 21 October 1983. CGML is domiciled in England, its registered office is at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and its telephone number is+44(0)207 986 4000. The registration number of CGML is 01763297 on the register maintained by Companies House.

Directors of CGML

The directors of CGML are:

Name	**Position at CGML**
J.P. Asquith	Director
D.J. Challen	Director
J.C. Cowles	Director
D.L. Taylor	Director
S.H. Dean	Director
P. McCarthy	Director

The business address of each director of CGML in his capacity as such is Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. There are no potential conflicts of interest existing between any duties owed to CGML by the board of directors listed above and their private interests and/or other duties. There are no principal activities performed by the directors outside of CGML which are significant with respect to CGML.

Principal activities

CGML is a wholly-owned indirect subsidiary of Citigroup Inc. and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It is a broker and dealer in fixed income and equity securities and related products in the international capital markets and an underwriter and provider of corporate finance services, operating globally from the UK and through its branches in Western Europe and the Middle East. CGML also markets securities owned by other group undertakings on a commission basis.

Corporate Governance

To the best of its knowledge and belief, CGML complies with the laws and regulations of England regarding corporate governance.

Share capital of CGML and major shareholders

As at 31 December 2012, the issued share capital of CGML was US$1,499,626,620 made up of 350,000,000 convertible non-redeemable preference shares of US$1 and 1,149,626,620 ordinary shares of US$1. The convertible non-redeemable preference shares each carry an entitlement to a fixed non-cumulative preferential dividend of an amount per share per annum, as detailed in the Company's articles. The convertible non-redeemable preference share dividend shall be paid annually on 31 December in each year ending on that date or on such date and in respect of such period as the Directors may in their discretion determine. These convertible non-redeemable preference shares confer upon the holders the right to convert such shares into fully paid ordinary shares on each quarter end on the basis of US$1 nominal of ordinary shares for every US$1 nominal of convertible non-redeemable preference shares held. These convertible non-redeemable preference shares do not permit holders to vote at general meetings of the Company unless a dividend declared on those shares has not been paid on the due date. On a return of capital on liquidation or otherwise, the convertible non-redeemable preference shares rank in priority to the ordinary shares.

All of the issued share capital of CGML is owned by Citigroup Global Markets Europe Limited, which is an indirect subsidiary of Citigroup Inc. 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 Citigroup Inc.

Selected Financial Information

The following table sets out in summary form selected financial information for CGML. The summary form was derived from the audited financial information of CGML for the year ended 31 December 2012, which was published on 30 April 2013.

	At or for the year ended 31 December		
	2012 (audited)	**2011 (audited)**	**2010 (audited)**
	(in millions of U.S. dollars)		
Profit and Loss Account Data:			
Gross Profit	2,767	2,921	3,410
Total Income (Commission income and fees + Net dealing income)	2,830	3,217	3,397
Operating profit/loss ordinary activities before taxation	(313)	(338)	173
Balance Sheet Data:			
Total assets	265,611	306,503	258,030
Debt (Subordinated)	5,700	10,180	11,180
Total Shareholder's funds	10,119	10,415	10,089

Auditor of CGML

CGML's auditor is KPMG Audit Plc, having its registered office at 15 Canada Square, London E14 5GL. KPMG Audit Plc is regulated by the Financial Reporting Council. KPMG are members of the UK's chartered accountants' professional body, ICAEW, of Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA.

KPMG Audit Plc audited the financial statements of CGML for the fiscal years ended 31 December 2012 and 2011 and expressed an unqualified opinion on such financial statements in its reports dated 3 April 2013 and 23 March 2012.

Material Contracts

CGML has no contracts that are material to its ability to fulfil its obligations under any Notes issued by CGMFL.

Corporate authorities

CGML has obtained all necessary consents, approvals and authorisations in England in connection with the CGMFL Deed of Guarantee.

Significant or Material Change

There has been no significant change in the financial or trading position of CGML or CGML and its subsidiaries as a whole since 31 December 2012 (the date of its most recently published audited annual financial statements) and there has been no material adverse change in the financial position or prospects of CGML or CGML and its subsidiaries as a whole since 31 December 2012 (the date of its most recently published audited annual financial statements).

Litigation

Save as disclosed in the CGMFL Base Prospectus (including the documents incorporated by reference therein), CGML is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which CGML is aware) in the twelve months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of CGML or CGML and its subsidiaries as a whole.

SECTION E – GENERAL INFORMATION RELATING TO THE PROGRAMME AND THE NOTES

SECTION E.1 –GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue notes (together, the **Securities**) including, for the avoidance of doubt, Notes issued under this Base Prospectus denominated or payable in any currency, subject as set out herein. The applicable terms of any Securities will be agreed between the Issuer and, where applicable, the relevant Dealer prior to the issue of the Securities and will be set out in the terms and conditions of the Securities which, for the purpose of Notes issued pursuant to this Base Prospectus, shall mean the "Terms and Conditions of the Notes" endorsed on, scheduled to, or incorporated by reference into, the Notes, as completed by Part A of the applicable Final Terms or as modified and/or supplemented, as applicable, by Part A of the applicable Pricing Supplement in each case, as attached to, or endorsed on, such Notes.

SECTION E.2 – GENERAL INFORMATION RELATING TO THE ISSUE OF NOTES UNDER THIS BASE PROSPECTUS

1. Application has been made to the Irish Stock Exchange for Notes to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

   Application may be made for Notes 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.

   Application may be made for Notes issued by Citigroup Inc. to be listed on the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, 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.

   Application has been made to the Irish Stock Exchange for Notes to be admitted to the Official List and to trading on the Irish Stock Exchange's global exchange market. The Irish Stock Exchange's global exchange market is not a regulated market for the purposes of the Markets in Financial Instruments Directive.

   As specified in the applicable Issue Terms, an issue of Notes may or may not be listed or admitted to trading, as the case may be, on the Irish Stock Exchange and/or the Italian Stock Exchange and/or the Luxembourg Stock Exchange and/or any other stock exchange or market as may be agreed between the Issuer and the relevant Dealer.

2. Notes have been accepted for clearance through the Euroclear, Clearstream, Luxembourg and DTC. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Grand Duchy of Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041, United States.

   The Issuer may make an application for any Notes issued by it in registered form to be accepted for trading in book-entry form by DTC. The Common Code and the International Securities Identification Number (ISIN) for each Tranche of Notes will be set out in the applicable Issue Terms.

3. The Issuer may make an application for clearance of Notes through Euroclear Sweden and Euroclear Finland. The address of Euroclear Sweden is Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden, the address of Euroclear Finland is Euroclear Finland Ltd., Visiting Address, Urho Kekkosen katu 5C, PO Box 1110 001001 Helsinki, Finland.

4. None of the Issuers and the CGMFL Guarantor will provide any post issuance information, except if required by any applicable laws and regulations.

SECTION E.3 – ISSUE OF NOTES

Notes will be issued on a continuous basis in series (each a **Series**). The Notes of each Series are intended to be interchangeable with all other Notes 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 Tranche will be set forth in the applicable Issue Terms.

SECTION E.4 – FORM OF THE NOTES

Subject as provided below in relation to Swedish Notes and Finnish Notes, the Notes of each Series will be in either bearer form, with or without Coupons attached, or registered form, without Coupons attached. Bearer Notes will be offered and sold outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes may be offered and sold either outside the United States to non-U.S. persons in reliance on Regulation S or, in the case of Registered Notes issued by Citigroup Inc., within the United States to QIBs (as defined below) in reliance on Rule 144A under the Securities Act (**Rule 144A**).

Notes (that are not Swedish Notes or Finnish Notes) and are Bearer Notes

Bearer Notes will only be issued subject to such immobilisation conditions as are agreed by the Issuer, such that the Notes are treated as issued in registered form for U.S. federal income tax purposes.

Each Tranche of Bearer Notes will initially be issued in the form of a permanent Global Note or will be issued as otherwise agreed with the Issuer.

Any permanent Global Note will (i) if the permanent Global Note is stated in the applicable Issue 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 permanent Global Note is stated in the applicable Issue 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 and the relevant Dealer. Delivering a permanent 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.

Notes which are represented by a permanent Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be. Bearer Notes may not be offered, sold or transferred at any time in the United States or to, or for the account or benefit of, a U.S. person and will bear a legend regarding such restrictions on transfer.

Notes (that are not Swedish Notes or Finnish Notes) and are Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold in offshore transactions to persons that are not U.S. persons (as defined in Regulation S) outside the United States, will be represented by a Regulation S Global Registered Note Certificate (a **Regulation S Global Registered Note Certificate**). Beneficial interests in a Regulation S Global Registered Note Certificate may not be offered, sold or transferred at any time in the United States or to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Registered Note Certificate will bear a legend regarding such restrictions on transfer.

With respect to Notes issued by CGMFL, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to CGMFL who will keep an updated copy of the Register at its registered office (the **Duplicate Register**). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes issued by CGMFL, **holder** means the person in whose name such Registered Note is for the time being registered in the Register or the Duplicate Register if different from the Register (with respect to Registered Notes issued by CGMFL) (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly. The ownership of the registered Notes shall be construed accordingly. The ownership of the registered Notes shall be established by an entry in the Duplicate Register.

The Registered Notes of each Tranche offered and sold in reliance on Rule 144A, which will be issued by Citigroup Inc., may only be offered and sold in private transactions to "qualified institutional buyers" within the meaning of Rule 144A (**QIBs**). The Registered Notes of each Tranche sold to QIBs will be represented by a Rule 144A Global Registered Note Certificate (a **Rule 144A Global Registered Note Certificate** and, together with a Regulation S Global Registered Note Certificate, the **Global Registered Note Certificates**), and beneficial interests therein may not be offered, sold or otherwise transferred at any time except to a QIB purchasing (or holding) the Notes for its account or for the account of one or more QIBs in reliance on Rule 144A.

Global Registered Note Certificates will either (i) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (**DTC**) for the accounts of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a common depositary or Common Safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of a common depositary for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as specified in the applicable Issue Terms. Persons holding beneficial interests in Global Registered Note Certificates will be entitled or required, as the case may be, to receive physical delivery of definitive Notes in fully registered form.

The Rule 144A Global Note will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Swedish Notes

Notwithstanding the foregoing Swedish Notes will be issued in dematerialised and uncertificated book-entry form in accordance with the Swedish Financial Instruments Accounts Act 1998 (Sw: *lag (1998:1479) om kontoföring av finansiella instrument*) (the **SFIA Act**), other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden. Swedish Notes will not be issued in definitive or global form.

Swedish Notes will be registered in a register kept by Euroclear Sweden on behalf of the Issuer (the **Swedish Notes Register**) and payments of principal, interest or any other amounts on Swedish Notes will be made by Euroclear Sweden on behalf of the Issuer to the persons registered as holders of such Swedish Notes in the Swedish Notes Register on the fifth Payment Date prior to the due date of the relevant payment.

Finnish Notes

Notwithstanding the foregoing Finnish Notes will be issued in uncertificated and dematerialised book-entry-form in accordance with the Finnish Act on the Book-Entry System and Clearing, (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (*749/2012*)) and with the Finnish Act on Book-Entry Account, Fin. *laki arvo-osuustileista* (*827/1991*)) other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Finland. Finnish Notes will not be issued in definitive form.

Relationship of Accountholders with Clearing Systems

For so long as any of the Notes is represented by a Global Note or a Global Registered Note Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) 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 Registered Note Certificate shall be treated by the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) 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 Registered Note Certificate, as the case may be, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

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

Notes which are represented by a Global Note or a Global Registered Note Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, subject to the restrictions on transfer described herein. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular principal amount of Notes represented by such Global Note or Global Registered Note Certificate, as the case must be, must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment made by the Issuer or, where the Issuer is CGMFL, the CGMFL Guarantor to the holder of such Global Note or Global Registered Note 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 Registered Note Certificate, as the case may be, in respect of each amount so paid.

Exchanges

1. Exchange of Global Notes

A permanent Global Note may be exchanged in whole but not in part (free of charge) for definitive Bearer Notes (with, if applicable, Coupons and/or Talons attached) upon not less than 60 days' written notice being given to the Fiscal Agent by (a) the Issuer in the case of any of (i) to (iii) below or (b) Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in the permanent Global Note in the case of (i) or (ii) below (i) if the Issuer has been notified that Euroclear and/or Clearstream, Luxembourg has/have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has/have announced an intention permanently to cease business or has/have in fact done so and no successor clearing system is available , (ii) upon the occurrence and continuance of an Event of Default (as defined in Condition 9 of the General Conditions), or (iii) the Issuer has or will become subject to adverse tax consequences in respect of such Notes which would not be suffered were the Notes represented by the permanent Global Note in definitive form.

Any exchange of a Global Note for definitive Bearer Notes will be made upon presentation of such 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) an Event of Default (as defined in Condition 9 of the General Conditions) has occurred and is continuing; or

(b) if the Global Registered Note Certificate is registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as the case may be, 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 has/have announced an intention permanently to cease business or has/have in fact done so and no successor clearing system is available; or

(c) if the Global Registered Note Certificate is registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act and no successor clearing system is available,

(d) 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 as described in (a) to (c) above, Euroclear and/or Clearstream, Luxembourg, and/or DTC, as the case may be, acting on the instructions of any holder of an interest in such 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 (a) to (d)1.1(a)(d) 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 city of the specified office of the Registrar.

Deed of Covenant

Where any Note is represented by a Global Note or a Global Registered Note Certificate and the Global Note or the Global Registered Note 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 Registered Note Certificate, then the Global Note or Global Registered Note Certificate will become void and the holders of interests in such Global Note or such Global Registered Note Certificate credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or DTC, 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 and/or DTC on and subject to the terms of the relevant Deed of Covenant executed by the Issuer.

Clearing Systems

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

SECTION E.5 – BOOK ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream, Luxembourg, Euroclear Sweden or Euroclear Finland (together, the ***Clearing Systems****) currently in effect.*

The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers believe to be reliable, but none of Citigroup Inc., CGMFL, the CGMFL Guarantor and any Dealer takes any responsibility for the accuracy thereof, except that the Issuers and the CGMFL Guarantor (where the Issuer is CGMFL) accept(s) responsibility for accurately reproducing such information and, as far as the Issuers and the CGMFL Guarantor (where the Issuer is CGMFL) is/are aware and is/are able to ascertain from information published by the relevant Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. This paragraph should be read in conjunction with the first two paragraphs set out under the heading "Responsibility Statement" on page 10.

Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of Citigroup Inc., CGMFL and the CGMFL Guarantor, and any other party to the Fiscal Agency Agreement, the Swedish Notes Issuing and Paying Agent Agreement or the Finnish Notes Issuing and Paying Agent Agreement, as the case may be, will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Book-entry Systems

DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a **banking organisation** within the meaning of the New York Banking Law, a member of the Federal Reserve System, a **clearing corporation** within the meaning of the New York Uniform Commercial Code and a **clearing agency** registered pursuant to Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of sales and other securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depositary Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulation subsidiaries. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTCC can be found at www.dtcc.com and www.dtc.org.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners.

Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Euroclear Sweden

Euroclear Sweden holds securities for its customers and facilitates the clearance and settlement of securities transactions by book-entry transfer between its account holders. Euroclear Sweden offers clearing and settlement of securities denominated in SEK and EUR through the VPC system. The VPC system supports different types of securities, equities and interest-bearing cash instruments as well as the respective derivatives.

Euroclear Finland

Euroclear Finland holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between its account holders. Euroclear Finland offers clearing and settlement of securities denominated in EUR through one of its systems, as applicable (RM or HexClear if the securities have been issued in the OM system). The systems support different types of securities, equities and interest-bearing cash instruments as well as the respective derivatives.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Global Registered Note Certificate accepted in its book-entry settlement system. Upon the issue of any such Global Registered Note Certificate, DTC or its custodian will credit, on its internal book-entry system, the respective principal amounts of the individual beneficial interests represented by such Global Registered Note Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Registered Note Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Registered Note Certificate, the respective depositories of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Registered Note Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Global Registered Note Certificate accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Registered Note Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) or any Agent. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Global Registered Note Certificates

Transfers of any interests in Notes represented by a Global Registered Note Certificate within Euroclear and Clearstream, Luxembourg and DTC will be effected in accordance with the customary rules and operating procedures of the relevant clearing system and will be subject to the transfer restrictions described herein. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Global Registered Note Certificate to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Global Registered Note Certificate accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Global Registered Note Certificate accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian (**Custodian**) with whom the relevant Global Registered Note Certificates have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Euroclear and Clearstream, Luxembourg and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Registered Note Certificates among participants and accountholders of Euroclear and Clearstream, Luxembourg and DTC. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of Citigroup Inc., CGMFL, the CGMFL Guarantor the Agents and any Dealer will be responsible for any performance by Euroclear or Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Global Registered Note Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Euroclear UK and Ireland (CREST)

If so specified in the applicable Issue Terms, Notes will be accepted for settlement through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (**CREST**). Following their delivery into a clearing system, interests in the relevant Notes may be delivered, held and settled in CREST by means of the creation of CREST Depository Interests (**CDIs**) representing the interests in the relevant Notes. The CDIs will be issued by the **CREST Depository** to investors (**CDI Holders**) and will be governed by English Law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the **CREST Nominee**) in the relevant Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by a common depositary may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the relevant Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were a relevant Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the relevant Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of the relevant Notes and other relevant notices issued by the Issuer or the CGMFL Guarantor (where the Issuer is CGMFL).

Transfers of interests in Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the relevant Notes and will not require a separate listing.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the **CREST International Settlement Links Service**). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

(a) CDI Holders will not be the legal owners of the relevant Notes. The CDIs are separate legal instruments from such Notes and represent an indirect interest in such Notes.

(b) The relevant Notes themselves (as distinct from the CDIs representing indirect interests in such Notes) will be held in account with a custodian. The custodian will hold the relevant Notes through a clearing system. Rights in the relevant Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the relevant Notes or to interests in such Notes will depend on the rules of the clearing system in or through which the relevant Notes are held.

(c) Rights under the relevant Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the relevant Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the relevant Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the relevant Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the relevant Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the relevant Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

(d) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of, or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the **CREST Manual**) and the CREST Rules (the **CREST Rules**) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.

(e) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) and the CREST Depository.

(f) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at www.euroclear.com/site/public/EUI.

(g) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.

(h) Potential investors should note that none of the Issuers, the CGMFL Guarantor (where the Issuer is CGMFL), any Dealer, any distributor, any Paying Agent, the Registrar and any Transfer Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

SECTION E.6 – ERISA MATTERS

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), prescribes rules pertaining to the management of “plan assets” of pension and other employee benefit plans subject to ERISA (**ERISA Plans**) and the appointment of parties who may manage such assets. Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as those plans that are not subject to ERISA but that are subject to Section 4975 of the Code, such as individual retirement accounts and Keogh plans (together with ERISA Plans, **Plans**), and certain investment entities in which Plans invest, from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or “disqualified persons” under Section 4975 of the Code with respect to such Plans.

The rules and regulations applicable under ERISA and Section 4975 of the Code contain certain "look-through" provisions. Under these provisions, if a Plan invests in an equity interest of an entity, the assets of the Plan will be deemed to include not only the equity interest but also an undivided interest in each of the underlying assets of the entity, unless an exception to the look-through rule were to apply. An "equity interest" is defined under the applicable rules as any interest in an entity other than an instrument treated as indebtedness under applicable local law that has no substantial equity features. No assurance can be given that the Notes will not be treated as equity interests for these purposes. The look-through rule would not apply if the Notes or the Issuer qualified for an exception available under applicable rules. If a Plan were to acquire an interest in the Notes, and no exception to the look-through rule were to apply, the Issuer would be regarded as a plan asset entity and the assets and transactions would be attributed to the Plan investor. In this event, the Plan investor could be viewed as having improperly delegated to the Issuer responsibility for the management of the Plan’s assets, and the transactions and holdings of the Issuer might involve violations of the prohibited transaction rules of ERISA and Section 4975 of the Code, as well as violations of other rules applicable under ERISA.

Based on the foregoing, the Notes may not be acquired or held by a Plan or any party acting on behalf of or using the assets of a Plan. Any purchaser or subsequent transferee of the Notes or any interest therein will be deemed to have represented by its purchase thereof that it is not a Plan and is not acting on behalf of or using the assets of a Plan.

SECTION E.7 – SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Subject to the terms and conditions contained in a Dealership Agreement dated 26 June 2013 (the **Dealership Agreement**) between Citigroup Inc., CGMFL, the CGMFL Guarantor, the Arranger and the Dealers, the Notes will be offered on a continuous basis by the Issuer to the Dealers (as defined in the Dealership Agreement). However, each 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 (and the CGMFL Guarantor where the Issuer is CGMFL) has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes issued by such Issuer, including in relation to liabilities arising under the Securities Act. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by Citigroup Inc., CGMFL, the CGMFL Guarantor, in relation to itself and Citigroup Inc., CGMFL, the CGMFL Guarantor only, by any Dealer or the Arranger, at any time on giving not less than ten days' notice.

Transfer Restrictions

As a result of the following restrictions, purchasers of Notes are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.

Each purchaser of Notes or any beneficial interest therein, by its acquisition or acceptance thereof will be deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) (a) in the case of Notes issued by Citigroup Inc. or CGMFL and offered and sold in reliance on Regulation S, as specified in the applicable Issue Terms, that such purchaser is outside the United States and is not a U.S. person; or (b) in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, that such purchaser is a "qualified institutional buyer" (a **QIB**), purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that the offer and sale to it is being made in reliance on Rule 144A;

(ii) that the Notes and, where the Issuer is CGMFL, the CGMFL Deed of Guarantee are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the CGMFL Deed of Guarantee have not been and will not be registered under the Securities Act or any U.S. State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below with respect to Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A;

(iii) (a) in the case of Notes issued by Citigroup Inc. or CGMFL and offered and sold in reliance on Regulation S, as specified in the applicable Issue Terms, that such purchaser will not re-sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof; and (b) in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, that such purchaser will not re-sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time other than to (1) the Issuer or any affiliate thereof or (2) a person it reasonably believes is a QIB purchasing (or holding) for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction;

(iv) it will, and will require each subsequent holder to, notify any purchaser of the Notes or any beneficial interest therein from it of the resale restrictions referred to in paragraph (iii) above;

(v) that Notes offered and sold in the United States to QIBs in reliance on Rule 144A will be represented by one or more Rule 144A Global Registered Note Certificates, and that Notes offered and sold outside the United States to non-U.S. persons in reliance on Regulation S will be represented by one or more Regulation S Global Registered Note Certificates;

(vi) it is not, and its purchase and holding of the Notes is not made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code;

(vii) that the Rule 144A Global Registered Note Certificates, will bear a legend to the following effect:

"[NEITHER]* THIS GLOBAL SECURITY [NOR THE CGMFL DEED OF GUARANTEE]* [HAS NOT BEEN]** [HAS BEEN]* NOR WILL BE REGISTERED UNDER THE U.S. 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, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION OF AN INTEREST HEREIN, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE NOTES REPRESENTED HEREBY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES REPRESENTED HEREBY AT ANY TIME OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF OR (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; (C) REPRESENTS THAT IT IS NOT, AND ITS PURCHASE AND HOLDING OF THE NOTES IS NOT MADE ON BEHALF OF OR WITH "PLAN ASSETS" OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (**THE CODE**) OR AN EMPLOYEE BENEFIT PLAN OR PLAN SUBJECT TO ANY LAWS, RULES OR REGULATIONS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE; AND (D) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM AN INTEREST IN THIS GLOBAL SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THE NOTES [THE CGMFL DEED OF GUARANTEE] [AND ANY ENTITLEMENT]*** DO NOT CONSTITUTE, AND

HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE **CEA**), AND TRADING IN THE NOTES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA. THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT ANY PROPOSED TRANSFER OF ANY INTEREST HEREIN IS BEING MADE IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THIS GLOBAL SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE FISCAL AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT WITH NOTICE TO, THE HOLDERS OF INTERESTS IN THIS GLOBAL SECURITY, GIVEN IN ACCORDANCE WITH THE CONDITIONS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF INTERESTS IN THIS GLOBAL SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. ANY HOLDER OF AN INTEREST IN THIS GLOBAL SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE THEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON SUCH HOLDER AND ALL FUTURE HOLDERS OF INTERESTS IN THIS GLOBAL SECURITY AND ANY NOTES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(viii) that the Regulation S Global Registered Note Certificates will bear a legend to the following effect:

"[NEITHER]* THIS GLOBAL SECURITY [NOR THE CGMFL DEED OF GUARANTEE]* [HAS NOT BEEN]** [HAS BEEN]* NOR WILL BE REGISTERED UNDER THE U.S. 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 AT ANY TIME BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS SUCH TERMS ARE USED IN REGULATION S UNDER THE SECURITIES ACT), OTHER THAN THE ISSUER OR ANY AFFILIATE THEREOF, AND PAYMENTS [AND/OR DELIVERIES] ON THE NOTES MAY NOT BE MADE TO ANY U.S. PERSON OR ANY PERSON WITHIN THE UNITED STATES. CERTIFICATION OF NON-U.S. BENEFICIAL OWNERSHIP MAY BE REQUIRED AS A CONDITION TO RECEIVING ANY PAYMENTS [AND/OR DELIVERIES]*** ON THE NOTES. BY ITS ACQUISITION OF AN INTEREST HEREIN, THE HOLDER REPRESENTS THAT IT IS NOT, AND ITS PURCHASE AND HOLDING OF THE NOTES IS NOT MADE ON BEHALF OF OR WITH “PLAN ASSETS” OF, AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**) OR AN EMPLOYEE BENEFIT PLAN OR PLAN SUBJECT TO ANY LAWS, RULES OR REGULATIONS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE. THE NOTES [AND THE CGMFL DEED OF GUARANTEE]* [AND ANY ENTITLEMENT]*** DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE **CEA**) AND TRADING IN THE NOTES HAS NOT

BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO THE CEA. THE ISSUER RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT ANY PROPOSED TRANSFER OF ANY INTEREST HEREIN IS BEING MADE IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.";

(ix) that it has been afforded an opportunity to request from the Issuer (and the CGMFL Guarantor, if applicable) and to review all additional information it considers to be necessary to verify the accuracy of the information contained in this Base Prospectus or otherwise and the applicable Issue Terms or otherwise and it has not relied on the Dealers or any person affiliated with the Dealers in connection with its investigation of the accuracy of such information or its investment decision; and

(x) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Notes in the United States in reliance on Rule 144A to any one purchaser will be for less than U.S.$100,000 (or its foreign currency equivalent) principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or its foreign currency equivalent) of Registered Notes.

United States of America

The Notes and the CGMFL Deed of Guarantee have not been and will not be registered under the Securities Act or any state securities laws. Trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, 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, in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, to "qualified institutional buyers" (**QIBs**), each purchasing (or holding) for its own account or for the account of one or more QIBs, in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the States of the United States and any other jurisdiction. The Notes, the CGMFL Deed of Guarantee and any Entitlements to be delivered in respect of any Physical Delivery Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. Terms used in this section have the meanings given to them by Regulation S or Rule 144A under the Securities Act.

Each Dealer has represented and agreed that it, its affiliates (if any) and any person acting on its or their behalf (i) have not offered or sold and will not offer or sell any Notes at any time within the United States or to, or for the account or benefit of, U.S. persons, except, in the case of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A, as specified in the applicable Issue Terms, to persons it reasonably believes to be QIBs, each purchasing (or holding) for its own account or for the account of one or more QIBs and (ii) at or prior to confirmation of sale of Notes offered in reliance on Regulation S, as specified in the applicable Issue Terms, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases such Notes from it a confirmation or other notice stating that such distributor, dealer or person is subject to the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons that are set forth herein.

An offer or sale of Notes within the United States or to, or for the account or benefit of, a U.S. person by any dealer (whether or not participating in the offering) at any time may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Dealers, directly or through their respective U.S. broker dealer affiliates, may arrange for the resale of Notes issued by Citigroup Inc. and offered and sold in reliance on Rule 144A to QIBs pursuant to Rule 144A and each purchaser of such Notes is hereby notified that the Dealers are relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A and one or more exemptions and/or exclusions from regulation under the United States Commodity Exchange Act, as amended. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other Relevant Currency). To the extent that Citigroup Inc. is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, Citigroup Inc. has agreed to furnish to holders of Notes offered and sold in reliance on Rule 144A and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant 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.

CGMFL does not intend to issue, offer or sell any Notes within the United States or to, or for the account or benefit of, any U.S. person.

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**), 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 and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

PROVIDED THAT no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of 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, the expression **Prospectus Directive** means Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in the 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 Financial Services and Markets Act 2000 (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 any of Citigroup Inc., CGMFL and the CGMFL 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, unless the relevant Issue Terms (or any other supplement to this Base Prospectus) otherwise provides, it:

(a) has not made or invited, and will not make or invite, an offer for the issue, sale or purchase of the 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 an alternative currency, and in either case disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to be made to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act 2001 of Australia;

(ii) the offer or invitation does not constitute an offer to a "retail client" for the purposes of section 761G of the Corporations Act 2001 of Australia;

(iii) such action complies with all applicable laws, regulations and directives; and such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

The Kingdom of Bahrain

In relation to investors in the Kingdom of Bahrain, Notes issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing account holders and accredited investors as defined by the Central Bank of Bahrain (**CBB**) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.$100,000 or any equivalent amount in other currency or such other amount as the CBB may determine.

Any offer contemplated by this Base Prospectus will not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Notes may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Notes, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered the Base Prospectus or related offering documents and it has not in any way considered the merits of the Notes to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document. No offer of Notes will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public in the Kingdom of Bahrain generally.

Each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes issued in connection with the Base Prospectus and related offering documents except on a private placement basis to persons in the Kingdom of Bahrain who are "accredited investors".

For this purpose, an **accredited investor** means:

(a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Brazil

Notes have not been and will not be issued or publicly placed, distributed, offered or negotiated in the Brazilian capital markets. None of the relevant Issuer (and, where CGMFL is the relevant Issuer, the

CGMFL Guarantor) and the issuance of any Notes have been or will be registered with the *Comissão de Valores Mobiliários* (**CVM)** (Brazilian Securities Commission). Any public offering or distribution, as defined under Brazilian laws and regulations, of Notes in Brazil is not legal without prior registration under Law No. 6,385, of 7 December 1976, as amended, and Instruction No. 400, issued by the CVM on 29 December 2003, as amended. Documents relating to the offering of any Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of any such Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of Notes to the public in Brazil. Therefore, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the Federative Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

Chile

Notes issued under the Programme are being offered as of the date hereof solely to Qualified Investors (*Inversionistas Calificados*) pursuant to the private placement exemption provided by General Rule No. 336 of the *Superintendencia de Valores y Seguros* (the **SVS**). The offering of the Notes has not been and will not be registered with the Chilean Securities Registry or the Registry of Foreign Securities of the SVS and, therefore, the Notes are not subject to oversight by the SVS and may not be sold publicly in Chile. The Issuer of the Notes is not obligated to make information available publicly in Chile regarding the Notes. The Notes may not be subject to a public offer until they are registered in the corresponding Securities Registry.

Colombia

The Notes will not be publicly offered in Colombia, but may be "promoted" (as such term is defined by Article 4.1.1.1.1. of Decree 2555 of 2010) to a limited number of persons in Colombia by the authorised personnel of a firm authorised to execute "promotion" activities of foreign securities in Colombia. The Notes have not been and will not be registered on the Colombian National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*) or before the Colombian Stock Exchange. Accordingly, the distribution of any documentation in regards to the Programme will not constitute a public offering of securities.

Costa Rica

Notes have not been and will not be registered with the *Superintendencia General de Valores* (Costa Rica's General Superintendency of Securities or "SUGEVAL") and, therefore, the Notes are not authorised for public offering in Costa Rica and may not be offered, placed, distributed, commercialized and/or negotiated publicly in Costa Rica. Documents relating to the offering of the Notes, as well as information contained therein, may not be offered publicly in Costa Rica, nor be used in connection with any public offering for subscription or sale of the Notes in Costa Rica.

Republic of Cyprus

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell any Notes, except in conformity with the provisions of the Public Offer and Prospectus Law, Law 114/2005 and the provisions of the Cyprus Companies Law, cap.113 (as amended);

(b) it has not and will not offer or sell any Notes other than in compliance with the provisions of the Investment Services and Activities and Regulated Markets Law, Law 144(I)/2007; and

(c) it will not be providing from or within Cyprus any "Investment Services", "Investment Activities" and "Non-Core Services" (as such terms are defined in the Investment Services and Activities and Regulated Markets Law, Law 144(I)/2007, (the **ISARM**)) in relation to the Notes or will be otherwise providing Investment Services, Investment Activities and Non-Core Services to residents or persons domiciled in Cyprus. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not be concluding in Cyprus any transaction relating to such Investment Services, Investment Activities and Non-Core Services in contravention of the ISARM and/or applicable regulations adopted pursuant thereto or in relation thereto.

Denmark

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 or sold and will not offer, sell or deliver any Notes directly or indirectly in the Kingdom of Denmark by way of public offering, unless in compliance with the Danish Securities Trading Act (Consolidation Act No. 219 of 20 February 2013, as amended from time to time) and the Executive Orders issued thereunder.

For the purposes of this provision, an offer of Notes to the public in Denmark means the communication in any form and by any means of sufficient information on the terms of the offer and the relevant Notes to be offered so as to enable an investor in Denmark to decide to purchase or subscribe for such Notes.

Dominican Republic

Notes have not been and will not be registered with the Superintendence of Securities of the Dominican Republic (*Superintendencia de Valores de la Republica Dominicana*) and each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it will not offer or sell Notes in the Dominican Republic, except in circumstances which do not constitute a public offering under Dominican laws and regulations.

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) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module 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.

Ecuador

Notes have not been and will not be registered with the *Consejo Nacional de Valores and Bolsa de Valores de Quito or Guayaquil* and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in Ecuador except in circumstances which do not constitute a public offering or distribution under Ecuadorian laws and regulations (*Ley de Mercado de Valores*).

El Salvador

Notes have not been and will not be registered with the Bolsa de Valores de El Salvador (Stock Exchange of El Salvador) nor the Registro Público Bursátil of the Superintendencia del Sistema Financiero de El Salvador (Public Stock Exchange Registry of El Salvador's Financial System Superintendence) and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the Republic of El Salvador except in circumstances which do not constitute a public offering or distribution under Salvadoran laws and regulations.

Finland

Notes, including Finnish Notes, issued under the Programme may not be offered or sold, or this Base Prospectus be distributed, directly or indirectly to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Unless the applicable Final Terms specify that a Non-Exempt Offer of such Notes is made in Finland in accordance and compliance with the applicable Finnish laws and regulations, the Notes may not be marketed, offered or sold or this Base Prospectus be distributed, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, other than to a limited number of pre-selected non-qualified investors not exceeding 149, to qualified investors as defined in the Finnish Securities Markets Act (*Arvopaperimarkkinalaki* 14.12.2012/746 as amended) or to be acquired for a consideration of at least EUR 100,000 per investor with regard to an offer or in portions of at least EUR 100,000 in nominal or counter value. This Base Prospectus is strictly for private use by its recipients and may not be passed on to third parties or otherwise distributed publicly. This Base Prospectus has not been approved by the Finnish Financial Supervisory Authority.

France

Each of the Dealers and each Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) *Offer to the public in France:*

it has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (**AMF**), on the date of such publication or, (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive No. 2003/71/EC as amended, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the prospectus, all in accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

(ii) *Private placement in France:*

it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Issue Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

Guatemala

Neither this Base Prospectus nor any Notes have been registered with the *Registro del Mercado de Valores y Mercancias de la Republica de Guatemala* (Guatemalan's National Registry for the Supervision of the Commercialization of Securities) and, therefore, no Notes may be publicly offered in Guatemala or through Guatemalan broker/dealers.

The Notes are being placed privately or publicly in several markets outside of Guatemala, and Guatemalan residents interested in acquiring the Notes must accept (preferably) in writing that they are the ones making the approach to purchase such Notes, and must do it through the services of broker dealers active in those markets, and enter into transactions under laws other than Guatemalan law.

Neither the Regulations for Initial Public Offerings and Sale of Securities (*Ley del Mercado de Valores y Mercancias*) nor any other Guatemalan Law or Regulation, nor the obligations regarding the information or risk rating applicable to securities registered with the *Registro de Valores y Mercancias de la Republica de Guatemala* apply to the Notes or any offering thereof.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell Notes publicly in the Republic of Guatemala. The Guatemalan *Registro de Valores y Mercancias de la Republic de Guatemala* has not reviewed or approved this Base Prospectus. This Base Prospectus may not be publicly distributed in Guatemala, nor shall any advertising of this Prospectus take place in the territory of the Republic of Guatemala.

Guatemalan residents may be subject to Guatemalan tax laws.

Honduras

Neither the Issuers nor any Notes issued under the Programme have been, nor will they be, registered with the Honduran Securities Market Public Registry (*Registro Público de Mercado de Valores*) and therefore, no Notes may be publicly offered in Honduras and each Dealer has represented and agreed, and each further dealer appointed under the Programme will be required to represent and agree, that it will comply with all applicable law and will not offer or sell Notes publicly in Honduras. The Honduran National Banking and Insurance Commission has not reviewed or approved this Base Prospectus.

Hong Kong Special Administrative Region

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 the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**), by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **Securities and Futures Ordinance**)) 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 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 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) (as amended) of Ireland, including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the 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 Companies Acts 1963-2012 (as amended) of Ireland, the Central Bank Acts 1942-2011 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989; 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 Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

Israel

No prospectus in relation to the Programme or the Notes has been, or will be, issued in Israel and/or reviewed by the Israel Securities Authority. Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the State of Israel other than private sales to Israeli persons who have confirmed to the Dealer in writing that (i) they are an investor of the type listed in the First Supplement to the Securities Law, 5728-1968, of the State of Israel, and that they are aware of the significance of their being such an investor and consent thereto, and (ii) they are purchasing the Notes for their own account, for investment purposes only and with no present intention of distribution or re-sale.

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 this Base Prospectus (including the Issue 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 pursuant to 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 Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of Notes or distribution of copies of this 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.

In accordance with Article 100-bis of the Financial Services Act where no exemption from the rules on public offerings applies under (i) and (ii) above, Notes which are initially offered and placed in the Republic of Italy or abroad to qualified investors only but in the following year are regularly ("sistematicamente") distributed on the secondary market in the Republic of Italy to non-qualified investors become subject to 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 Notes for any damages suffered by such non-qualified investors.

Japan

The 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 each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer 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 (Law 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, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

State of Kuwait

No Notes have been licensed for offering in the State of 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 the State of 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 the State of Kuwait, and no agreement relating to the sale of Notes will be concluded in the State of Kuwait. No marketing or solicitation or inducement activities are being used to offer or market Notes in the State of Kuwait.

Mexico

Notes have not been, and will not be, registered with the Mexican National Registry of Securities pursuant to the Mexican Securities Market Law and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell Notes in the United Mexican States. The Mexican National Banking and Securities Commission has not reviewed or approved this Base Prospectus. This Base Prospectus may not be publicly distributed in Mexico.

Norway

Norway has implemented the Prospectus Directive and the 2010 PD Amending Directive, cf. chapter 7 of the Securities Trading Act of 29 June 2007 no. 75, as amended, and chapter 7 of the Securities Trading Regulations of 29 June 2007 No. 876, as amended. Consequently, the selling restrictions set out in the section "Public Offer Selling Restriction under the Prospective Directive" above apply.

Notes denominated in Norwegian Kroner may not be offered or sold within Norway or outside Norway to Norwegian citizens abroad, without the Notes prior thereto having been registered with the Norwegian Central Securities Depositary (VPS).

The Notes will only be sold in Norway to investors who have sufficient knowledge and experience to understand the risks involved with investing in the Notes.

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 as amended) or the Capital Market Law of Oman (Royal Decree No. 80/98), or an offer to sell or the solicitation of any offer to buy securities in the Sultanate of Oman, as contemplated by the Executive Regulations of the Capital Market Law issued by Decision No. 1/2009.

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, outside of the Sultanate of Oman 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 or under the laws of the Sultanate of Oman.

This Base Prospectus has been approved by the Central Bank of Ireland. Citigroup Inc. and CGMFL and the CGMFL Guarantor are regulated by the Federal Reserve. 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.

Panama

The Notes have not been, and will not be, registered with the Superintendency of the Securities Market of Panama. Accordingly (i) the Notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Securities Laws of Panama, (ii) the Superintendency of the Securities Market of Panama has not reviewed the information contained in this Base Prospectus, and (iii) the Notes and its offer are not subject to the supervision of the Superintendency of the Securities Market of Panama.

Paraguay

Notes have not been and will not be registered with the *Comisión Nacional de Valores* (the Paraguayan Securities Commission) and each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it will not offer or sell Notes in the Republic of Paraguay except in circumstances which do not constitute a public offering or distribution under Paraguayan laws and regulations. Notes placed in Paraguay will be placed on a private placement basis only.

Peru

Notes issued under this Base Prospectus may only be placed privately in Peru. The offering of any Notes is not a public offering in Peru. Neither this Base Prospectus nor any Notes have been registered with the *Superintendencia de Mercado de Valores* (Peru's National Corporations and Securities Supervisory Commission or SMV) or with the Lima Stock Exchange.

Neither the Regulations for Initial Public Offerings and Sale of Securities (CONASEV Resolution 141-98-EF/94.10) nor the obligations regarding the information applicable to securities registered with the *Registro Publico del Mercado de Valores* (Peruvian Stock Market Registry) apply to the Notes or any offering thereof.

Peruvian residents may be taxed under Peruvian tax laws, on the profits obtained from the Notes or the sale thereof. Investors must independently evaluate the application of such taxes before purchasing the Notes.

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 150 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 has acknowledged, 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.

In particular, 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, and in any case Notes will only be distributed or placed or advertised in Portugal if all applicable legal and regulatory requirements are met, including the approval and publication (if required) of a Key Investor Information Document (**KIID**) approved by the Portuguese Securities Market Commission (**CMVM**) under the terms of CMVM Regulation 2/2012 (or of any CMVM Regulation superseding or replacing it) in case the Notes qualify as a complex financial product.

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 CMVM 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 (or to whom Portuguese laws and regulations on the distribution of financial instruments otherwise apply), as the case may be, including the publication of a prospectus, when applicable, or commencing a prospectus recognition procedure with the CMVM, and/or filing with the CMVM and disclosing to investors a KIID under the applicable Portuguese regulatory provisions, namely CMVM Regulation 2/2012 (or any CMVM Regulation superseding or replacing it) on complex financial products, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Qatar (excluding the Qatar 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, delivered or sold, and will not offer, deliver or sell at any time, directly or indirectly, any Notes in the State of Qatar, except

(a) in compliance with all applicable laws and regulations of the State 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 the State of Qatar.

Russian Federation

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold or transferred or otherwise disposed of and will not offer or sell or transfer or otherwise dispose of any Notes (as part of their initial distribution or at any time thereafter) to or for the benefit of any persons (including legal entities) resident, incorporated, established or having their usual residence in the Russian Federation or to any person located within the territory of the Russian Federation unless and to the extent otherwise permitted under Russian law.

Since neither the issuance of the Notes nor a securities prospectus in respect of the Notes has been registered, or is intended to be registered, with the Federal Service for Financial Markets of the Russian Federation, the Notes are not eligible for initial offering or public circulation in the Russian Federation and may not be sold or offered in the Russian Federation in any way other than to Russian "qualified investors" (as defined under Russian law) in a manner that does not constitute "advertisement", "placement" or "public circulation" (as defined under Russian law) of the Notes in the Russian Federation.

Information set forth in this Base Prospectus is not an offer, advertisement or invitation to make offers, to sell, exchange or otherwise transfer the Notes in the Russian Federation or to or for the benefit of any Russian person or entity.

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 any offering should note that the offer of Notes is a private placement under Article 10 or Article 11 of the "Offer 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**). The Notes may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to "sophisticated investors" under Article 10 of the KSA Regulations or by way of a limited offer under Article 11 of the KSA Regulations. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of the Notes will comply with the KSA Regulations.

Each 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 private placement under Article 10 and/or Article 11 of the KSA Regulations may not offer or sell those 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" (under Article 10 of the KSA Regulations)"; (b) the price to be paid for the Notes in any one transaction is equal to or exceeds SR 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 exemptions under 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 to 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) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which 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 individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the relevant Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in Notes described herein. Unless explicitly stated otherwise in the applicable Issue Terms, Notes may not be offered, sold, advertised or otherwise distributed, directly or indirectly, in, into or from Switzerland except to qualified investors as defined in article 10 of the Swiss Collective Investment Schemes Act and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Unless explicitly stated otherwise, neither this Base Prospectus nor any other offering or marketing material relating to Notes issued under the Programme constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Collective Investment Schemes Act, and neither this Base Prospectus nor any other offering or marketing material relating to any Notes may be distributed or otherwise made publicly available in Switzerland.

Neither this Base Prospectus nor any other offering or marketing material relating to the offering of any Notes has been or will be filed with or approved by any Swiss regulatory authority. Notes do not constitute a participation in a collective investment scheme in the meaning of the Swiss Collective Investment Schemes Act and are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Market Supervisory Authority FINMA, and investors in Notes will not benefit from protection under the Swiss Collective Investment Schemes Act or supervision by any Swiss regulatory authority.

Taiwan

The Notes may not be sold, offered or issued to Republic of China (**Taiwan**) resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan, (A) in the case of Structured Notes (as defined below) through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products or (B) in the case of Notes which are not Structured Notes, through properly licensed Taiwan intermediaries (including the specified trust of money services of licensed banks in Taiwan acting as trustees) in such manner as complies with Taiwan law and regulation and/or (iii) in such other manner as may be permitted or exempted in accordance with Taiwan laws and regulations.

For the purpose of the preceding paragraph, **Structured Notes** means combination products issued outside of Taiwan 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, authorised or approved by the Turkish Capital Markets Board (the **CMB**) under the provisions of Law No. 6362 relating to capital markets (the **Capital Markets Law**) and *Communiqué Serial II*, No. 22 of the CMB. According to Article 15(d)(ii) of Decree 32 of Council of Ministers (as amended from time to time), Turkish residents are free to purchase and sell Notes offshore on an unsolicited (reverse inquiry) basis PROVIDED THAT any such transaction is effected 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 to Turkish residents is considered a public offering or a private placement in Turkey and both are subject to approval of the CMB if the invitation is made through advertisements, announcements, video shows or presentations which are open to the public. Neither this Base Prospectus nor any other offering material related to the offering will be utilised 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 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 have not been and will not be offered, sold or publicly 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.

Uruguay

Notes issued under the Programme are not and will not be registered with the Financial Services Superintendent of the Central Bank of Uruguay to be publicly offered in Uruguay and none of the Issuers qualify as an investment fund regulated by Uruguayan law 16,774, as amended. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Notes placed in Uruguay will be placed relying on a private placement (*oferta privada*) pursuant to section 2 of law 18,627.

General

These selling restrictions may be amended by the agreement of the Issuer, the CGMFL Guarantor (where the Issuer is CGMFL) and the relevant Dealers. Any such amendment will be set out in either the subscription agreement or the dealer accession letter, as relevant, and/or the Pricing Supplement 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 this Base Prospectus or any other offering material or any Issue 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 any of Citigroup Inc., CGMFL, the CGMFL 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 this Base Prospectus, any other offering material or any Issue Terms, in all cases at its own expense, and none of Citigroup Inc., CGMFL, the CGMFL Guarantor and any other Dealer shall have responsibility therefor.

SECTION E.8 –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 TAX ADVISORS.

Unless otherwise expressly provided below, the relevant Issuer and, where the relevant Issuer is CGMFL, the CGMFL Guarantor, do not accept responsibility for the withholding of taxes at source. This statement should be read in conjunction with Condition 7 of the Terms and Conditions of the Notes.

References in this Section E.8 to a **Member State** shall be to a Member State of the European Economic Area.

UNITED STATES FEDERAL TAX CONSIDERATIONS

This discussion 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. It 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 its particular circumstances from an independent tax advisor.

General

The following is a summary of certain U.S. federal income tax consequences that may be relevant to the purchase, ownership and disposition of Notes that are in registered form for U.S. federal income tax purposes. This summary does not purport to be a comprehensive description of all of the tax consequences that may be relevant to the decision to purchase the Notes by any particular investor, including tax consequences that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally believed to be known by investors. This summary also does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organisations, traders in securities that elect to mark to market for tax purposes and dealers in securities, (ii) persons that will hold the Notes as part of a "straddle," a "hedging," "conversion" or other integrated investment transaction or a constructive sale for U.S. federal income tax purposes, (iii) U.S. Holders (as defined below) whose functional currency is not the U.S. dollar, (iv) Non-U.S. Holders (as defined below) who recognise gain in respect of a Note in a taxable year in which the Non-U.S. Holder is present in the United States for 183 days or more, (v) persons that do not hold the Notes as capital assets, or (vi) except where the context indicates otherwise, persons that did not purchase the Notes in the initial offering. Moreover, this summary does not address alternative minimum tax consequences or the Medicare tax on investment income.

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. Changes to any of the foregoing could affect the tax consequences described below, possibly with retroactive effect. 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 tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences of owning Notes in light of their own particular circumstances.

This discussion does not address the U.S. federal tax consequences of the ownership or disposition of the Underlying that a holder may receive in respect of a Physical Delivery Note. Prospective purchasers are urged to consult their tax advisors regarding potentially relevant U.S. federal tax consequences of the ownership and disposition of the Underlying.

The Issuer will not attempt to ascertain whether any issuer of any Shares, or shares that underlie an Index, to which the Notes relate should be treated as a "passive foreign investment company" (**PFIC**) within the meaning of Section 1297 of the Code or a "United States real property holding corporation" (**USRPHC**) within the meaning of Section 897 of the Code (including a non-corporate entity treated as a USRPHC for relevant purposes of Section 897 of the Code). If any relevant issuer were so treated, certain adverse U.S. federal income tax consequences might apply to a Non-U.S. Holder, in the case of a USRPHC, and to a U.S. Holder in the case of a PFIC, upon the sale, exchange or other disposition of the Notes. Prospective purchasers of the Notes are urged to refer to information filed with the Securities and Exchange Commission or another governmental authority by the relevant issuers and consult their tax advisors regarding the possible consequences if any relevant issuer is or becomes a USRPHC or PFIC.

For the purposes hereof, **U.S. Holder** means a person that is (i) an individual citizen or resident of the United States, (ii) a corporation organised in or under the laws of the United States or any state thereof or the District of Columbia or (iii) otherwise subject to U.S. federal income taxation on a net income basis in respect of the Notes. The term **Non-U.S. Holder** means a holder of the Notes that is a non-resident alien individual, a foreign corporation or a foreign estate or trust. If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Prospective purchasers that are partnerships are urged to consult their tax advisors regarding the tax consequences to their partners of an investment in the Notes.

This discussion may be supplemented, modified or superseded by further discussion regarding U.S. federal tax considerations set out in the applicable Issue Terms, which a prospective purchaser is urged to read before making a decision to invest in the relevant Notes.

Tax Consequences to U.S. Holders

Notes Treated as Debt

The following discussion applies only to Notes that the Issuer intends to treat as debt instruments for U.S. federal income tax purposes, as evidenced by the statement under "*United States Tax Considerations*" in the applicable Issue Terms.

It generally assumes that the Issuer's intended treatment of the Notes as debt instruments, as well as any specific treatments indicated in the applicable Issue Terms (e.g., as variable rate debt instruments or contingent payment debt instruments, each as discussed below), are respected. The Issuer's intended treatment of the Notes is not binding on the Internal Revenue Service (the **IRS**), and the IRS could disagree with it, in which case the timing and character of a U.S. Holder's income in respect of the Notes could be adversely affected. The general discussion below is subject to special rules applicable to Short-Term Notes, Contingent Notes and Foreign Currency Contingent Notes as described below.

Interest Payments on Notes

Payments of qualified stated interest, as defined below under "*Original Issue Discount*," will be taxable to a U.S. Holder as ordinary interest income at the time that such payments are accrued or are received, in accordance with the U.S. Holder's method of tax accounting.

If such payments of interest are made in respect of a Note that is denominated in a single foreign currency, the amount of interest income realised by a U.S. Holder that uses the cash method of tax accounting (a **cash-method holder**) will be the U.S. dollar value of the currency payment based on the spot rate of exchange on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. No foreign currency gain or loss should be recognised by a cash-method holder with respect to the receipt of such payment (other than foreign currency gain or loss realised on the disposition of the currency received). In the case of a Note that provides for payments in U.S. dollars determined by reference to a single foreign currency, a cash-method holder should recognise interest income on the Note in an amount equal to the U.S. dollars received. Both types of Notes are referred to herein as "Foreign Currency Notes." A U.S. Holder that uses the accrual method of tax accounting (an **accrual-method holder**) will accrue interest income on a Foreign Currency Note in the relevant foreign currency and translate the amount accrued into U.S. dollars based on:

- the average exchange rate in effect during the interest accrual period, or portion thereof within the holder's taxable year; or

- at the holder's election, at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within the accrual period if the accrual period spans more than one taxable year, or (2) the date of receipt, if that date is within five business days of the last day of the accrual period.

Such an election must be applied consistently by the accrual-method holder to all foreign currency debt instruments from year to year and can be changed only with the consent of the IRS. An accrual-method holder will recognise foreign currency gain or loss on the receipt of an interest payment made on a Foreign Currency Note if the spot rate of exchange on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. Such foreign currency gain or loss will be treated as ordinary income or loss, but generally will not be treated as an adjustment to interest income received on the Note.

Taxable Disposition of Notes

A U.S. Holder's tax basis in a Note generally will equal the cost of that Note to the holder, increased by any amounts includible in income by the holder as original issue discount (OID) and market discount (each as described below) and reduced by any amortised premium and any payments on the Note other than payments of qualified stated interest (each as described below).

In the case of a Foreign Currency Note, the cost of the Note to a U.S. Holder generally will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a Foreign Currency Note that is traded on an established securities market, a U.S. Holder generally should determine the U.S. dollar value of the cost of the Note by translating the amount paid in foreign currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the purchase in the case of a cash-method holder, and (2) on the trade date, in the case of an accrual-method holder, unless the holder elects to use the spot rate applicable to cash-method holders. The amount of any subsequent adjustments to a U.S. Holder's tax basis in a Foreign Currency Note in respect of OID, market discount and premium will be determined in the manner described under "*Original Issue Discount,*" "*Market Discount*" and "*Notes Purchased at a Premium*" below. The conversion of U.S. dollars to another currency and the immediate use of that currency to purchase a Foreign Currency Note generally will not result in taxable gain or loss for a U.S. Holder.

Upon the sale, exchange, retirement or other taxable disposition of a Note (each, a **taxable disposition**), a U.S. Holder generally will recognise gain or loss equal to the difference between (1) the amount realised on the taxable disposition, less any accrued qualified stated interest, which will be treated as a payment of interest and taxed in the manner described above under "*Interest Payments on Notes,*" and (2) the U.S. Holder's adjusted tax basis in the Note. If a U.S. Holder receives a currency other than the U.S. dollar in respect of the taxable disposition of a Note, the amount realised generally will be the U.S. dollar value of the currency received calculated at the spot rate of exchange on the date of the taxable disposition of the Note.

In the case of a taxable disposition of a Foreign Currency Note that is traded on an established securities market, a U.S. Holder that receives a currency other than the U.S. dollar generally should determine the amount realised by translating that currency into its U.S. dollar value at the spot rate of exchange (1) on the settlement date of the taxable disposition, in the case of a cash-method holder and (2) on the trade date, in the case of an accrual-method holder, unless the accrual-method holder elects to use the spot rate applicable to cash-method holders. Such an election by an accrual-method holder must be applied consistently by the accrual-method holder to all debt instruments from year to year and can be changed only with the consent of the IRS.

Gain or loss recognised by a U.S. Holder on the taxable disposition of a Note (other than a Foreign Currency Note, a Contingent Note, Foreign Currency Contingent Note or a Market Discount Note, each as discussed below) generally will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year at the time of the taxable disposition and short-term capital gain or loss otherwise.

Gain or loss recognised by a U.S. Holder on the taxable disposition of a Foreign Currency Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held the Note. A U.S. Holder might be required to file a disclosure statement with the IRS if the U.S. Holder recognises foreign currency loss above certain thresholds.

If the Issuer designates a Substitute for itself, the Notes could be treated for U.S. federal income tax purposes, in whole or in part, as retired and reissued, in which case a U.S. Holder would be required to recognise gain or loss (subject to the possible application of the wash sale rules) with respect to the Notes.

Original Issue Discount

In General. Notes with a term greater than one year may be issued with original issue discount ("OID") for United States federal income tax purposes (such Notes, **OID Notes**). U.S. Holders generally must accrue OID in gross income over the term of an OID Note on a constant yield basis, regardless of their regular method of tax accounting. As a result, U.S. Holders generally will recognise taxable income in respect of an OID Note in advance of the receipt of cash attributable to such income.

OID generally will arise if the stated redemption price at maturity of a Note exceeds its issue price by an amount equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity. In the case of an "installment Note" (i.e., a Note that provides for payments prior to maturity other than qualified stated interest), this test is generally applied based on the Note's weighted average maturity. OID may arise if a Note is issued at a discount to its principal amount, and may also arise if a Note has particular interest payment characteristics, such as interest holidays, interest payable in additional securities or stepped interest. For this purpose, the issue price of a Note is the first price at which a substantial amount of Notes is sold for cash, other than to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Note is the sum of all payments due under the Note, other than payments of qualified stated interest. The term qualified stated interest generally means stated interest that is unconditionally payable in cash or property, other than debt instruments of the issuer, at least annually during the entire term of a Note at a single fixed rate of interest or, under particular conditions, based on one or more floating interest rates described below under "Variable Rate Debt Instruments."

For each taxable year of a U.S. Holder, the amount of OID that must be included in gross income in respect of an OID Note will be the sum of the daily portions of OID for each day during that taxable year or any portion of the taxable year in which the U.S. Holder holds the OID Note. Daily portions are determined by allocating to each day in an accrual period a pro rata portion of the OID allocable to that accrual period.

Accrual periods may be of any length and may vary in length over the term of an OID Note. However, accrual periods may not be longer than one year, and each scheduled payment of principal or interest must occur on the first day or the final day of a period.

The amount of OID allocable to any accrual period generally will equal (1) the product of the OID Note's adjusted issue price at the beginning of the accrual period multiplied by its yield to maturity (as adjusted to take into account the length of the accrual period), less (2) the amount, if any, of qualified stated interest allocable to that accrual period. The adjusted issue price of an OID Note at the beginning of any accrual period will equal the issue price of the OID Note, as defined above, (1) increased by previously accrued OID from prior accrual periods, and (2) reduced by any payment made on the Note, other than payments of qualified stated interest, on or before the first day of the accrual period.

The Notes may have special redemption, repayment or interest rate reset features, as indicated in the applicable Issue Terms that may affect whether a Note is an OID Note and, if so, the proper timing of recognition of the OID by a U.S. Holder. Notes containing such features may be subject to special rules that differ from the general rules discussed herein. Accordingly, prospective purchasers of Notes with such features are urged to consult their tax advisors regarding these special rules.

Foreign Currency Notes. In the case of an OID Note that is also a Foreign Currency Note, a U.S. Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by calculating the amount of OID allocable to that accrual period in the relevant currency, using the constant-yield method described above and translating that amount using the average exchange rate in effect during that accrual period (or a portion thereof), or, at the U.S. Holder's election, at the spot rate of exchange on (1) the last day of the accrual period, or the last day of the taxable year within the accrual period if the accrual period spans more than one taxable year, or (2) on the date such OID is treated as paid (as described in the following paragraph), if that date is within five business days of the last day of the accrual period. Such an election must be applied consistently by the U.S. Holder to all Foreign Currency Notes from year to year and can be revoked only with the consent of the IRS.

Each payment on an OID Note that is a Foreign Currency Note, other than payments of qualified stated interest, generally will be viewed first as a payment of previously accrued OID, to the extent thereof, with the payment attributed first to the earliest accrued OID, and then as a payment of principal. Upon the receipt of an amount attributable to OID, whether in connection with a payment of an amount that is not qualified stated interest or the taxable disposition of the OID Note, a U.S. Holder will recognise foreign currency gain or loss that is ordinary income or loss measured by the difference between (1) the amount received and (2) the corresponding amount(s) previously accrued. The amount received will be translated into U.S. dollars at the spot rate of exchange on the date of receipt, in the case of a payment by the Issuer, or on the date of the taxable disposition of the OID Note. The corresponding amount(s) accrued will be determined by using the rate(s) of exchange applicable to such previous accrual(s). Upon a taxable disposition, the amount of foreign currency income or loss recognised will be limited by the overall amount of gain or loss recognised on the taxable disposition.

Acquisition Premium. A U.S. Holder that purchases an OID Note for an amount less than or equal to the remaining redemption amount (as defined below), but in excess of the OID Note's adjusted issue price, generally is permitted to reduce the daily portions of OID by a fraction. The numerator of this fraction is the excess of the U.S. Holder's adjusted tax basis in the OID Note immediately after its purchase over the OID Note's adjusted issue price at that time. The denominator of the fraction is the excess of the remaining redemption amount over the OID Note's adjusted issue price. For the purposes of this section, "acquisition premium" means the excess of the purchase price paid by a U.S. Holder for an OID Note over the OID Note's adjusted issue price and "remaining redemption amount" means the sum of all amounts payable on an OID Note after the purchase date other than payments of qualified stated interest. In the case of a Foreign Currency Note, the rules described in this paragraph are applied using units of the relevant currency.

Variable Rate Debt Instruments

Certain Notes may be treated for U.S. federal income tax purposes as variable rate debt instruments (**VRDIs**). Prospective purchasers should note that other Notes providing for variable rates of interest are treated not as VRDIs but as "contingent payment debt instruments," with consequences discussed below under "Contingent Payment Debt Instruments."

Interest on VRDIs That Provide for a Single Variable Rate. Stated interest on a VRDI that provides for a single variable rate (a **Single-Rate VRDI**) will be treated as qualified stated interest and will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's method of tax accounting. If the stated principal amount of a Single-Rate VRDI exceeds its issue price by more than the de minimis amount described above under "*Original Issue Discount*," this excess will be treated as OID that a U.S. Holder must include in income as it accrues, generally in accordance with the constant-yield method described above under "*Original Issue Discount*." The constant-yield accrual of OID on a VRDI is determined by substituting the value of the variable rate on the issue date for each scheduled payment of the variable rate. A VRDI that provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate where the variable rate on the issue date is intended to approximate the fixed rate (which will be conclusively presumed if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25 per cent.) will be treated as a Single-Rate VRDI.

Interest on VRDIs That Provide for Multiple Rates. Different rules may apply to a VRDI that provides for (i) multiple variable rates or (ii) one or more variable rates and a single fixed rate (other than a fixed rate described in the preceding paragraph) (a **Multiple-Rate VRDI**). Under applicable Treasury Regulations, in order to determine the amount of qualified stated interest and OID (if any) in respect of a Multiple-Rate VRDI, an equivalent fixed-rate debt instrument must be constructed. The equivalent fixed-rate debt instrument is constructed in the following manner: (i) if the Multiple-Rate VRDI contains a fixed rate, that fixed rate is converted to a variable rate that preserves the fair market value of the Note and (ii) each variable rate (including a variable rate determined under (i) above) is converted to a fixed rate substitute (which generally will be the value of that variable rate as of the issue date of the Multiple-Rate VRDI) (the **equivalent fixed-rate debt instrument**). The rules discussed in "Original Issue Discount" are then applied to the equivalent fixed-rate debt instrument to determine the amount, if any, of OID. A U.S. Holder will be required to include any such OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant-yield method based on a compounding of interest, as described above under "*Original Issue Discount*." If a Multiple-Rate VRDI is issued with OID, potentially complex rules will apply to determine the portion of each interest payment that is treated as qualified stated interest. Any portion of a payment of interest that is not treated as a payment of qualified stated interest will be taken into account in determining the stated redemption price at maturity of the relevant Note, as generally discussed above under "*Original Issue Discount*." Prospective purchasers of Multiple-Rate VRDIs are urged to consult their tax advisors regarding these special rules.

Sale or Other Disposition of a VRDI. Upon the taxable disposition of a VRDI, a U.S. Holder generally will recognise capital gain or loss equal to the difference between the amount realised (other than amounts attributable to accrued qualified stated interest, which will be treated as described above) and the U.S. Holder's tax basis in the VRDI. A U.S. Holder's tax basis in a VRDI will equal the amount the U.S. Holder paid to purchase the VRDI, increased by the amounts of OID (if any) the U.S. Holder has previously included in income with respect to the VRDI and reduced by any payments other than qualified stated interest the U.S. Holder has received. Such gain or loss generally will be long-term capital gain or loss if the U.S. Holder has held the VRDI for more than one year at the time of the taxable disposition and short-term capital gain or loss otherwise.

Contingent Payment Debt Instruments

Certain Notes may be treated for U.S. federal income tax purposes as contingent payment debt instruments (**Contingent Notes**). Under applicable U.S. Treasury Regulations, interest on a Contingent Note is treated as OID and must be accrued on a constant-yield basis using (i) a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed-rate instrument with no contingent payments but with terms and conditions otherwise similar to the Contingent Note (the **comparable yield**) and (ii) a projected payment schedule determined by the Issuer at the time the Contingent Note is issued (the **projected payment schedule**). This projected payment schedule must include each non-contingent payment on the Contingent Note and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on the Contingent Notes. The applicable Issue Terms will either contain the comparable yield and projected payment schedule, or will provide contact information through which a U.S. Holder of a Contingent Note can submit a request for this information.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE ARE NOT DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF THE CONTINGENT NOTES FOR U.S. FEDERAL INCOME TAX PURPOSES. THEY ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ESTIMATES AND DO NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF, OR THE ACTUAL YIELD ON, THE CONTINGENT NOTES.

A U.S. Holder generally will be bound by the comparable yield and the projected payment schedule determined by the Issuer unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly and timely discloses and justifies such schedule to the IRS. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

The amount of OID includible in income by a U.S. Holder of a Contingent Note is the sum of the daily portions of OID with respect to the Contingent Note for each day during the taxable year or portion of the taxable year in which the U.S. Holder holds the Contingent Note, generally as described above in "*Original Issue Discount – In General*" (determined by substituting in that discussion the comparable yield for the "yield to maturity" and the projected payment schedule for the actual payments on the Note and treating no payment as qualified stated interest). Any net differences between actual payments received by the U.S. Holder on the Contingent Notes in a taxable year and the projected amounts of those payments will be accounted for as additional OID (in the case of a net positive adjustment) or as an offset to interest income in respect of the Contingent Note (in the case of a net negative adjustment) for that taxable year. If the net negative adjustment for a taxable year exceeds the amount of OID on the Contingent Note for that year, the excess will be treated as ordinary loss in that year, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Note exceed the total amount of any ordinary loss in respect of the Contingent Note claimed by the U.S. Holder under this rule in prior taxable years. Such a loss (as well as any ordinary loss incurred in connection with the taxable disposition of a Contingent Note, as described in the following paragraph) is not subject to the limitation imposed on miscellaneous itemized deductions under Section 67 of the Code. Any net negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. Any net negative adjustment that is carried forward to a taxable year in which the Contingent Note is sold, exchanged or retired reduces the U.S. Holder's amount realised on the sale, exchange or retirement.

Upon the taxable disposition of a Contingent Note prior to its stated maturity, a U.S. Holder generally will recognise taxable income or loss equal to the difference between the amount received from the taxable disposition and the U.S. Holder's tax basis in the Contingent Note. A U.S. Holder's tax basis in the

Contingent Note will equal the cost thereof, increased by any interest income the U.S. Holder has previously accrued (determined taking into account any adjustments made because the U.S. Holder purchased the Contingent Note at more or less than its adjusted issue price, as discussed in the next paragraph, but not taking into account adjustments due to differences between projected and actual payments) and decreased by the projected amounts of any payments previously made on the Contingent Note. At maturity, a U.S. Holder will be treated as receiving the projected amount for that date (reduced by any carryforward of a net negative adjustment), and any difference between the amount received and that projected amount will be treated as a positive or negative adjustment governed by the rules described above. A U.S. Holder generally must treat any income realised on the taxable disposition of a Contingent Note as interest income and any loss as ordinary loss to the extent of previous interest inclusions (reduced by the total amount of net negative adjustments previously taken into account as ordinary losses), and the balance as capital loss. If a U.S. Holder recognises a loss above certain thresholds, the U.S. Holder may be required to file a disclosure statement with the IRS. U.S. Holders should consult their tax advisors regarding this reporting obligation.

The discussions below under "*Market Discount*" and "*Notes Purchased at a Premium*" do not apply to Contingent Notes. If a U.S. Holder purchases a Contingent Note for an amount that is less than its adjusted issue price, the U.S. Holder must (i) make a positive adjustment increasing the interest the U.S. Holder would otherwise accrue to the extent such amount is attributable to a change in interest rates and/or (ii) make a positive adjustment increasing the ordinary income (or decreasing the ordinary loss) that the U.S. Holder would otherwise recognise upon the date of a projected payment to the extent such amount is attributable to a change in expectations as to the amount of that projected payment. If a U.S. Holder purchases a Contingent Note for an amount that is greater than its adjusted issue price, the U.S. Holder must (i) make a negative adjustment decreasing the interest that the U.S. Holder would otherwise accrue to the extent such amount is attributable to a change in interest rates and/or (ii) make a negative adjustment decreasing the ordinary income (or increasing the ordinary loss) that the U.S. Holder would otherwise recognise upon the date of a projected payment to the extent such amount is attributable to a change in expectations as to the amount of that projected payment.

Foreign Currency Contingent Payment Debt Instruments

Special rules apply to determine the accrual of OID and the amount, timing, and character of any gain or loss on a Note that is a contingent payment debt instrument denominated in, or whose payments are determined by reference to, a foreign currency (a **Foreign Currency Contingent Note**).

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note generally will be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated if applicable, or in the foreign currency with reference to which payments on the Note are determined (or, in the case of a Foreign Currency Contingent Note that has payments determined by reference to more than one foreign currency, in the "predominant currency" determined under applicable Treasury Regulations) (the **relevant foreign currency**). A U.S. Holder of a Foreign Currency Contingent Note will apply rules similar to those applicable to Contingent Notes, as described above under "Contingent Payment Debt Instruments," to determine OID accruals, account for net positive or net negative adjustments, and income or loss on the taxable disposition of the Foreign Currency Contingent Note. All such determinations are made in the relevant foreign currency. A highly complex set of rules govern the translation into U.S. dollars of the amounts determined in the relevant foreign currency and the related determination of foreign currency gain or loss. Prospective purchasers of Foreign Currency Contingent Notes are urged to consult their tax advisors regarding these rules. A U.S. Holder might be required to file a disclosure statement with the IRS if the U.S. Holder recognizes foreign currency loss above certain thresholds.

Short-Term Notes

Certain modifications to the general rules apply to Notes with a term of one year or less (from but excluding the settlement date to and including the last possible date that the notes could be outstanding pursuant to their terms) (**Short-Term Notes**).

First, none of the interest on a Short-Term Note is treated as qualified stated interest. Instead, interest on a Short-Term Note is treated as part of the Short-Term Note's stated redemption price at maturity, thereby giving rise to OID equal to the sum of all payments on the Note less the Note's issue price. OID will be treated as accruing on a Short-Term Note ratably, or, at the election of a U.S. Holder, under a constant yield method.

Second, a cash-method holder of a Short-Term Note generally will not be required to include OID in respect of the Short-Term Note in income on a current basis. The cash-method holder may not be allowed to deduct all of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry the Note until the maturity of the Note or its earlier taxable disposition. In addition, such a cash-method holder will be required to treat any gain realised on a taxable disposition of the Note as ordinary income to the extent of the holder's accrued OID on the Note, and as short-term capital gain to the extent the gain exceeds accrued OID. A cash-method holder of a Short-Term Note may, however, elect to accrue OID into income on a current basis. In such case, the limitation on the deductibility of interest described above will not apply. An accrual-method holder generally will be required to include OID on a Short-Term Note in income on a current basis.

Third, Short-Term Notes will not be subject to the rules applicable to Contingent Notes. However, a Short-Term Note may have special redemption features or provide for other contingent payments. These features may cause uncertainty regarding the timing and character of income to be recognised on the Short-Term Note. Prospective purchasers of Short-Term Notes with such features are urged to consult their tax advisors regarding these uncertainties.

Market Discount

If a U.S. Holder purchases a Note, other than a Short-Term Note, for an amount that is less than the Note's stated redemption price at maturity or, in the case of an OID Note, for an amount that is less than the Note's revised issue price (i.e., the Note's issue price increased by the amount of accrued OID), the Note will be considered to have market discount (a **Market Discount Note**). The market discount rules are subject to a *de minimis* rule similar to the rule relating to *de minimis* OID described above (in the second paragraph under "*Original Issue Discount*"). Any gain recognised by the U.S. Holder on the taxable disposition of a Market Discount Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such U.S. Holder.

Alternatively, the U.S. Holder may elect to include market discount in income currently over the term of the Note. Such an election will apply to Market Discount Notes acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS. Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. Unless the U.S. Holder elects to include market discount in income on a current basis, as described above, the U.S. Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note.

Market discount on a Foreign Currency Note will be accrued by a U.S. Holder in the relevant foreign currency. The amount includible in income by a U.S. Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued. This is generally calculated at the spot rate of exchange on the date that the Note is disposed of by the U.S. Holder. Any accrued market discount on a Foreign Currency Note that is currently includible in income generally will be translated into U.S. dollars at the average exchange rate for the accrual period or portion of such accrual period within the U.S. Holder's taxable year.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of the remaining redemption amount (as defined above under "*Original Issue Discount – Acquisition Premium*") will be considered to have purchased the Note at a premium The OID rules will not apply to the Note. The holder may elect to amortise the premium, as an offset to interest income, using a constant-yield method, over the remaining term of the Note.

This election, once made, generally applies to all debt instruments held or subsequently acquired by the U.S. Holder on or after the beginning of the first taxable year to which the election applies and may be revoked only with the consent of the IRS. A U.S. Holder that elects to amortise bond premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. Special rules may apply to defer amortisation of bond premium if a Note may be redeemed at the Issuer's election at a price in excess of the Note's stated redemption price at maturity. Prospective purchasers at a premium of Notes with such features are urged to consult their tax advisors regarding these special rules. If a U.S. Holder does not elect to amortise bond premium, the U.S. Holder generally will be required to treat the premium as capital loss when the Note matures.

Amortisable bond premium in respect of a Foreign Currency Note will be computed in the relevant currency and will reduce interest income in that currency. At the time amortised bond premium offsets interest income, foreign currency gain or loss, which will be taxable as ordinary income or loss, will be realised on the amortised bond premium on such Note based on the difference between (1) the spot rate of exchange on the date or dates such premium is recovered through interest payments on the Note and (2) the spot rate of exchange on the date on which the U.S. Holder acquired the Note.

Notes Not Treated as Debt

The discussions below address various categories of Notes that the Issuer intends to treat for U.S. federal income tax purposes as other than debt as evidenced by the statement under "*United States Tax Considerations*" in the applicable Issue Terms.

Due to the absence of controlling statutory, judicial or administrative authorities that directly address the U.S. federal tax treatment of non-debt Notes or similar instruments, significant aspects of the treatment of an investment in these Notes are uncertain. The following discussions of specific types of non-debt Notes generally assume that the Issuer's intended treatment of each type of Note is respected. These discussions are subject to, and should be read in conjunction with, the section below entitled "*Other U.S. Federal Tax Considerations Applicable to Notes That are Not Treated as Debt*". As discussed in that section, alternative treatments of the Notes are possible, and even if the Issuer's general characterization of the relevant Notes is respected there may nonetheless be uncertainty about specific aspects of the tax treatment of the relevant Notes. The Issuer does not plan to request a ruling from the IRS, and the IRS or a court might not agree with the treatments described below. Accordingly, prospective purchasers are urged to consult their tax advisors regarding all aspects of the U.S. federal income tax consequences of an investment in the Notes.

Notes Treated as Prepaid Forward Contracts or Options

The following discussion applies only to Notes, not providing for any payments prior to maturity or early redemption, that the Issuer treats for U.S. federal income tax purposes as prepaid forward contracts or options.

Tax Treatment Prior to Maturity. A U.S. Holder generally should not be required to recognise taxable income over the term of a Note prior to maturity, other than pursuant to a taxable disposition as described below.

Taxable Disposition of a Note. Upon a taxable disposition of a Note for cash and/or property (other than the Underlying), a U.S. Holder should recognise gain or loss equal to the difference between the cash and and/or property received and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note generally should equal the amount paid to acquire it. This gain or loss generally should be long-term capital gain or loss if at the time of the sale, exchange or retirement the U.S. Holder held the Note for more than one year, and short-term capital gain or loss otherwise.

Settlement of a Note by Physical Delivery. The tax consequences of delivery of the Underlying in settlement of a Physical Delivery Note are not clear. If delivery of the Underlying is treated for U.S. federal income tax purposes as the physical settlement of the Note, the U.S. Holder generally should not recognise any gain or loss with respect to the Underlying received. Under this treatment, a U.S. Holder should have an aggregate tax basis in the Underlying (including any fractional Underlying for which cash is received) equal to the U.S. Holder's adjusted tax basis in the Note and should have a holding period in that Underlying beginning on the day after receipt. With respect to any cash received in lieu of a fractional Underlying, a U.S. Holder should recognise capital gain or loss in an amount equal to the difference between the amount of that cash and the tax basis allocable to the fractional Underlying. However, it is possible that delivery of the Underlying could be treated as a taxable disposition of the Note for an amount equal to the fair market value of the Underlying, in which case the U.S. Holder would recognise gain or loss as described in the previous paragraph. In that event, the Underlying received would be treated as purchased for its fair market value on the date of retirement of the Note.

Certain Payments at Maturity. In some cases, a Note may provide for amounts that are fixed or accrue prior to maturity but are paid at maturity (or, depending on the terms of the Note, upon an early retirement). In that event, a U.S. Holder might be required to treat such amounts as ordinary income, either at maturity or as they are fixed or accrue. Prospective purchasers are urged to consult their tax advisors regarding the treatment of such payments.

Notes Treated as Prepaid Forward Contracts or Options with Associated Periodic Payments

The following discussion applies only to Notes that the Issuer treats for U.S. federal income tax purposes as prepaid forward contracts or options with associated periodic payments.

Periodic Payments. Insofar as it has information reporting responsibility in respect of a Note, the Issuer expects to treat the periodic payments (including the periodic payment at maturity) as ordinary income, which the U.S. Holder would recognise in accordance with its method of accounting for U.S. federal income tax purposes. It is possible that the timing and character of income with respect to a periodic payment could be different, as described below. See "*Other U.S. Federal Tax Considerations Applicable to Notes That are Not Treated as Debt*."

Taxable Disposition of a Note. Upon a taxable disposition of a Note for cash and/or property (other than the Underlying) a U.S. Holder generally should recognise gain or loss equal to the difference between (i) the cash and/or property received and (ii) the U.S. Holder's tax basis in the Note. However, any periodic payment received at maturity will, and the treatment of any sales proceeds attributable to an accrued but unpaid periodic payment may, be treated as described above under "–Periodic Payments".. A U.S. Holder's tax basis in a Note generally should equal the amount paid to acquire it. This gain or loss generally should be long-term capital gain or loss if at the time of the taxable disposition the U.S. Holder held the Notes for more than one year, and short-term capital gain or loss otherwise.

Settlement of a Note by Physical Delivery. The tax consequences of delivery of the Underlying in settlement of a Physical Delivery Note are not clear. If delivery of the Underlying is treated for U.S. federal income tax purposes as the physical settlement of the Note, the U.S. Holder generally should not recognise any gain or loss with respect to the Underlying received. Under this treatment, a U.S. Holder should have an aggregate tax basis in the Underlying received (including a fractional Underlying for which cash is received) equal to the U.S. Holder's adjusted tax basis in the Notes and should have a holding period in that Underlying beginning on the day after receipt. With respect to any cash received in lieu of a fractional Underlying, a U.S. Holder should recognise capital gain or loss in an amount equal to the difference between the amount of that cash and the tax basis allocable to the fractional Underlying. However, it is possible that delivery of the Underlying could be treated as a taxable disposition of the Note for an amount equal to the fair market value of the Underlying, in which case the U.S. Holder would recognise gain or loss as described in the previous paragraph. In that event, the Underlying received would be treated as purchased for its fair market value on the date of retirement of the Note.

Notes Treated as a Put Option and a Deposit

The following discussion applies only to Notes that the Issuer treats as a put option (the Put Option) written by the U.S. Holder with respect to the Underlying, secured by a deposit equal to the stated principal amount of the Note (the Deposit). It generally assumes that the U.S. Holder purchases the Note for its stated principal amount. Under this treatment:

- a portion of each periodic payment made with respect to a Note will be attributable to interest on the Deposit; and
- the remainder will represent option premium attributable to the U.S. Holder's grant of the Put Option (with respect to each payment received and, collectively, all periodic payments received, **Put Premium**).

It is possible that the timing and character of income with respect to a periodic payment could be different, as described below under "*Other U.S. Federal Tax Considerations Applicable to Notes That are Not Treated as Debt*."

Periodic Payments. If the term of a Note is not more than one year, the Deposit will be treated as a "*short-term obligation" generally subject to the rules described under "Notes Treated as Debt — Short-Term Notes"* above.

If the term of a Note is more than one year, the Issuer generally intends to treat the Deposit as a fixed rate debt instrument or a "variable rate debt instrument," depending on the terms of the Note, and the following discussion is based on this treatment. Interest on the Deposit generally will be taxable as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of tax accounting. If, however, the terms of the Deposit cause it instead to be treated as a "*contingent payment debt instrument,*" as described above under "*Notes Treated as Debt — Contingent Payment Debt Instruments,"* the timing and character of income recognised on the Deposit will be as described in that section.

The Put Premium should not be taken into account until the taxable disposition of a Note. The Issuer will provide the percentage of each periodic payment that is allocated to interest on the Deposit and to Put Premium in the applicable final Issue Terms. This allocation is binding on a U.S. Holder unless the U.S. Holder discloses otherwise on its U.S. federal income tax return; however, it is not binding on the IRS.

Taxable Disposition Prior to Redemption or Maturity. Upon a taxable disposition of a Note prior to maturity or earlier redemption, a U.S. Holder should apportion the amount realised between the Deposit and the Put Option based on their respective values on the date of the taxable disposition. Except with respect to any amount attributable to accrued interest on the Deposit, which will be treated as such, (in the case of a short-term Note, only to the extent of the gain recognized) a U.S. Holder will recognise gain or loss with respect to the Deposit in an amount equal to the difference between (i) the amount realised that is apportioned to the Deposit (the Deposit Value) and (ii) the U.S. Holder's basis in the Deposit (i.e., the stated principal amount of the Note). Such gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year, and short-term capital gain or loss otherwise. If the amount of a periodic payment in respect of an accrual period is not known until the end of the relevant observation period, it is not clear how much interest, if any, will be treated as having accrued on the Deposit at the time of a taxable disposition prior to maturity.

Any difference between the amount realised on the taxable disposition and the Deposit Value will be apportioned to the Put Option. If the Deposit Value exceeds the amount realised upon the taxable disposition of a Note, a U.S. Holder will be treated as having made a payment equal to such excess in exchange for the purchaser's assumption of the Put Option. A U.S. Holder should recognise short-term capital gain or loss in respect of the Put Option in an amount equal to the total Put Premium previously received, decreased by the amount deemed to be paid by the U.S. Holder, or increased by the amount deemed to be paid to the U.S. Holder, in exchange for the purchaser's assumption of the Put Option.

Tax Treatment at Redemption or Maturity. The periodic payment received at maturity or earlier redemption should be treated as described above under "Periodic Payments."

If a Note is retired for its stated principal amount (without taking into account any periodic payment), the Put Option will be deemed to have expired unexercised, in which case a U.S. Holder should recognise short-term capital gain in an amount equal to the sum of all payments of Put Premium received, including the Put Premium received at maturity.

At maturity, if a U.S. Holder receives an amount of cash and/or property (other than the Underlying), not counting the final periodic payment, that is different from the stated principal amount, the Put Option should be deemed to have been exercised and the U.S. Holder should be deemed to have applied the Deposit toward the cash settlement of the Put Option. In that case, the U.S. Holder should recognise short-term capital gain or loss with respect to the Put Option in an amount equal to the difference between (i) the total Put Premium received (including the Put Premium received at maturity) and the cash and/or other property the U.S. Holder receives at maturity, excluding the final periodic payment, and (ii) the Deposit.

The tax consequences of delivery of the Underlying in settlement of a Physical Delivery Note are not clear. If delivery of the Underlying is treated for U.S. federal income tax purposes as the physical settlement of the Note, the Put Option will be deemed to have been exercised, and the U.S. Holder should be deemed to have applied the Deposit toward the physical settlement of the Put Option. Under this treatment, a U.S. Holder should not recognise any income or gain in respect of the total Put Premium received (including the Put Premium received at maturity) and should not recognise any gain or loss with respect to any Underlying received. Instead, a U.S. Holder should have an aggregate tax basis in the Underlying received (including any fractional Underlying) equal to the Deposit less the total Put Premium received over the term of the Notes. A U.S. Holder's holding period for any Underlying received will start on the day after receipt. With respect to any cash received in lieu of a fractional Underlying, a U.S. Holder should recognise capital gain or loss in an amount equal to the difference between the amount of cash received in lieu of the fractional Underlying and the pro rata portion of the U.S. Holder's aggregate tax basis that is allocable to the fractional Underlying. However, it is possible that delivery of the Underlying could be treated as a taxable disposition of the Note for an amount equal to the fair market value of the Underlying, in which case the U.S. Holder would recognise gain or loss as described in the previous paragraph. In that event, the Underlying received would be treated as purchased for its fair market value on the date of retirement of the Note.

Other U.S. Federal Tax Considerations Applicable to Notes That are Not Treated as Debt

Alternative U.S. federal income tax treatments of the Notes are possible that, if applied, could materially and adversely affect the timing and/or character of income, gain or loss with respect to non-debt Notes. For instance, a Note could be treated as a debt instrument, notwithstanding the Issuer's treatment of it as a non-debt instrument, in which case (i) physical delivery of the Underlying would be a taxable event, and (ii) the consequences of owning the Note would generally be as described above under "Short-Term Notes" or "Contingent Payment Debt Instruments," as applicable. It is also possible that a U.S. Holder could be treated as owning the Underlying, in which case the tax consequences might be materially and adversely affected.

With respect to Notes treated as prepaid forward contracts or options with associated periodic payments and Notes treated as a Put Option and a Deposit, the periodic payments on the Notes might not be accounted for separately as giving rise to income to a U.S. Holder until the sale, exchange or retirement of the Notes. In the case of Notes treated as a Put Option and a Deposit, the entire periodic payment on the Note could be treated as ordinary income at the time received or accrued. In either case, such an alternative treatment would affect, among other things, the determination of gain or loss upon the taxable disposition of the relevant Note.

Other possible U.S. federal income tax treatments of the Notes could also affect the timing and character of income or loss with respect to the Notes. In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; and whether these instruments are or should be subject to the "constructive ownership" regime described below. While the notice requests comments on appropriate transition rules and effective dates, any Treasury Regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Notes, possibly with retroactive effect. Prospective purchasers are urged to consult their tax advisors regarding possible alternative treatments of the Notes and the issues presented by the 2007 notice, as well as the considerations discussed below, where applicable.

Possible Application of Section 1260 of the Code

If a Note is linked to an Underlying that is an equity interest in one of a specified list of entities, including an exchange-traded fund or other regulated investment company, a real estate investment trust, partnership, trust or PFIC, it is possible, depending upon the specific terms of the Note, that an investment in the Note will be treated as a "constructive ownership transaction" within the meaning of Section 1260 of the Code. In that case, all or a portion of any long-term capital gain recognised by a U.S. Holder in respect of the Note would be recharacterised as ordinary income to the extent such gain exceeded the "net underlying long-term capital gain." Although the matter is unclear, the "net underlying long-term capital gain" may equal the amount of long-term capital gain a U.S. Holder would have realised if on the issue date the U.S. Holder had invested the amount paid to acquire the Note in the relevant Underlying and sold those Underlying units for their fair market value at the time the relevant Note is sold, exchanged or retired (which would generally reflect the percentage increase, if any, in the value of the Underlying over the term of the Notes). However, the "net underlying long-term capital gain" could alternatively be calculated in other ways. Any long-term capital gain recharacterised as ordinary income under Section 1260 would be treated as accruing at a constant rate over the period the U.S. Holder held the Note, and the U.S. Holder would be subject to a notional interest charge in respect of the deemed tax liability on the income treated as accruing in prior tax years. The amount of "net underlying long-term capital gain" is treated as zero unless the actual amount of "net underlying long-term capital gain" is established by clear and convincing evidence. Prospective purchasers should consult their tax advisors regarding the possible application of Section 1260 of the Code to the Notes.

Possible Taxable Event Under Section 1001 of the Code

If there is (i) any Adjustment Event, including but not limited to the replacement of the Underlying, (ii) a change in the methodology by which an Index is calculated, (iii) a change in the components of an Index, (iv) any other circumstance resulting in a material change to the Underlying, (v) a Redenomination, or (vi) the Issuer designates a Substitute for itself, it is possible that the Notes could be treated, in whole or part, as retired and reissued for U.S. federal income tax purposes. In the event of a deemed retirement, a U.S. Holder might be required to recognise gain or loss (subject to the possible application of the wash sale rules) with respect to the Notes. Prospective purchasers should consult their tax advisors in such an event.

Possible Application of Section 988 of the Code

If the Underlying in respect of a Note consists of one or more foreign currencies, foreign currency debt instruments, contingent foreign currency debt instruments, or indices or derivatives with respect to the foregoing, it is likely that the Note will be subject to Section 988 of the Code. In that case, subject to the election discussed in the next sentence, any gain or loss recognised on the Note generally will be treated as ordinary income or loss. While a taxpayer may elect to treat gain or loss on certain non-debt instruments linked to one or more foreign currencies as capital gain or loss (the Section 988 election), it is unclear whether the Section 988 election would be available for Notes treated as prepaid forward contracts or options, and doubtful that it would be available for other Notes. In addition, assuming Section 988 of the Code applies to the Notes and a valid Section 988 election is not made, a U.S. Holder might be subject to special reporting requirements that apply to foreign currency losses that exceed certain thresholds. Prospective purchasers are urged to consult their tax advisors regarding the potential application of Section 988 of the Code and the availability and advisability of making the Section 988 election.

With respect to Notes treated as a Put Option and a Deposit, not described in the preceding paragraph, that are denominated in or determined by reference to a foreign currency, the Deposit may be subject to special rules under Section 988 of the Code that are applicable to foreign currency debt as described above under "-Notes Treated as Debt". Prospective purchasers are urged to consult their tax advisors regarding the potential application of Section 988 to the Notes.

Possible Application of Section 1256 of the Code

Special rules will apply if a Note is treated in whole or in part as subject to the mark-to-market rules of Section 1256 of the Code. Section 1256 applies, among others, to "foreign currency contracts," as well as certain options listed on or subject to the rules of a qualified board or exchange. If Section 1256 of the Code were to apply to a Note, a U.S. Holder would be required (i) to recognise gain or loss on all, or a portion, of the Note as if it were sold at its fair market value on the last business day of each year it is held, and (ii) if, for a foreign currency contract, the Section 988 election described above were available and validly made by a U.S. Holder, to treat such gain or loss as 40 per cent. short-term capital gain or loss and 60 per cent. long-term capital gain or loss. In the absence of a valid Section 988 election with respect to a Note treated as a "foreign currency contract," the gain or loss recognised would be ordinary. Prospective purchasers are urged to consult their tax advisors regarding the potential application of Section 1256 of the Code to the Notes.

Possible Higher Tax on Notes Linked to "Collectibles"

Under current law, long-term capital gain recognized on a sale of "collectibles" (which includes, among others, metals) or an ownership interest in certain entities that hold collectibles is generally taxed at the maximum 28 per cent. rate applicable to collectibles. It is possible that long-term capital gain from a taxable disposition of certain non-debt Notes linked to an Underlying that is a collectible or is one of certain entities holding collectibles would be subject to the maximum 28 per cent. rate applicable to collectibles, instead of the lower long-term capital gain rate. Prospective purchasers are urged to consult their tax advisors regarding an investment in a Note linked to a collectible or to an entity holding collectibles.

Tax Consequences to Non-U.S. Holders

Notes Treated as Debt

This section describes certain generally applicable U.S. federal income tax consequences to Non-U.S. Holders in respect of Notes that the Issuer intends to treat as debt for U.S. federal income tax purposes as evidenced by the statement under "*United States Tax Considerations*" in the applicable Issue Terms. It generally assumes that the Issuer's intended treatment is respected. Certain exceptions to these general rules are discussed below under "*Other U.S. Federal Tax Considerations for Non-U.S. Holders,*" and therefore this discussion is subject to, and should be read in conjunction with, the discussion contained in that section.

Interest payments on a Note issued by Citigroup Inc. (a **U.S. Issuer**) should not be subject to U.S. federal withholding tax, provided that (1) the Non-U.S. Holder does not actually or constructively own 10 per cent. or more of the total combined voting power of all classes of stock of the U.S. Issuer entitled to vote, (2) the Non-U.S. Holder is not (i) a controlled foreign corporation for U.S. federal income tax purposes that is related to the U.S. 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 is not contingent on the U.S. 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 (4) the Non-U.S. Holder provides a statement signed under penalties of perjury that certifies that it is a non-United States person in compliance with applicable requirements (or satisfies certain documentary evidence requirements for establishing that it is a non-United States person). Interest payments on a Note issued by CGMFL (a **Non-U.S. Issuer**) generally will not be subject to U.S. federal withholding tax. Gain realised by a Non-U.S. Holder on the taxable disposition of a Note generally will not be subject to U.S. federal withholding or income tax.

Notes Not Treated as Debt

This section describes certain generally applicable U.S. federal income tax consequences to Non-U.S. Holders in respect of Notes that the Issuer intends to treat as a financial instrument other than debt for U.S. federal income tax purposes, as evidenced by the statement under "United States Tax Considerations" in the applicable Issue Terms. It generally assumes that the Issuer's intended treatment is respected. Certain exceptions to these general rules are discussed below under "—Other U.S. Federal Tax Considerations for Non-U.S. Holders" and "Possible Alternative Tax Treatments of an Investment in the Notes," and therefore this discussion is subject to, and should be read in conjunction with, the discussions contained in those sections. Prospective purchasers should note that the Issuer will not be required to pay any additional amounts with respect to U.S. federal income taxes, if any, withheld, whether by the Issuer or by another withholding agent, with respect to Notes not treated as debt for U.S. federal income tax purposes.

Notes Issued by a Non-U.S. Issuer

A Non-U.S. Holder generally will not be subject to U.S. federal withholding or income tax in respect of payments on and gain from the taxable disposition of non-debt Notes issued by a Non-U.S. Issuer.

Notes Issued by a U.S. Issuer

Non-U.S. Holders should refer to "Tax Consequences to U.S. Holders — Notes Not Treated as Debt" above for the definitions of certain terms used below.

Notes Treated as Prepaid Forward Contracts or Options.

Generally, subject to the discussion in the next paragraph, a Non-U.S. Holder should not be subject to U.S. federal withholding or income tax in respect of the taxable disposition of a Note, not providing for any payments prior to maturity or early redemption, that is treated for U.S. federal income tax purposes as a prepaid forward contract or an option.

In some cases, a Note may provide for amounts that are fixed or accrue prior to maturity but are paid at maturity. In that event, such amounts paid to a Non-U.S. Holder might be subject to withholding tax at a rate of 30 per cent. (which may be reduced under an applicable income tax treaty). Prospective purchasers are urged to consult their tax advisors regarding the treatment of such payments.

Notes Treated as Prepaid Forward Contracts or Options with Associated Periodic Payments

With respect to Notes treated as prepaid forward contracts or options with associated periodic payments, to the extent the Issuer has withholding responsibility in respect of the Notes, it intends to treat the periodic payments as subject to withholding at a rate of 30 per cent., unless the Non-U.S. Holder provides a properly executed IRS Form W-8BEN claiming eligibility for a reduction of or an exemption from withholding under an applicable income tax treaty. A Non-U.S. Holder generally should not be subject to U.S. federal withholding or income tax with respect to the taxable disposition of a Note (although any amount received in respect of a periodic payment may be treated as subject to withholding).

Notes Treated as a Put Option and a Deposit

A Non-U.S. Holder generally should not be subject to U.S. federal withholding or income tax in respect of amounts paid on a Note treated as a Put Option and a Deposit, provided that the requirements in the second paragraph under "*—Notes Treated as Debt*" are met. While the Issuer currently does not intend to withhold on payments to Non-U.S. Holders on Notes treated as a Put Option and a Deposit (assuming these requirements are met), in light of the uncertain treatment of the Notes other persons having withholding responsibility in respect of the Notes may treat some or all of each periodic payment on a Note as subject to withholding tax at a rate of 30 per cent. (which may be reduced under an applicable income tax treaty). Moreover, it is possible that in the future the Issuer may determine that it is required to so withhold at a rate of 30 per cent., subject to reduction under an applicable income tax treaty, on periodic payments on the Notes. A Non-U.S. Holder generally should not be subject to U.S. federal withholding or income tax with respect to the taxable disposition of a Note..

Possible Alternative Tax Treatments of an Investment in the Notes

If all or any portion of a Note issued by a U.S. Issuer that the Issuer treats as a financial instrument other than debt were recharacterised as a debt instrument, any payment made to a Non-U.S. Holder with respect to the Note generally would not be subject to U.S. federal withholding or income tax provided that the requirements in the second paragraph under "Notes Treated as Debt" are met. Alternatively, it is possible that a Non-U.S. Holder could be treated as owning the Underlying, in which case the tax consequences might be materially and adversely affected.

As discussed above under "*Tax Consequences to U.S. Holders — Notes Not Treated as Debt — Other U.S. Federal Tax Considerations Applicable to Notes That are Not Treated as Debt,*" in 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. Among the issues addressed in the notice is the degree, if any, to which any income with respect to instruments similar to certain Notes should be subject to U.S. federal withholding tax. While the notice requests comments on appropriate transition rules and effective dates, it is possible that any Treasury Regulations or other guidance promulgated after consideration of these issues might materially and adversely affect the withholding tax consequences of an investment in the Notes, possibly with retroactive effect.

Other U.S. Federal Tax Considerations for Non-U.S. Holders

This discussion applies to any Note issued by either a Non-U.S. Issuer or a U.S. Issuer,irrespective of whether the Issuer treats it for U.S. federal income tax purposes as debt.

Effectively Connected Income

If a Non-U.S. Holder is engaged in a U.S. trade or business, and if income (including gain) from a Note is effectively connected with the conduct of that trade or business, the Non-U.S. Holder generally will be subject to regular U.S. federal income tax with respect to that income in the same manner as if the Non-U.S. Holder were a U.S. Holder, unless an applicable income tax treaty provides otherwise. If such a Non-U.S. Holder is a corporation, the Non-U.S. Holder should also consider the potential application of a 30 per cent. (or lower treaty rate) branch profits tax. A Non-U.S. Holder would be required to provide an IRS Form W-8ECI to the applicable withholding agent to establish an exemption from withholding for amounts, otherwise subject to withholding, paid on a Note.

Possible Application of Section 871(m) of the Code

If a payment with respect to a Note is determined by reference to a U.S.-source dividend, it is possible, under regulations proposed by the U.S. Treasury Department, that Section 871(m) of the Code could apply to the Note. While significant aspects of the application of these regulations to such a Note are uncertain, the

Issuer (or other withholding agents) may withhold (at a rate of 30 per cent., subject to reduction under an applicable income tax treaty) on amounts paid with respect to the Note to the extent treated as contingent upon or determined by reference to a U.S.-source dividend under these rules (**dividend equivalents**).

FIRPTA

Section 897 of the Code, commonly referred to as "FIRPTA," applies to certain interests in entities that beneficially own significant amounts of United States real property interests (each, a **USRPI**). As discussed above, the Issuer will not attempt to ascertain whether any issuer of Shares, or shares that underlie an Index, should be treated as a "United States real property holding corporation" (**USRPHC**) for purposes of Section 897 of the Code (including a non-corporate entity treated for relevant purposes of Section 897 of the Code as a USRPHC). If a relevant issuer were so treated, it is possible that, subject to the exceptions discussed in the following paragraph, a Note could be treated as a USRPI, in which case any gain from the disposition of the Note would generally be subject to U.S. federal income tax and would be required to be reported by the Non-U.S. Holder on a U.S. federal income tax return, generally in the same manner as if the Non-U.S. Holder were a U.S. Holder, and would in certain cases be subject to withholding in the amount of 10 per cent. of the gross proceeds of such disposition. Although the matter is not clear, if a Non-U.S. Holder is a corporation and if the FIRPTA rules were to apply to the gain on the disposition of a Note, the Non-U.S. Holder might also be subject to a 30 per cent. (or lower treaty rate) branch profits tax on the gain in certain cases.

An exception to the FIRPTA rules applies in respect of interests in entities that have a regularly traded class of interests outstanding. Under this exception, a Note that is not "regularly traded" generally should not be subject to the FIRPTA rules unless its fair market value upon acquisition exceeds 5 per cent. of the relevant issuer's regularly traded class of interests as specified in the applicable Treasury regulations. In the case of Notes that are "regularly traded", a holding of 5 per cent. or less of the outstanding Notes of that class or series generally should not be subject to the FIRPTA rules. Certain attribution and aggregation rules apply, and prospective purchasers are urged to consult their tax advisors regarding whether their ownership interest in the Notes will meet an exemption from the FIRPTA rules in light of their circumstances, including any other interest they might have in a relevant issuer.

FATCA Legislation

Legislation enacted in 2010 commonly referred to as "FATCA" generally imposes a withholding tax of 30 per cent. on payments to certain foreign entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements (that are in addition to, and potentially significantly more onerous than, the requirement to deliver an IRS Form W-8) have been satisfied. Pursuant to Treasury Regulations, this legislation generally will apply to (1) Notes issued after December 31, 2013 that pay U.S.-source interest or (2) Notes issued more than six months after the effective date of the final Treasury Regulations under Section 871(m) of the Code that could be treated as paying dividend equivalents pursuant to those final regulations. Withholding (if applicable) will apply to payments of interest after December 31, 2013, to payments of dividend equivalents under Section 871(m) made more than six months after the effective date of the final Treasury Regulations under Section 871(m), and to payments of gross proceeds of the taxable disposition of the relevant Notes after December 31, 2016. Withholding may also apply to payments after December 31, 2016 of gross proceeds of other Notes not issued by a U.S. Issuer, but this is a matter left to be resolved by future guidance. Prospective purchasers are urged to consult their tax advisors regarding FATCA, including the availability of certain refunds or credits.

U.S. Federal Estate Tax

An individual Non-U.S. Holder or an entity the property of which is potentially includible in such an individual's gross estate for U.S. federal estate tax purposes (for example, a trust funded by such an individual and with respect to which the individual has retained certain interests or powers) should note that, absent an applicable treaty exemption, a Note issued by a U.S. Issuer that is not treated as debt for U.S. federal estate tax purposes may be treated as U.S. situs property subject to U.S. federal estate tax. A Note that is treated as a debt obligation for U.S. federal estate tax purposes issued by a U.S. Issuer generally will not be treated as U.S. situs property subject to U.S. federal estate tax if payments on the Note, if received by the decedent at the time of death, would not have been subject to U.S. federal withholding or income tax because of the exemption from withholding of "portfolio interest." A holder that is such an individual or entity should consult its tax advisor regarding the U.S. federal estate tax consequences of investing in the Notes. A Note that is issued by a Non-U.S. Issuer generally will not be treated as U.S. situs property.

Information Reporting and Backup Withholding

Amounts paid on the Notes, and the proceeds of a taxable disposition of the Notes, may be subject to information reporting and, if a holder fails to provide certain identifying information (such as an accurate taxpayer identification number for a U.S. Holder) or meet certain other conditions, may also be subject to backup withholding at the rate specified in the Code. A Non-U.S. Holder that provides an appropriate IRS Form W-8 generally will establish an exemption from backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against a holder's U.S. federal income tax liability, provided the relevant information is timely furnished to the IRS.

THE TAX CONSEQUENCES TO HOLDERS OF OWNING AND DISPOSING OF NOTES MAY BE UNCLEAR. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF OWNING AND DISPOSING OF NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. 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 Issuers' understanding of current United Kingdom law and published HM Revenue & Customs (**HMRC**) practice 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 deduction or withholding on account of United Kingdom income tax where such interest is not regarded as having a United Kingdom source for United Kingdom tax purposes. This will depend on the terms of the relevant Notes and prospective Noteholders should therefore take legal advice on the question of whether any particular Notes carry a right to United Kingdom source interest. In the case of interest on Notes which is regarded as having a United Kingdom source, such payments of interest may be made without deduction of or withholding on account of United Kingdom income tax in the following circumstances:

(i) where the Notes are listed on a "recognised stock exchange", within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland, Italy or Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange's regulated market, the electronic “Bond Market” organised and managed by Borsa Italiana S.p.A. and the Luxembourg Stock Exchange’s regulated market, as applicable. Provided, therefore that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax;

(ii) where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that the above exception is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax; or

(iii) where the maturity of the Notes is less than 365 days (and the Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days).

In other cases where interest on the Notes is regarded as having a United Kingdom source, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before 6 April 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the 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 as amended (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 (the **EU Savings Directive**) 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 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, a 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 competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, of residence in the required format to the relevant paying agent. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35 per cent.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under Council Directive 2003/48/EC.

(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 an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Savings Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such an individual beneficial owner 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.

AUSTRIAN TAXATION

This section on taxation contains a brief summary of the Issuers' understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in the Republic of Austria. 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 certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. These comments are not intended to be, nor should they be construed to be, legal or tax advice. This summary furthermore only refers to investors which are subject to unlimited (corporate) income tax liability in Austria. It is based on the currently valid 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 possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. 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. Tax risks resulting from the Notes (in particular from a potential qualification as a foreign investment fund within the meaning of sec. 188 of the Austrian Investment Funds Act 2011 (Investmentfondsgesetz 2011) shall in any case be borne by the purchaser. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

General remarks

Individuals having a permanent domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*) in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a permanent domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of effective management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*) in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of effective management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

Income taxation of the Notes

Pursuant to sec. 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to sec. 27(2) of the Austrian Income Tax Act, including dividends and interest;

- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to sec. 27(3) of the Austrian Income Tax Act, including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and also broken-period interest; and

- income from derivatives (*Einkünfte aus Derivaten*) pursuant to sec. 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to Austria's loss of taxation right regarding the Notes vis-à-vis other countries, e.g., a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. sec. 27(6)(1) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as a non-business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income that is paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is 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 sec. 97(1) of the Austrian Income Tax Act). In case of investment income without an Austrian nexus, the income must be included in the income tax return and is subject to a flat income tax rate of 25 per cent. In both cases upon application the option exists to tax all income subject to the tax rate of 25 per cent. at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 27(8) of the Austrian Income Tax Act, losses from investment income may not be offset with other types of income. Negative income subject to the flat tax rate of 25 per cent. may not be offset with income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation). Further, an offsetting of losses from realised increases in value and from derivatives in the form of securities with (i) interest and other claims against credit institutions and (ii) income from Austrian or foreign private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) is not permissible.

Individuals subject to unlimited income tax liability in Austria holding the Notes as a business asset are subject to income tax on all resulting investment income pursuant to sec. 27(1) of the Austrian Income Tax Act. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25 per cent. While this withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must on the other hand be included in the income tax return (nevertheless flat income tax rate of 25 per cent.). In case of investment income without an Austrian nexus, the income must always be included in the income tax return (flat income tax rate of 25 per cent.). In both cases upon application the option exists to tax all income subject to the tax rate of 25 per cent. at the lower progressive income tax rate (option to regular taxation pursuant to sec. 27a(5) of the Austrian Income Tax Act). Pursuant to sec. 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the sale, redemption and other realisation of financial assets and derivatives in the sense of sec. 27(3) and (4) of the Austrian Income Tax Act, which are subject to the special tax rate of 25 per cent., are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets; only half of the remaining negative difference may be offset against other types of income (and carried forward).

Corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on interest from the Notes at a rate of 25 per cent. In case of investment income with an Austrian nexus (as described above) the income is subject to a withholding tax of 25 per cent., which can be credited against the corporate income tax liability. However, under the conditions set forth in sec. 94(5) of the Austrian Income Tax Act no withholding tax is levied in the first place. Income from the sale of the Notes is subject to corporate income tax of 25 per cent. Losses from the sale of the Notes can be offset against other income (and carried forward).

Private foundations pursuant to the Austrian Private Foundations Act fulfilling the prerequisites contained in sec. 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as a non-business asset are subject to interim taxation at a rate of 25 per cent. on interest income, income from realised increases in value and income from derivatives in the form of securities. Interim tax does not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the tax period. In case of investment income with an Austrian nexus (as described above) the income is in general subject to a withholding tax of 25 per cent., which can be credited against the tax falling due. Under the conditions set forth in sec. 94(12) of the Austrian Income Tax Act no withholding tax is levied.

Pursuant to sec. 93(6) of the Austrian Income Tax Act, the Austrian custodian agent is obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent. If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then the withholding tax on the positive income is to be refunded, with such refund being limited to 25 per cent. of the negative income. In certain cases, the offsetting is not permissible. The custodian agent has to issue a written confirmation on the offsetting of losses for each bank deposit.

Pursuant to sec. 188 of the Austrian Investment Funds Act 2011, 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. Certain collective investment vehicles investing in real estate are exempted. It should be noted that the Austrian tax authorities have commented upon the distinction between index certificates of foreign issuers on the one hand and foreign investment funds on the other hand in the Investment Fund Regulations (*Investmentfondsrichtlinien*). 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 not be considered as foreign investment funds if the performance of the bonds depends on an index, notwithstanding the fact of 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

Sec. 1 of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*) – 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 (or in certain dependent or associated territories) are subject to a withholding tax of 35 per cent. if no exception from such withholding applies. Sec. 10 of the Austrian EU Withholding Tax Act provides for an exemption from withholding tax where the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her Member State of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Regarding the issue of whether Notes linked to an index or indices (e.g. a Security Index, an Inflation Index, a Commodity Index or a Proprietary Index) are subject to the EU withholding tax, the Austrian tax authorities distinguish between such Notes 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. The exact tax treatment of Notes linked to an index or indices furthermore depends on the underlying index or indices.

Tax treaty between Austria and Switzerland

On 1 January 2013 the Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets entered into force. The treaty provides that a Swiss paying agent has to withhold a withholding tax with the effect of final taxation corresponding to the Austrian income tax, amounting to 25 per cent., on income and capital gains from assets booked with an account or deposit of such Swiss paying agent, if the relevant holder of such assets (i.e. in general individuals on their own behalf and as beneficial owners of domiciliary companies) is tax resident in Austria. The following income and capital gains are subject to the withholding tax: interest income, dividends and capital gains. The treaty, however, does not apply to interest covered by the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss paying agent to disclose to the competent Austrian authority the income and capital gains; these subsequently have to be included in the income tax return.

Austrian inheritance and gift tax

Austria does not levy inheritance or gift tax.

However, it should be noted that certain gratuitous transfers of assets to (Austrian or foreign) private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Tax Act (*Stiftungseingangssteuergesetz*). Such tax is triggered if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Certain exemptions apply in case of a transfer *mortis causa* of financial assets within the meaning of sec. 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to the special tax rate of 25 per cent.. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate is in general 2.5 per cent., with a higher rate of 25 per cent. applying in special cases.

In addition, a special notification obligation exists for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles. The notification obligation applies if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of effective management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may lead to the levying of fines of up to 10 per cent. of the fair market value of the assets transferred.

Further, it should be noted that gratuitous transfers of the Notes may trigger income tax on the level of the transferor pursuant to sec. 27(6)(1) of the Austrian Income Tax Act (see above).

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 issued 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. It should be noted that the tax regime described here below is applicable for income distributed as from 1 January 2013.

  Interest income paid or attributed as from 1 January 2013 is subject to a 25 per cent withholding tax rate.

Movable withholding tax levied on interest income has again a liberating character, which implies that it will become the final tax on the income received. As a consequence, interest income that has already been subject to Belgian withholding tax (e.g. through involvement of a Belgian financial intermediary), does not have to be declared in the Belgian personal income tax return in relation to assessment year 2014. Income declared in the personal income tax return is generally taxed at progressive tax rates. It should be noted however that in specific cases, it may be beneficial to individuals to opt to 'globalise' the interest income with other types of income by declaring the interest income in their personal income tax return, thereby subjecting the interest income to the progressive tax rates (instead of the fixed 25 per cent. withholding tax rate). Individuals will normally only do so when application of the progressive tax rates is more advantageous than the application of the fixed 25 per cent. withholding tax rate. In such case the taxpayer can opt to declare the interest income in his personal income tax return in order to benefit from the more advantageous regime (article 171 ITC ‘92).

On the other hand, if interest is collected outside Belgium (i.e. without involving a Belgian financial intermediary), the taxpayer must declare that interest in his/her personal income tax return. Such interest will be taxed separately at a rate of 25 per cent., unless globalisation of the income is more favourable. The standard tax rate will not be increased by municipal taxes since the European Court of Justice (ECJ) has condemned the supplementary municipal tax which applied to interest directly received by residents of Belgium from sources established in other Member States. As a result, Belgium has changed its tax law and no longer applies the supplementary municipal tax to interest and dividends.

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 fixed rate of 33 per cent. to be increased with municipal taxes). However, the interest accrued at the moment of the transaction is taxable as interest income and to be declared in the personal income tax return, unless it can be demonstrated that the withholding tax has been paid at maturity. This amount is determined on a pro rata basis. Capital losses on Notes are in principle not 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 25 per cent. For Belgian companies, the withholding tax is not the final tax as they need also to declare the interest income in their annual corporate income tax return, where it is taxed at the normal corporate income tax rate which in most cases is 33.99 per cent.

Belgian companies are, in principle, entitled to credit 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.

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 25 per cent.

If interest is paid through a Belgian intermediary, such intermediary must levy withholding tax, currently at a rate of 25 per cent. This withholding tax is in principle 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 to a party other than the relevant Issuer or the CGMFL Guarantor will, in principle, be tax exempt. However, the interest accrued at the moment of the transaction will be taxed as movable income in the hands of the seller. The interest accrued (but not yet paid) at the moment of sale is deemed to have been received by the seller (even though this interest has not yet been paid). Such interest is in principal subject to withholding tax at the rate of 25 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. As of 1 January 2012, the tax is generally due at a rate of 0.09 per cent. (reduced rate) on each sale and acquisition separately, with a maximum of EUR650.00 per taxable transaction. Exemptions may apply for certain categories of institutional investors and non-residents.

REPUBLIC OF CYPRUS

The following is a general summary of certain tax aspects of the Notes under Cypriot law practice in force and applied as at the date of this Base Prospectus and does not purport to be a comprehensive description of all tax aspects relating to Notes. This summary does not analyse the tax position of the Issuer and it does not constitute, nor should it be construed as, tax or legal advice. Prospective investors should consult their tax and other professional advisers as to the specific tax consequences of acquiring, holding and disposing of Notes and of receiving interest on any Notes.

Introduction

In accordance with the provisions of the Income Tax Law, Law 118(I)/2002 (as amended) (the **Income Tax Law**) a person (natural or legal) is liable to tax on its worldwide income on the basis of residency.

A person is resident in Cyprus for the purposes of the Income Tax Law where, in the case of a natural person, that person is present in Cyprus for a period (or periods in aggregate) exceeding 183 days in the tax year and, in the case of a company, its management and control is exercised in Cyprus. The tax year for the purposes of the Income Tax Law coincides with the calendar year.

Non-Cyprus tax residents are taxed on income derived from sources in Cyprus or from a business activity which is carried out through a permanent establishment in Cyprus. A company is regarded as having a "permanent establishment" in Cyprus, if it has a fixed base of business through which the business is carried out fully or partially, including a management base, a branch or an office.

Interest Income

Non-Cyprus Tax Residents

Persons (natural and legal) who are not resident for tax purposes pursuant to the provisions of the Income Tax Law will not be liable for any income tax or for the special contribution defence tax (as described below). Payments of interest made by the Issuer to such persons will not be subject to any Cyprus withholding taxes.

Cyprus tax resident individuals

Interest income received by or credited to a Cyprus tax resident individual is subject to special defence contribution levy at the rate of 30 per cent. pursuant to the provisions of the Special Defence Contribution Law, Law 117(I)/2002 (as amended) (the **SCDF Law**). Interest received or credited by a Cyprus tax resident individual, considered to arise in the ordinary course of the individual's business or considered closely connected thereto shall be treated as personal income and subject to income tax pursuant to the Income Tax Law.

Cyprus tax resident companies that pay interest in respect of which special contribution defence tax is due to Cyprus tax resident individuals are obliged to withhold the special contribution defence tax at source and remit the tax to the Cypriot tax authorities.

Cyprus tax resident companies

Any interest accruing or received by a Cyprus resident company which is considered to arise in the ordinary course of the business or is considered closely connected thereto shall be subject only to (corporate) income tax at the rate of 12.50 per cent. Such income will not be liable to any tax under the SCDF Law.

Interest income not arising in the ordinary course of business or being considered closely connected thereto shall be exempt from (corporate) income tax and shall be subject to tax under the SCDF Law at the rate of 30 per cent.

Profit from the Disposal of the Notes

Any gains derived from the disposal of Notes by a Cyprus resident individual or company are exempt from income tax in Cyprus.

Any gains from the disposal of Notes are not subject to Cyprus income tax, irrespective of the trading nature of the gain, the number of Notes held or the period for which the Notes were held. Any gain is also outside the scope of application of the Capital Gains Tax Law 1980-2002 (as amended).

Interest income is, however, subject to the treatment set out above.

Savings Directive

Cyprus has enacted into Cyprus law EU Directive 2003/48/EC relating to the taxation of savings by virtue of the provisions of the Assessment and Collection of Taxes (Amendment) Law 146(I) of 2004. Pursuant to this law, the Cypriot Council of Ministers issued the Assessment and Collection of Tax (Provision of Information Regarding Interest Payments) Regulations of 2005. These regulations impose Savings Directive standards on Cypriot financial institutions making EU cross-border savings interest payments to individuals resident in other EU Member States of (a) an individual's identity and permanent address, (b) the name and address of the paying agent and (c) the bank account details.

Stamp Duty

Following the enactment of the Stamp Duty (Amendment) (No. 2) Law 2002, section 4 of the Stamp Duty Law, Law 19/1963 as amended provides that:

"(1) every instrument specified in the First Schedule shall be chargeable with duty of the amount specified in the said Schedule as the proper duty therefore respectively if it relates to any asset situated in the Republic or to matter or things which shall be performed or done in the Republic irrespective of the place where the document is made."

In accordance with the principles of rulings of the Commissioner of Stamp Duty, an issue of Notes by the Issuer will not be liable to stamp duty where the proceeds of the issue will remain outside Cyprus, will be utilised for purposes outside Cyprus and the obligation under such Notes will be repaid outside Cyprus.

Transfers of Notes effected outside of Cyprus between non-residents of Cyprus do not attract stamp duty in Cyprus, provided that the transferor and the transferee are not residents of Cyprus.

CZECH TAXATION

General

The information set out below is only a summarised 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, Czech tax residents (or Czech permanent establishments of Czech non-residents) acquiring the Notes 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. Such obligation can be eliminated under a tax treaty concluded between the Czech Republic and the country in which the seller is a tax resident. Furthermore, it can be waived in advance based on a decision of Czech tax authorities.

DUTCH TAXATION

General

The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant. For the purposes of Netherlands tax law, a holder of Notes may include an individual or entity who does not have the legal title to the relevant Notes, but to whom nevertheless such Notes or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in such Notes or the income thereof. 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. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of in the acquisition, holding, settlement, redemption and disposal of any 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) Investment institution (fiscale beleggingsinstellingen);

(ii) Pension funds, exempt investment institutions (vrijgestelde beleggingsinstellingen) or other entities that are not subject to or exempt from Netherlands corporate income tax;

(iii) holders of Notes holding a substantial interest (aanmerkelijk belang) or deemed substantial interest (fictief aanmerkelijk belang) in the relevant Issuer and holders of Notes of whom a certain related person holds a substantial interest in the relevant Issuer. Generally speaking, a substantial interest in the relevant 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 or is deemed to hold (a) 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 relevant Issuer, (b) rights to acquire, directly or indirectly, such interest or (c) certain profit sharing rights in the relevant Issuer;

(iv) persons to whom the Notes and the income from the Notes are attributed based on the separated private assets (afgezonderd particulier vermogen) provisions of the Netherlands Income Tax Act 2001 (Wet inkomstenbelasting 2001) and the Netherlands Gift and Inheritance Tax Act 1956 (Successiewet 1956);

(v) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba, and such Notes are attributable to such permanent establishment or permanent representative; and

(vi) individuals to whom Notes or the income therefrom are attributable to employment activities which are taxed as employment income in the Netherlands.

For the purpose of the Netherlands tax consequences described herein, it is assumed that the relevant Issuer is neither a resident of the Netherlands nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Netherlands Withholding Tax

All payments made by the relevant Issuer under 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 of Notes is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands corporate income 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 per cent.).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Netherlands individual income tax purposes or has opted to be treated as a resident of the Netherlands, for individual income tax purposes 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, if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Notes are attributable or the individual 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 includes activities with respect to the Notes that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds any Notes, must determine taxable income with regard to such Notes 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 is fixed at a rate of 4 per cent. of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (heffingvrij vermogen). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. 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 is taxed at a rate of 30 per cent.

Netherlands Gift and Inheritance Tax

Netherlands gift or inheritance taxes will not be levied on the occasion of the transfer of any Notes by way of gift by, or on the death of, a holder of such Notes, unless:

(i) the holder of such Notes is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions of The Netherlands gift and inheritance tax; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions of The Netherlands gift and inheritance tax.

Netherlands Value Added Tax

In general, no value added tax will arise in respect of payments in consideration for the issue of Notes or in respect of a cash payment made under any Notes, or in respect of a transfer of any 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 any Notes.

FINNISH TAXATION

The following is a general description of certain tax considerations relating to Notes. They relate only to payments by the relevant Issuer or the CGMFL Guarantor (where the Issuer is CGMFL) to beneficial owners of the Notes and may not apply to certain classes of persons such as Dealers. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Finland or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, including changes with retroactive effect.

For the purpose of the Finnish tax consequences described herein, it is assumed that each of the relevant Issuer and the CGMFL Guarantor (where the Issuer is CGMFL) is neither a resident nor deemed to be a resident of Finland for Finnish tax purposes.

General

Finnish residents and non-residents are treated differently for tax purposes in Finland. Finnish residents are subject to taxation in Finland on their worldwide income. Non-residents who are not generally liable for tax in Finland are subject to taxation in Finland solely in respect of their Finnish source income. Generally, an individual is deemed to be a Finnish resident if such an individual continuously resides in Finland for more than six months or if the permanent home and dwelling of such an individual is in Finland. A citizen of Finland who has moved abroad is regarded as resident for Finnish tax purposes until three years have passed after the end of the year of emigration, even though the individual does not reside in Finland over six months or the permanent home and dwelling are not located in Finland, if such an individual cannot prove that he/she has not had any essential relationship to Finland in the tax year in question. Entities established under the laws of Finland are regarded as residents of Finland in accordance with domestic tax law. Double tax treaties may restrict the authority of the Finnish state to tax foreign source income of an individual or entity deemed as resident of Finland pursuant to Finnish domestic tax law.

Resident holders of Notes

Under present Finnish domestic tax law, holders of Notes, who are resident in Finland for tax purposes, are as a general rule subject to Finnish tax on interest payments received under the Notes and on gains realised on the sale, exchange, redemption or other disposition of the Notes.

Individuals

Interest and any similar income (e.g. interest compensation, FI: *jälkimarkkinahyvitys* and index compensation, FI: *indeksihyvitys*) received by individual holders of Notes and capital gain accrued on the Notes is generally taxed as capital income unless the Notes are considered to belong to the business activity of an individual. Capital income is taxed at a flat rate of 30 per cent to the extent the annual capital income of the individual does not exceed EUR 50,000. If the capital income exceeds EUR 50,000 the tax rate is 32 per cent.

Losses realised on the sale or redemption of Notes should be deductible against capital gains. The losses are only deductible against capital gains arising in the same year and the following five years.

Income and gains from Notes considered to belong to the business activity of an individual for Finnish tax purposes are included in the total business income of such individual. The business income will be divided according to the Finnish Income Tax Act to be taxed as capital income (taxed at the rate of 30 or 32 per cent) and earned income taxed at a progressive tax rate.

Corporates

Interest and any similar income (e.g. interest compensation, FI: *jälkimarkkinahyvitys* and index compensation, FI: *indeksihyvitys*) received by corporate holders of Notes and capital gain accrued on the Notes is generally taxed as business income or other income, taxed at the corporate income tax rate of 24.5 per cent. Losses realised should be deductible against business income (where the Notes are considered business assets) or against capital gains in the other income source.

Tax exemptions may apply with respect to certain categories of corporate holders of Notes, such as tax exempt investment institutions, pension funds or other entities that are exempt from Finnish corporate income tax.

Non-Resident Holders of Notes

Holders of Notes who are not resident in Finland for tax purposes and who do not conduct business through a permanent establishment in Finland will not be subject to Finnish taxes either on payments in respect of the Notes or gains realised on the sale, exchange, redemption or other disposition of the Notes. Where the income under the Notes is attributable to a permanent establishment of a Non-resident holder of the Notes, the taxation would generally follow the taxation of resident holders of the Notes (see *Corporates* above).

Withholding

Neither the relevant Issuer nor the CGMFL Guarantor is under an obligation to perform any withholding or deduction for or on account of any income tax imposed, levied, withheld, or assessed by Finland or any political subdivision or taxing authority thereof or therein in respect of any payments under the Notes. Further, such payments may be made free of any withholding when the recipient of the payment is not resident in Finland for tax purposes, or is a corporate resident in Finland for tax purposes.

An agent or intermediary resident in Finland shall deduct a preliminary withholding tax of 30 per cent from any interest, interest compensation (FI: *jälkimarkkinahyvitys)* or index compensation, (FI: *indeksihyvitys*) paid to an individual residing in Finland where such payment is made through the agent or intermediary.

Transfer Taxation

A transfer of the Notes is not subject to Finnish transfer taxation.

FRENCH TAXATION

The following is a summary addressing only the French compulsory withholding tax treatment of income arising from the Notes and certain transfer tax implications relevant in case of physical delivery of the Notes. This summary is (i) based on the laws and regulations in full force and effect in France as at the date of this Base Prospectus, which may be subject to change in the future, potentially with retroactive effect, and (ii) prepared on the assumption that Citigroup Inc., CGMFL and the CGMFL Guarantor are not French residents for French tax purposes and are not acting (or deemed acting) from a French branch or permanent establishment in connection with the Notes, the CGMFL Deed of Guarantee and any transaction in connection therewith. Investors should be aware that the comments below are of a general nature and do not constitute legal or tax advice and should not be understood as such. Prospective investors are therefore advised to consult their own qualified advisors so as to determine, in the light of their individual situation, the tax consequences of the purchase, holding, redemption or sale of the Notes.

Withholding tax

All payments by the Issuer and, if the Issuer is CGMFL, the CGMFL Guarantor in respect of the Notes will be made free of any compulsory withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by France or any political subdivision or taxing authority thereof or therein, except that subject to certain exceptions, interest and other similar revenues paid by a paying agent established in France and received from 1 January 2013 by individuals who are fiscally domiciled in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and other similar revenues paid by paying agents established in France to individuals who are fiscally domiciled in France.

The EC Council Directive 2003/48/EC on the taxation of savings income has been implemented into French law under article 242 *ter* of the French tax code (*Code général des impôts*), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners resident in another Member State, including the identity and address of the beneficial owner and a detailed list of different categories of interest paid to the beneficial owner.

French financial transaction tax and transfer tax

The following may be relevant in connection with Notes which are settled by way of physical delivery of French shares.

The French financial transaction tax provided under Article 235 ter ZD of the French tax code (the Financial Transaction Tax) is applicable, subject to certain exemptions, at a rate of 0.2 per cent. to any acquisitions for consideration of equity securities (titres de capital) as defined by Article L.212-1 A of the French monetary and financial code or certain assimilated equity securities, provided that they are listed on a regulated market and that they are issued by an issuer incorporated in France which has a market capitalisation in excess of 1 billion Euros on 1 December of the year preceding the acquisition. If the Financial Transaction Tax applies to the acquisition of French shares, this transaction is exempt from transfer taxes (droits de mutation à titre onéreux) which generally apply at a rate of 0.1 per cent. to the sale of French shares, provided that in case of shares listed on a recognised stock exchange, transfer taxes are due only if the transfer is evidenced by a written deed or agreement.

GERMAN TAXATION

The following is a general discussion of certain German tax consequences of the acquisition, ownership and the sale, assignment or redemption of Notes and the receipt of interest thereon. 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 Base Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche, the following section only provides some very generic information on the possible tax treatment and has to be read in conjunction with the more specific information on the taxation of each Series or Tranche of Notes as provided in the relevant Issue Terms. Furthermore, the taxation of the different types of Notes may differ from each other. The following summary only describes the tax treatment of Notes in general and certain particularities with respect to individual types of Notes. Further, the following summary does not provide for information with respect to the tax treatment of any underlying (e.g. shares, commodities, depositary receipts, funds) received upon a physical delivery under the Notes unless otherwise explicitly referred to. Where the term "certificates" is used in the following summary it refers – according to a German understanding of the term – to certain types of Notes linked to an underlying.

Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the acquisition, the ownership and the sale, assignment or redemption of Notes and the receipt of interest thereon, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents. Only these advisers will be able to take into account appropriately the details relevant to the taxation of the respective holders of the relevant Notes.

Tax Residents

Private Investors

Interest/Capital gains

Interest payable on Notes to persons holding such Notes as private assets (**Private Investors**) who are tax residents of Germany (i.e., persons whose residence or habitual abode is located in Germany) qualifies as investment income (*Einkünfte aus Kapitalvermögen*) according to Sec. 20 para 1 German Income Tax Act (*Einkommensteuergesetz*) and is, in general, taxed at a separate flat tax rate of 25 per cent. (*Abgeltungsteuer*, in the following also referred to as **flat tax**), plus 5.5 per cent. solidarity surcharge thereon according to Sec. 32d para. 1 German Income Tax Act and, if applicable, church tax. Capital gains from the sale, assignment or redemption of Notes, including the original issue discount and interest having accrued up to the disposition of a Note and credited separately (**Accrued Interest**, *Stückzinsen*), if any, qualify – irrespective of any holding period – as investment income pursuant to Sec. 20 para. 2 German Income Tax Act and are also taxed at the flat tax rate of 25 per cent., plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax. If the Notes are assigned, redeemed, repaid or contributed into a corporation by way of a hidden contribution (*verdeckte Einlage in eine Kapitalgesellschaft*) rather than sold, as a rule, such transaction is treated like a sale.

Capital gains are determined by taking the difference between the sale, assignment or redemption price (after the deduction of expenses directly and factually related to the sale, assignment or redemption) and the acquisition price of the relevant Notes. Where the relevant Notes are issued in a currency other than Euro the sale, assignment or redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the acquisition date and the sale, assignment or redemption date respectively.

Expenses (other than such expenses directly and factually related to the sale, assignment or redemption) related to interest payments or capital gains under Notes are – except for a standard lump sum (*Sparer Pauschbetrag*) of Euro 801 (Euro 1,602 for married couples filing jointly) – not deductible.

According to the flat tax regime losses from the sale, assignment or redemption of 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 realised, 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. Losses from so-called private disposal transactions (*private Veräußerungsgeschäfte*) according to Sec. 23 German Income Tax Act as applicable until 31 December 2008 may only be set-off against capital gains under the flat tax regime until 31 December 2013.

If an "other capital receivable" (*Sonstige Kapitalforderung*) within the meaning of Sec. 20 para 1 no. 7 German Income Tax Act is not repaid in cash at the maturity date but the holder of such receivable receives securities (*Wertpapiere*) instead of a repayment, Sec. 20 para 4a sentence 3 German Income Tax Act construes the consideration for the acquisition of the "other capital receivable" as its sales price. At the same time the consideration for the acquisition of the "other capital receivable" is classified as the acquisition cost of the securities received i.e. no taxable capital gain would be triggered due to the conversion. The aforesaid also applies with respect to so-called full risk certificates (*Vollrisikozertifikate*), i.e. index or share basket etc. linked securities which do not provide for a guaranteed repayment or any capital yield, with a put offer (*Andienungsrecht*).

Further particularities apply with respect to so-called full risk certificates with several payment dates. According to the decree of the German Federal Ministry of Finance (*Bundesfinanzministerium*) dated 9 October 2012 (IV C1 – S 2252/10/10013), which is subject to controversial discussions among tax experts, all payments to the investor under such full risk certificates that are made prior to the final maturity date shall qualify as taxable income from an "other capital receivable" pursuant to Sec. 20 para 1 no. 7 German Income Tax Act, unless the offering terms and conditions contain that such payments shall be redemption payments. If there is no final redemption payment, the final maturity date shall not constitute a sale-like event in the meaning of Sec. 20 para. 2 German Income Tax Act. Therefore, capital losses, if any, shall not be deductible. The same applies with respect to so-called knock-out and other certificates, if the investor does not receive any payment at the final maturity date or the relevant certificate will be prematurely cancelled according to its terms and conditions because the underlying reaches or breaks any knock-out threshold or barrier prior to the final maturity date.

Although this decree only refers to certain types of certificates, it cannot be excluded that the German tax authorities may apply the above described principles to other kinds of certificates as well. Further, the German Federal Ministry of Finance in its decree dated 9 October 2012 (IV C 1 – S 2252/10/10013) has taken the position that a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*) shall, in general, not be treated as a sale, so that losses suffered upon such bad debt loss or waiver shall not be deductible for tax purposes. Again, this position is subject to controversial discussions among tax experts. In this respect, it is not clear, as well, whether the position of the tax authorities may affect securities which are linked to a reference value in case such value decreases. Furthermore, restrictions with respect to the claiming of losses may also apply if certain types of Notes would have to be qualified as derivative transactions (*Termingeschäfte*) and mature worthless. Moreover, according to the decree dated 9 October 2013 (IV C 1 – S 2252/10/10013) the German Federal Ministry of Finance holds the view that a disposal (*Veräßerung*) (and, as a consequence, a tax loss resulting from such disposal) shall not be recognized if the sales price does not exceed the actual transaction cost.

Withholding

If Notes are held in custody with or administered by a German credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank (**Disbursing Agent**), the flat 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 the excess of the proceeds from the sale, assignment or redemption (after the deduction of expenses directly and factually related to the sale, assignment or redemption) over the acquisition costs for the relevant 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). The Disbursing Agent will provide for the set-off of losses against investment income including capital gains from other securities. As regards losses from the sale of shares in a stock corporation, a set-off will only be effected against capital gains from the sale of other shares in a stock corporation. If, in the absence of sufficient investment income derived through the same Disbursing Agent, a set-off is not possible, the holder of Notes may – instead of having a loss carried forward into the following year – file an application with the Disbursing Agent until 15 December of the current fiscal year for a certification of losses in order to set-off such losses against investment income derived through other institutions in the holder's personal income tax return. 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 or not relevant, the flat 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 relevant Notes. In the course of the tax withholding provided for by the Disbursing Agent foreign taxes may be credited in accordance with the German Income

Tax Act. Taxes withheld on the basis of the EU Savings Directive may be credited in the course of the tax assessment procedure.

If Notes are not kept in a custodial account with a Disbursing Agent, the flat tax will apply on interest paid by a Disbursing Agent upon presentation of a coupon (whether or not presented with the relevant Note to which it appertains) to a holder of such coupon (other than a non-German bank or financial services institution) (*Tafelgeschäft*), if any. In this case proceeds from the sale, assignment or redemption of the relevant Notes will also be subject to the withholding of the flat tax.

In general, no flat 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 filing jointly)) to the extent the income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no flat tax will be deducted if the holder of a Note has submitted to the Disbursing Agent a valid certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent tax office.

For Private Investors, the withheld flat tax is, in general, definitive. Exceptions apply, if and to the extent the actual investment income exceeds the amount which was determined as the basis for the withholding of the flat tax by the Disbursing Agent. In such case, the exceeding amount of investment income must be included in the Private Investor's income tax return and will be subject to the flat tax in the course of the assessment procedure. According to the decree of the German Federal Ministry of Finance dated 9 October 2013 (IV C 1 – S 2252/10/10013), however, any exceeding amount of not more than Euro 500 per assessment period will not be claimed on grounds of equity, provided that no other reasons for an assessment according to Sec. 32d para. 3 German Income Tax Act exist. Further, Private Investors may request that their total investment income, together with their other income, be subject to taxation at their personal, progressive income tax rate rather than the flat tax rate, if this results in a lower tax liability. In order to prove such investment income and the withheld flat tax thereon, the investor may request a certificate in officially required form from the Disbursing Agent.

Investment income not subject to the withholding flat tax (e.g. if there is no Disbursing Agent) must be included in the personal income tax return and will be subject to the flat tax rate of 25 per cent. (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), unless the investor requests the investment income to be subject to taxation at lower personal, progressive income tax rate. In the course of the assessment procedure withholding tax levied on the basis of the EU Savings Directive and foreign taxes on investment income may be credited in accordance with the German Income Tax Act.

Application of the tax provisions of the German Investment Tax Act

Tax consequences different from those discussed above would arise if the respective Notes or the underlying securities delivered upon physical delivery were to be regarded as foreign investment fund units (*Investmentanteile*). In such case, withholding tax requirements for the Disbursing Agent as well as the taxation of the holder of the relevant Notes would depend on whether the disclosure and reporting requirements of the German Investment Tax Act (*Investmentsteuergesetz*) have been fulfilled. If this were not the case, the holder of the relevant Notes may be subject to unrealised or fictitious income. A foreign investment fund is defined as a pool of assets subject to foreign law, invested pursuant to the principle of risk diversification in one or more of certain asset classes listed in the German Investment Act (*Investmentgesetz*). A foreign investment fund unit exists if the investor has the right to request a redemption of his or her interest against cash equivalent to his or her pro rata portion of the net asset value of the foreign investment fund or, in the absence of such right of redemption, the foreign investment fund is subject to regulatory supervision of collective investments. According to the circular no. 14/2008 concerning the scope of application of the German Investment Act issued by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin*) dated 22 December 2008 (BaFin, WA 41–Wp 2136–2008/0001) and the tax decree with respect to the application of the German Investment Tax Act dated 18 August 2009 (German Federal Ministry of Finance, IV C 1 – S 1980 - 1/08/10019), index or fund linked securities are, however, in principle not considered to represent foreign investment fund units. Recently, the German government submitted the draft of the German Act on the Adoption of the German Investment Tax Act in connection with the AIFM Directive (AIFM Adoption Act Draft). The AIFM Adoption Act Draft provides for significant changes with respect to the taxation of funds and their investors from 22 July 2013 onwards. In this respect, it is not all clear whether index or fund linked securities will remain to be exempted from the scope of application of the German Investment Tax Act although there are good arguments that this should be the case.

Business Investors

Interest payable on Notes to persons holding the relevant Notes as business assets (**Business Investors**) who are tax residents of Germany (i.e. Business Investors whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) and capital gains from the sale, assignment or redemption of Notes, including the original issue discount and Accrued Interest, if any, are subject to income tax at the Business Investor's personal, progressive income tax rate (plus 5.5 per cent. solidarity surcharge thereon and, if applicable, church tax), or, in case of corporate entities, to corporate income tax at a uniform 15 per cent. tax rate (plus 5.5 per cent. solidarity surcharge thereon). Such interest payments and capital gains may also be subject to trade tax if the relevant Notes form part of the property of a German trade or business. Losses from the sale, assignment or redemption of Notes are, in general, recognised for tax purposes; this may be different if certain (in particular index linked) Notes qualify as derivative transactions.

If instead of a cash-settlement at maturity of a Note, the holder of such Note receives securities, such delivery would be regarded as a taxable sale of the Note and the corresponding capital gain will be taxable.

Withholding tax, if any, including solidarity surcharge thereon is credited as a prepayment against the Business Investor's personal, progressive or corporate 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 and subject to further requirements, no withholding deduction will apply on capital gains from the sale, assignment or redemption of Notes if (i) such Notes are held by a corporation, association or estate in terms of Sec. 43 para. 2 sentence 3 no. 1 German Income Tax Act or (ii) the proceeds from such Notes qualify as income of a domestic business and the investor notifies this to the Disbursing Agent by use of the required official form according to Sec. 43 para. 2 sentence 3 no. 2 German Income Tax Act (*Erklärung zur Freistellung vom Kapitalertragsteuerabzug*).

Withholding tax levied on the basis of the EU Savings Directive and foreign taxes may be credited in accordance with the German Income Tax Act. Alternatively, foreign taxes may also be deducted from the tax base for German income tax purposes.

Non-residents

Interest payable on Notes and capital gains, including Accrued Interest, if any, are not subject to German taxation, unless (i) the relevant 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 relevant Notes; (ii) the interest income otherwise constitutes German-source income; or (iii) the relevant Notes are not kept in a custodial account with a Disbursing Agent and interest or proceeds from the sale, assignment or redemption of the relevant Notes are paid by 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*), if any. In the cases (i), (ii) and (iii) 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 and the solidarity surcharge thereon, even if the relevant Notes are held in custody with a Disbursing Agent. However, where the investment income is subject to German taxation as set forth in the preceding paragraph and the relevant Notes are held in a custodial account with a Disbursing Agent or in case of a *Tafelgeschäft*, withholding tax is levied as explained above under "*Tax Residents*". The withholding tax may be refunded based upon German national tax law or 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 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, execution or conversion 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 Notes and similar income with respect to Notes to the beneficial owner's Member State of residence if such Notes 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 it is not intended as tax advice to any particular investor nor does it purport to be a comprehensive description of all Greek taxation considerations thereof.*

As a general remark, Greek tax laws are very volatile and may be amended or interpreted differently from their current interpretation and application at any time 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. The Greek taxation framework was significantly amended and reformed by virtue of Greek Laws 3842/2010 and 3943/2011 as well as the recent PSI+ related laws 4046/2012, 4050/2012, 4051/2012 *and 4110/2013 and as interpreted through Circulars 1161/2011, 1092/2007 and 1023/2013*. Since no or very limited precedent, administrative guidelines or evidence of practical application of the Greek taxation framework on withholding taxes, as amended, exists, the discussion below on Greek withholding tax is qualified in its entirety. Holders of the Notes who are in doubt as to their personal tax position should consult their professional advisers.

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 none of Citigroup Inc., CGMFL and the CGMFL Guarantor is a resident of Greece for Greek taxation purposes.

Furthermore, it is noted that the Greek tax legislation does not explicitly 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. Therefore, the discussion below is limited to the payment of interest under the Notes and their corresponding treatment as debt securities.

Greek withholding tax on interest income

A withholding tax of 15 per cent. will be imposed on interest paid or credited from 1 January 2013 onwards to holders of the Notes who are tax residents in Greece and on holders who maintain, for tax purposes, a permanent establishment in Greece. The withholding will be applied on the date of payment of the interest under the Notes or on any date on which a holder sells any Notes with reference to the interest accrued during the relevant interest period up to the time of such sale. In any case, the tax basis for withholding is the amount of interest accrued from the date the holder acquired the Notes to the following interest payment date or from the date the holder acquired the Notes to the date of sale thereof if no interest payment date has occurred, in each case, determined with reference to the nominal value of the disposed Notes.

Such withholding will be imposed on payments by credit institutions registered or established in Greece, qualifying as paying agents within the meaning of article 4(2) (a) of Law 3312/2005 implementing into Greek Law Directive 2003/48/EC on taxation of savings income in the form of interest payments – the **Implementing Law**), upon collection of interest on behalf of the Greek tax residents. Such withholding exhausts the tax liability of certain categories of Greek tax residents, including among others, individuals, partnerships, joint ventures, insurance companies and non-for-profit entities.

No withholding tax on account of Greek tax laws will be imposed on holders who are not Greek tax residents and do not maintain, for tax purposes, a permanent establishment in Greece.

Capital gains realised from the disposal of the Notes

Capital gains realised from the sale of the debt securities issued by Greek or foreign corporate issuers qualify as income from transferable securities and are subject to a 20 per cent. withholding tax provided that such capital gains are realized by Greek tax-residents. Therefore, in the case of Notes, no such withholding tax shall apply in case of capital gains realised by non-Greek tax residents.

The same withholding tax rate (20 per cent.) applies to holders who are companies or legal entities which maintain for tax purposes a permanent establishment in Greece. Such 20 per cent. withholding does not exhaust the tax liability of the above holders. If the holders of such bonds are companies or legal entities who are not tax residents in Greece and do not maintain for tax purposes a permanent establishment in Greece then the applicable withholding tax rate would be 33 per cent., which exhausts the tax liability of such holders.

In cases where Greece has executed a bilateral tax treaty with a country for the avoidance of double taxation then the provisions of such bilateral treaty shall prevail over the provisions of internal Greek tax law and shall apply, provided an appropriate tax residence certificate will be provided by the holder of bonds (the holder of the bonds being an individual tax resident of such country or a legal entity of such country which does not maintain for tax purposes a permanent establishment in Greece).

Implementation of EU Savings Directive

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, one of those countries or territories. A proposal for amendments to the EU Savings Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above.

Greece implemented the EU Savings Directive by virtue of the Implementing Law. Under the Implementing Law, Greek paying agents paying interest payable under the Notes, or securing the payment of interest for the benefit of, any individual holder (natural person), who is not a resident of Greece for tax purposes, shall be required to report to the Greek competent authority, being the Directorate of International Financial Affairs of the Ministry of Economy and Finance, certain information, consisting of, at least, the identity and residence of such individual holder of the Notes, the name and address of the paying agent, the account number of such individual holder of the Notes and information concerning such interest payment. The Directorate of International Financial Affairs of the Ministry of Economy and Finance shall in turn communicate the above information to the respective competent authority of the Member State in which such holder of Notes retains its residence for tax purposes. A reporting process is established in certain cases also where the paying agent is paying interest payable under the Notes to or securing the payment of interest for the benefit of certain categories of EU-based entities (other than Greek), as defined in the Implementing Law, which interest is secured, or collected for the benefit of the ultimate individual holder of the Notes. Also, specific obligations have been imposed on Greek entities, collecting or receiving interest for the benefit of the ultimate individual holder of the Notes, by a Ministerial Decision of the Ministry of Economy and Finance. The enactment of the Implementing Law commenced on 1 July 2005.

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 16 per cent. Notes listed on a regulated market of a 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 a Member State is considered as other income (**Other Income)** which is part of the individual's aggregated tax base and is taxed at a rate of 16 per cent. (and may be subject to a health care contribution of 27 per cent., as well). The capital gains realised on the sale or redemption of such Notes is considered, as a general rule, capital gains income (**Capital Gains Income**). The tax rate applicable to Capital Gains Income is 16 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 relevant Issuer is resident in Hungary for tax purposes;

(b) the relevant Issuer has a permanent establishment in Hungary and Interest Income realised on the basis of the Notes issued by it is paid by the Hungarian permanent establishment of the relevant Issuer; or

(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, organisation 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 Savings Directive), realised on Notes by citizens of any other Member State 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 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 the Notes is not subject to tax in Hungary.

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 a Member State are considered publicly offered and traded Notes. The withholding tax on Interest Income is currently 16 per cent.

The proceeds paid on privately placed Notes which are not listed on a regulated market of a Member State are considered as Other Income which is taxable at a rate of 16 per cent. (and may be subject to a health care contribution of 27 per cent., 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 16 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, organisation 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 10 per cent. up to the first HUF 500 million of the taxpayer's annual profit and 19 per cent. for the part above this threshold.

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.

IRISH TAXATION

*The following is a summary of the principal Irish tax consequences of ownership of the Notes for individuals who are resident and ordinarily resident in Ireland for tax purposes and for companies that are resident in Ireland for tax purposes. It is based on the laws and practice of the Revenue Commissioners currently in force in Ireland as at the date of this Base Prospectus and may be subject to change. The statements in this summary are based on the understanding that Notes will be treated as debt for Irish tax purposes. This summary applies to Noteholders who beneficially own Notes as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding Notes including dealers in Notes and trusts. This summary does not constitute tax or legal advice and the comments below are of a general nature only and it does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Notes (including, but not limited to, social insurance and the Universal Social Charge ("**USC**")). Prospective investors in any Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of Notes and the receipt of payments thereon under any laws applicable to them.*

Taxation of Noteholders

(a) Withholding Tax

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on any Notes so long as such payments do not constitute Irish source income. Interest paid on Notes should not be treated as having an Irish source unless:

i) the relevant Issuer is resident in Ireland for tax purposes; or

ii) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which is used to fund the payments on such Notes; or

iii) the Issuer is not resident in Ireland for tax purposes but the register for such Notes is maintained in Ireland or if the Notes are in bearer form such Notes are physically held in Ireland; or

It is anticipated that (i) neither Citigroup Inc. nor CGMFL are not and will not be resident in Ireland for tax purposes; (ii) neither Citigroup Inc. nor CGMFL will have a branch or permanent establishment in Ireland; (iii) that Bearer Notes will not be physically located in Ireland; and (iv) neither Citigroup Inc. nor CGMFL will maintain a register of any Registered Notes in Ireland.

(b) Taxation of Payments

Notwithstanding that a Noteholder may receive payments of interest, premium or discount on the Notes free of Irish withholding tax, such Noteholder may still be liable to pay Irish income tax (currently up to 41 per cent. and in the case of individuals, the Universal Social Charge) or corporation tax (generally at the rate of 25 per cent.) on such interest and/or any payment in the nature of interest if (i) such interest has an Irish source, (ii) such Noteholder is resident or (in the case of a person other than a body corporate) ordinarily resident in Ireland for tax purposes (in which case there would also be a social insurance (PRSI) liability for an individual in receipt of interest on such Notes) or (iii) such Notes are attributed to a branch or agency in Ireland.

Ireland operates a self-assessment system in respect of income and corporation tax, and each person must assess its own liability to Irish tax.

Relief from Irish tax may also be available under the specific provisions of a double taxation agreement between Ireland and the country of residence of the recipient.

(c) Encashment Tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from any interest paid on Notes issued by a company not resident in Ireland, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Noteholder who is Irish resident. Encashment tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

(d) Capital Gains Tax

A Noteholder will be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade or business in Ireland through a permanent establishment, branch or agency in respect of which the Notes are or were held.

(e) Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax (which, subject to available exemptions and reliefs, is currently levied at 33 per cent. if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland or (ii) the Notes are regarded as property situate in Ireland. Bearer Notes are generally regarded as situated where they are physically located. Registered Notes are situated in Ireland if the register is in Ireland. A foreign domiciled individual will not be regarded as being resident or ordinarily resident in Ireland at the date of the gift or inheritance unless that individual (i) has been resident in Ireland for the five consecutive tax years preceding that date, and (ii) is either resident or ordinarily resident in Ireland on that date.

(f) Stamp Duty on Transfer of Notes

No stamp duty, capital duty or similar tax is imposed in Ireland on the issue, transfer or redemption of Notes unless (i) the relevant Notes are regarded as property situated in Ireland; or (ii) a document of transfer of the Notes is executed in Ireland; or (iii) the transfer relates to Irish property or to any matter or thing done or to be done in Ireland. Even if the Notes were considered to be within the scope of Irish territoriality, no Irish stamp duty should arise if the Notes were considered to the loan capital and met the required conditions as set down in Irish stamp duty legislation.

(g) European Union Directive On Taxation Of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Ireland has implemented the directive but will not levy a withholding pursuant to it.

ITALIAN TAXATION

The following is a summary of current Italian law and practice relating to the taxation of Notes. 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.*

This summary does not describe the tax consequences for a Noteholder with respect to Physical Delivery Notes. Prospective Noteholders are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended, (**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.

For these purposes, debentures similar to bonds are defined as debentures that incorporate an unconditional obligation to pay, at maturity, an amount not less than their principal amount (whether or not providing for interim payments) and that do not give any right to directly or indirectly participate in the management of the relevant Issuer or of the business in relation to which they are issued nor any type of control on such management.

Where 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 pursuant to Article 5 of the Italian Income Consolidated Code (**TUIR**) (with the exception of general partnership, limited partnership and similar entities), (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 20 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 pursuant to Article 73 of TUIR 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 (**IRES)** and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

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.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the **Fund**), and the relevant Notes are held by an authorised 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. The Fund will not be subject to taxation on such results but a substitute tax of 20 per cent., will apply, in certain circumstances to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Substitute Tax**).

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 to be entitled to apply the *imposta sostitutiva* must (i) be (a) resident in Italy or (b) a permanent establishment in Italy of a non-Italian resident financial intermediary or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; 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.

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.

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 20 per cent. For this purpose, debentures similar to bonds are debentures that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value.

The 20 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 (with the exception of general partnership, limited partnership and similar entities), or (iii) a commercial private or public institution.

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 Issuer and would thus be subject to the tax regime described in the previous paragraphs of this section.

Notes issued by CGMFL will be guaranteed by the CGMFL Guarantor pursuant to the CGMFL Deed of Guarantee. Notes issued by Citigroup Inc. will not be guaranteed by the CGMFL Guarantor or any other entity.

Capital Gains Tax

Any gain obtained from the sale, early redemption 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, early redemption or redemption of such Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. Under some conditions and limitations, 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 taxation of capital gains realised by 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 yearly 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, early redemption 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. 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, early redemption or redemption of the relevant Notes (the "*risparmio amministrato*" regime provided for by Article 6 of the Legislative Decree No. 461 of 21 September 1997, the **Decree No. 461**). 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 valid 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, early redemption 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, early redemption 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. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

Any capital gains realised or accrued 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 validly opted for the so-called "*risparmio gestito*" regime (regime provided by Article 7 of Decree No. 461) 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 20 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 a Fund will be included in the result of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Substitute Tax will apply.

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 Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the 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, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994 are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

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

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 notarised deeds are subject to fixed registration tax at a rate of Euro 168; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at a rate of 0.15 per cent.; this stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than EUR34.20, nor (for taxpayers other than individuals) exceed EUR4,500.

In the absence of specific guidelines, the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.15 per cent..

This tax is calculated on the market value of the Notes at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value of such Notes held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

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. See also the section entitled "*EU Savings Directive*" on page E-93 below.

NORWEGIAN TAXATION

Below is a summary of certain Norwegian tax matters related to the purchase, holding and disposal of the Notes. The summary is based on Norwegian Laws, rules and regulations applicable as of the date of this Base Prospectus, and is subject to any changes in law occurring after such date. Such changes could possibly be made on a retroactive basis. The summary does not address foreign tax laws.

The summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Notes. Specific tax consequences may occur for different categories of Noteholders, e.g. for a Noteholder to which tax regimes apply, in cases where benefits from the Note are connected to employment situations, if the Noteholder ceases to be tax resident in Norway etc.

Norwegian tax legislation does not currently include statutory legislation relating specifically to Notes. Instead, taxation treatment must be derived from general tax rules and principles applicable to capital income and capital gains. Norwegian tax law is based on substance over form. If the applicable Issue Terms includes conditions which are common to equity instruments and the relevant Notes, after an overall assessment, have more characteristics of equity instruments rather than debt, the economic reality might overrule the formalities for income tax purposes.

The summary outlines Norwegian tax consequences for (i) Notes classified as debentures for Norwegian tax purposes and (ii) Notes classified as equity instruments with shares as the Underlying.

*The summary is solely related to holders of Notes who are resident in Norway for tax purposes (***Norwegian Noteholders***). However, companies incorporated and resident abroad are liable to tax in Norway on distribution and gains from Notes in the same manner as Norwegian resident companies, if the Notes are effectively connected with a business carried out through a permanent establishment in Norway.*

Due to the general nature of this summary, potential investors are advised to consult with and rely on their own tax advisers.

Taxation of Notes classified as debentures

Taxation on Distribution to the Noteholder

Norwegian Noteholders, both physical persons and companies, are liable to tax in Norway on payments in respect of Coupons, interest or similar payments in respect of Notes classified as debentures for Norwegian tax purposes. The tax rate is 28 per cent. Taxation on sale and redemption of Notes

Norwegian Noteholders, both physical persons and companies, are taxable in Norway in respect of capital gains on the sale and redemption of Notes classified as debentures for Norwegian tax purposes, and have a corresponding right to deduct losses that arise from such redemption or realisation. The tax liability applies irrespective of how long the Notes have been owned and the number of Notes that have been redeemed or realised.

Gains or losses are calculated per Notes as the consideration received in respect of the Note less the tax basis of the Note. The tax basis of each Note is generally the Norwegian Noteholder's purchase price for the Note. Costs incurred in connection with the acquisition, redemption or realisation of the Note may be deducted from the Norwegian Noteholder's taxable ordinary income in the year of redemption or realisation.

Gains are taxable as ordinary income in the year of sale or redemption, and losses can be deducted from ordinary income in the year of sale or redemption. The tax rate for ordinary income is 28 per cent.

If the Norwegian Noteholder owns Notes acquired at different points in time, the Notes that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis (the FIFO principle).

Taxation of Notes classified as equity instruments with shares as the Underlying

Norwegian Individual Noteholders

Norwegian Noteholders that are physical persons (**Norwegian Individual Noteholders**) are taxable in Norway in respect of capital gains upon sale and redemption of the equity instruments with shares as the Underlying, or an Index or basket of shares as the Underlying, and have a corresponding right to deduct losses that arise upon such sale or redemption. The tax liability applies irrespective of how long the Notes have been owned and the number of Notes that have been redeemed or realised.

Gains or losses are calculated per Note, as the consideration received in respect of the Note less the tax basis of the Note. The tax basis of each Note is generally the Norwegian Individual Noteholder's purchase price for the Note. Costs incurred in connection with the acquisition, redemption or realisation of the Note may be deducted from the Norwegian Individual Noteholder's taxable ordinary income in the year of redemption or realisation.

Gains are taxable as ordinary income in the year of redemption or realisation, and losses can be deducted from ordinary income in the year of redemption or realisation. The tax rate for ordinary income is 28%.

If the Norwegian Individual Note holder owns Notes acquired at different points in time, the Notes that were acquired first will be regarded as the first to be disposed of, on a first-in, first-out basis (the FIFO principle).

Distributions on Notes classified as equity Notes, if any, should be deemed as a partial sale or redemption of such Notes.

Norwegian Corporate Noteholders

Norwegian Noteholders that are limited liability companies and similar entities (**Norwegian Corporate Noteholders**), are exempt from tax on capital gains on equity instruments with shares qualifying as objects under the participation exemption as the Underlying. The shares covered by the participation exemption include shares in companies tax resident within the European Economic Area, unless the country of residency is considered a low tax jurisdiction and the company does not fulfil a substance test (cf. the Cadbury-Schweppes ruling), or the company is resident in a low tax jurisdiction outside EEA. A State is considered as a low tax jurisdiction if the general taxation of a company's income in that state is less than 2/3 of the taxation of that company's similar income in Norway. Furthermore, Norwegian Corporate Noteholders are exempt from tax on capital gains on equity instruments with an index or basket of shares which at the time of realisation derives 90 per cent. of its value from shares in companies tax resident within the European Economic Area as the Underlying. Consequently, losses upon redemption or realisation of such Notes are not tax deductible in Norway.

Norwegian Corporate Noteholders are taxable in Norway in respect of capital gains upon sale and redemption of the equity instruments with shares not covered by the participation exemption as the Underlying, or an index or basket of shares as the Underlying, and have a corresponding right to deduct losses that arise upon such sale or redemption. The tax liability applies irrespective of how long the Notes have been owned and the number of Notes that have been redeemed or realised.

Gains or losses are calculated per Note, as the consideration received in respect of the Note less the tax basis of the Note. The tax basis of each Note is generally the Norwegian Corporate Noteholder's purchase price for the Note. Costs incurred in connection with the acquisition, redemption or realisation of the Note may be deducted from the Norwegian Corporate Noteholder's taxable ordinary income in the year of redemption or realisation.

Gains are taxable as ordinary income in the year of redemption or realisation, and losses can be deducted from ordinary income in the year of redemption or realisation. The tax rate for ordinary income is 28 per cent.

Distributions on Notes classified as equity Notes, if any, should be deemed as a partial sale or redemption of such Notes.

Norwegian Withholding tax

Where Notes are issued by an Issuer which is not a Norwegian tax resident entity and does not have a permanent establishment in Norway to which the issue of the Notes is connected, the Issuer will not be obliged to deduct Norwegian withholding tax.

Under any circumstance, Norwegian withholding tax is not applicable to payments in respect of Coupons, interest or similar payments on Notes which are classified as debentures for Norwegian tax purposes, or on capital gains on sale or redemption of Notes, irrespective of classification.

Net wealth tax

Norwegian Corporate Noteholders are not subject to net wealth taxation in Norway.

Norwegian Individual Noteholders are subject to net wealth taxation in Norway. Notes are included as part of the taxable base for this purpose. The Notes will be valued at market value on 1 January in the year after the income year. The maximum aggregate rate of net wealth tax is currently 1.1 per cent.

Stamp duty

There is no stamp duty or other charges in Norway on the purchase, redemption or realisation by cash settlement of Notes.

Foreign taxes

Income taxes or capital gains taxes payable by Norwegian Noteholders in other jurisdictions, or withholding tax payable on redemption amounts in respect of the Notes, may be deducted when calculating the Norwegian tax payable on the same income. The deduction is limited, however, to the corresponding amount of Norwegian tax applicable. The right for both Norwegian and other jurisdictions to tax Norwegian Noteholders directly or through the application of withholding taxes may be limited by an applicable tax treaty.

Inheritance tax

When Notes are transferred either through inheritance or as a gift, such transfer may give rise to inheritance or gift tax in Norway if the descendent, at the time of death, or the donor, at the time of the gift, is a resident or citizen of Norway, or if the Notes are effectively connected with a business carried out through a permanent establishment in Norway.

The basis for the computation of inheritance tax is the market value at the time the transfer takes place. The rate is progressive from 0 per cent to 15 per cent. For inheritance and gifts from parents to children, the maximum rate is 10 per cent.

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, including a change with retroactive effect. Any change 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 individual 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.

The reference to "interest" as well as to any other terms in the paragraphs below means "interest" or any other term as understood in Polish tax law.

Taxation of a Polish tax resident individual

(a) Withholding Tax on Interest Income

According to Article 30a of the Personal Income Tax (PIT) Act (the **PIT Act**), interest income, including discount, derived by a Polish tax resident individual (a person who has his/her centre of personal or business interests located in Poland or who stays in Poland for longer than 183 days in a year) does not cumulate with general income subject to the progressive tax rate but is subject to 19 per cent. flat rate tax.

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. Particular double tax treaties can provide other methods of withholding tax settlements.

Under Article 41.4 of the PIT Act, the interest payer, other than an individual not acting within the scope of his/her business activity, should withhold the Polish 19 per cent. tax upon any interest payment. In practice, the obligation to withhold tax applies only to Polish interest payers and not foreign interest payers. Moreover, given that the term "interest payer" is not precisely defined in the law, under some interpretations issued by Polish tax authorities, in certain cases Polish banks or Polish brokerage houses maintaining securities accounts may refuse to withhold the tax based on the fact that they are acting only as an intermediary and therefore should not be obliged under the Polish law to remit due tax. According to Article 45.3b of the PIT Act, if the tax is not withheld, the individual is obliged to settle the tax himself/herself by 30 April of the following year.

If an individual holds the Notes as a business asset, in principle, interest should not be subject to withholding tax but taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

(b) Income from capital investments

Income other than interest derived by a Polish tax resident individual from financial instruments, such as the Notes, 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 the financial instruments 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 Articles 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 Article 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.

If an individual holds the Notes as a business asset, in principle, the income should be taxed in the same way as other business income. The tax, at 19 per cent. flat rate or the 18 per cent. to 32 per cent. progressive tax rate depending on the choice and meeting of certain conditions by the individual, should be settled by the individual himself/herself.

Taxation of a Polish tax resident corporate income taxpayer

A Polish tax resident corporate income taxpayer will be subject to 19 per cent. income tax in respect of the 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 the Notes will be recognised at the time the revenue is achieved.

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 the 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 the 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.

Notes held on omnibus accounts

Under Article 30a.2a of the PIT Act, if the Notes are held on omnibus accounts for the benefit of individuals whose identity has not be revealed to the tax remitter, the tax remitter is obliged to withhold 19 per cent. tax from any interest paid to the omnibus account holder.

If the identity of the beneficiaries of income from the Notes on omnibus accounts is not revealed to the tax remitter, it should be expected that the tax remitter will withhold 19 per cent. on account of Personal Income Tax regardless of whether the beneficiary is a Polish or non-Polish tax resident, individual or corporate.

PORTUGUESE TAXATION

The following is a summary of the current Portuguese tax treatment at the date hereof in relation to certain aspects 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 a corporate income tax according to which a 25 per cent. tax rate will be applicable, to which is added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. over the Portuguese corporate Noteholders' taxable profits, where applicable. A state surcharge (*derrama estadual*) of 3 per cent. will be due on the part of the taxable profits exceeding Euro 1,500,000 up to Euro 7,500,000 and of 5 per cent. will be due on the part of the taxable profits exceeding Euro 7,500,000.

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 28 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 the current progressive rates of up to 48 per cent. An additional income tax rate will be due on the part of the taxable income exceeding Euro 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding Euro 80,000 up to Euro 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding Euro 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In this case, the tax withheld is deemed to be a payment on account on the final tax due.

Investment income payments due by non-resident entities to Portuguese tax resident individuals are subject to an autonomous taxation at a rate of 28 per cent. whenever those payments are not subject to Portuguese withholding tax unless the individual elects to include it in his taxable income, subject to tax at the current progressive rates of up to 48 per cent. An additional income tax rate will be due on the part of the taxable income exceeding Euro 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding Euro 80,000 up to Euro 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding Euro 250,000. Also, if the option of income aggregation is made an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In this case, the tax withheld is deemed to be a payment on account on the final tax due.

Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified and as a consequence the tax rates applicable to such beneficial owner(s) will apply.

None of the relevant Issuer and, where the relevant Issuer is CGMFL, the CGMFL Guarantor, are responsible for withholding at source any amount in respect of Portuguese withholding tax, whenever applicable, on interest payments arising from the Notes.

Payments of principal on Notes are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any income component.

Capital Gains

Under current Portuguese law, capital gains obtained by Portuguese tax resident companies on the disposal of Notes issued by non-resident entities are included in their taxable income and are subject to progressive corporate income tax rate of 25 per cent., to which is added a municipal surcharge of up to 1.5 per cent. over the Portuguese corporate Noteholders' taxable profits, where applicable. A state surcharge of 3 per cent. will be due on the part of the taxable profits exceeding Euro 1,500,000 up to Euro 7,500,000 and of 5 per cent. will be due on the part of the taxable profits exceeding Euro 7,500,000.

Capital gains obtained by individuals who are resident in Portugal for tax purposes on the disposal of Notes are subject to a special tax rate of 28 per cent., levied on the positive difference between the capital gains and capital losses of each year unless the individual opts to include the income in his taxable income, subject to tax at the current progressive rates of up to 48 per cent.. An additional income tax rate will be due on the part of the taxable income exceeding Euro 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding Euro 80,000 up to Euro 250,000, and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding Euro 250,000. Also, if the option of income aggregation is made, an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage.

EU Savings Directive

Portugal has implemented EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income into 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 the Notes referred to in this Base Prospectus by individuals or legal persons who are resident in Spain for tax purposes and by Spanish Non-Resident Income Tax (***NRIT***) taxpayers acting, with respect to the Notes, through a permanent establishment in Spain.*

This summary is based on Spanish law in force as of the date of approval of this Base Prospectus 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 (the **IIT Law***) (Law 35/2006, of 28 November 2006, as amended), the Consolidated Text of the Corporate Income Tax Law (the* **CIT Law***) (approved by Royal Legislative Decree 4/2004, of 5 March 2004, as amended) and in the Consolidated Text of the NRIT Law (the* **NRIT Law***) (approved by Royal Legislative Decree 5/2004, 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 autónmous communities (comunidades autónomas), or the special rules applicable to transactions among related persons for Spanish tax purposes.*

Accordingly, prospective investors in the Notes should consult their own tax advisors as to the applicable tax consequences of their purchase, ownership and disposition of the 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 the relevant Issuer is, in the case of Citigroup Inc. 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 the 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, and, in the case of CGMFL, is resident for tax purposes in Luxembourg and for the purposes of the Convention between the Kingdom of Spain and the Grand Duchy of Luxembourg for the avoidance of Double Taxation with respect to Taxes on Income and on Capital and the Prevention of Fiscal Fraud and Evasion signed on 4 August 1987, as amended, and entitled to its benefits, and that the investors in the Notes are resident in Spain for tax purposes or NRIT taxpayers acting, with respect to such Notes, through a permanent establishment in Spain.

Spanish tax 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 approved by Royal Decree 439/2007, of 30 March 2007, as amended (the **IIT Regulations**).

The 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 the IIT Law and its interpretation by the Spanish tax authorities, interest as well as income arising on the transfer, redemption or reimbursement of the Notes obtained by individuals who are resident in Spain for tax purposes will be deemed income from movable property and therefore will be included in the investor's IIT savings taxable base and taxed, together with the other savings income obtained by such investor in that same tax year, at a flat tax rate of 21 per cent. on the first EUR6,000, 25 per cent. on the following EUR18,000 and 27 per cent for any amount in excess of EUR24,000.

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. Income arising on the transfer, redemption or reimbursement of Notes will be calculated as the difference between (i) the transfer, redemption or reimbursement value of such Notes (deducting the additional costs and expenses incurred in the transfer, if they are duly justified) and (ii) their acquisition or subscription value (adding the additional costs and expenses incurred in the acquisition, if they are duly justified).

Should a holder of Notes acquire homogeneous securities within the two-month period prior or subsequent to the transfer of such Notes, negative income that may derive from such transfer cannot be included in his or her IIT taxable base until the homogeneous securities are transferred.

The net taxable income shall be determined by deducting the management and deposit expenses from the gross income, excluding those pertaining to discretionary or individual portfolio management.

Additionally, tax credits for the avoidance of international double taxation in accordance with the IIT Law or any applicable convention for the avoidance of double taxation entered into by Spain may apply in respect of taxes paid abroad, if any, on income deriving from Notes.

(b) Net Wealth Tax (*Impuesto sobre el Patrimonio*)

For tax year 2013, Spanish tax resident individuals are subject to Spanish Net Wealth Tax (Law 19/1991, of 6 June 1991, as amended), which imposes a tax on property and rights in excess of EUR700,000 held by each relevant taxpayer on the last day of any year. Spanish tax resident individuals whose net worth is above EUR700,000 and who hold Notes on the last day of any year would therefore be subject to the Spanish Net Wealth Tax for such year at marginal rates varying between 0.2 and 2.5 per cent. of the relevant tax base.

(c) Inheritance and Gift Tax (**IGT**) (*Impuesto sobre Sucesiones y Donaciones*)

IGT is governed by Law 29/1987, of 18 December 1987, as amended, and supplemented by the IGT Regulations approved by Royal Decree 1629/1991, of 8 November 1991, as amended.

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 tax resident individuals will be subject to IGT, the taxpayer being the transferee.

The applicable IGT tax rates for 2013 range between 7.65 and 34 per cent. although depending on certain particular circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor, the effective tax payable could range between 0 and 81.6 per cent. of the relevant tax base, subject to the specific rules passed by the relevant Spanish autonomous communities (*comunidades autónomas*) with respect to this tax.

Legal persons resident in Spain for tax purposes 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 the 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, if any, in respect of Notes.

*Spanish legal persons subject to Corporate Income Tax (**CIT**) (Impuesto sobre Sociedades)*

Interest and income arising on the transfer, redemption or reimbursement of Notes obtained by legal entities resident for tax purposes in Spain and regarded as CIT taxpayers shall be computed as taxable income of the tax period of its accrual, in accordance with the rules contained in the CIT Law and supplemented by the CIT regulations, approved by Royal Decree 1777/2004, of 30 July 2004 (the **CIT Regulations**).

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 EUR300,000 of their taxable base.

Tax credits for the avoidance of international double taxation in accordance with the CIT Law or any applicable convention for the avoidance of double taxation entered into by Spain may apply in respect of taxes paid abroad, if any, on income deriving from Notes.

Non-resident entities acting with respect to Notes through a permanent establishment in Spain subject to NRIT (Impuesto sobre la Renta de no Residentes)

Based on the fact that none of the Issuers are resident in Spain for tax purposes, no Spanish NRIT 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 NRIT Law, Spanish permanent establishments of non-Spanish tax resident persons are taxed under the NRIT Law in a similar manner to Spanish CIT taxpayers, although some specific rules may apply. Due to the complexity of this matter, non-Spanish tax 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 for tax purposes 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 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 21 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 or NRIT taxpayers acting, with respect to the Notes, through a permanent establishment in Spain, can benefit from a withholding tax exemption on income arising with respect to Notes when the latter are listed on an OECD official stock exchange.

Other Spanish taxes (indirect taxation)

The acquisition, transfer, redemption and reimbursement 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 1993, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December 1992, regulating such tax.

SWEDISH TAXATION

The following summary outlines certain Swedish tax consequences relating to holders of Notes that are considered to be Swedish residents for Swedish tax purposes. This summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. This summary does not address situations where Notes are held in an investment savings account (Sw. *investeringssparkonto*) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Investors should consult their professional tax advisors regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of Notes in their particular circumstances.

Holders resident in Sweden

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Securities) will be taxable. Specific tax consequences, however, may be applicable to certain categories of corporations, e.g. life insurance companies. Further, specific tax consequences may be applicable if, and to the extent, a holder of Notes realises a capital loss on the Notes and to any currency exchange gains or losses.

If amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally be withheld also on other return on Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

SWISS TAXATION

The following is a summary based on legislation as of the date of this Base Prospectus. It does not aim to be a comprehensive description of all the Swiss tax considerations that may be relevant for a decision to invest in Notes. The tax treatment for each investor depends on the particular situation. All investors are advised to consult with their professional tax advisors as to the respective Swiss tax consequences of the purchase, ownership, disposition, lapse, exercise or redemption of Notes (or options embedded therein) in light of their particular circumstances.

Swiss Federal Stamp Taxes

The issuance of Notes to the initial holders at the original offering price (primary market) is *not* subject to the Swiss federal issuance stamp tax and the Swiss federal securities turnover tax (*Umsatzabgabe*), except that the issuance of Notes which classify as fund-like instruments may be subject to Swiss federal securities turnover tax of up to 0.3 per cent. on the offering price, however, only if a Swiss securities dealer (as defined in the Swiss federal stamp tax act) is a party or an intermediary to the transaction and, additionally, if no exemption applies.

Dealings in Notes (secondary market) which classify as pure derivative financial instruments (such as call and put options, including low exercise price options with a maturity not exceeding twelve months, futures with a maximal pre-financing of 25 per cent., fully-funded securities statically replicating an index or a basket of at least five shares and with a fixed maturity or an annual redemption right) are exempt from Swiss federal securities turnover tax. Dealings in other Notes may be subject to Swiss federal securities turnover tax of up to 0.3 per cent. on the consideration paid, however, only if a Swiss securities dealer (as defined in the Swiss federal stamp tax act) is a party or an intermediary to the transaction and, additionally, if no exemption applies.

The physical delivery of a Note at exercise or redemption to the holder of the Note may be subject to Swiss federal securities turnover tax of 0.3 per cent. in case a Note issued by an issuer outside Switzerland is delivered and of 0.15 per cent. in case a Note issued by a Swiss domestic issuer is delivered, however, in each case, only if a Swiss domestic securities dealer (as defined in the Swiss federal stamp tax act) is a party or an intermediary to the delivery and, additionally, if no exemption applies.

Swiss Federal Withholding Tax

Payments under the Notes are not subject to Swiss federal withholding tax.

On 24 August 2011 the Swiss Federal Council issued draft legislation, which, if enacted, may require a paying agent in Switzerland to deduct Swiss withholding tax at a rate of 35 per cent. on any payment under a Note, which is classified as interest, to an individual resident in Switzerland (this includes, *inter alia*, payment to an entity treated fiscally transparent in which an interest is held by such an individual) or to a person (not only individual) resident outside Switzerland (see below "*—Income Taxation, Notes held as Private Assets by a Swiss resident Holder, paragraph (b) Structured Notes*" as concerns the classification of payments as interest). If this legislation or similar legislation were enacted and a payment in respect of a Note were to be made or collected through Switzerland and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the relevant Issuer, nor the CGMFL Guarantor (where the relevant Issuer is CGMFL) nor any paying agent nor any other person would pursuant to the terms and conditions of the Notes be obliged to pay additional amounts with respect to any Note as a result of the deduction or imposition of such withholding tax.

Income Taxation

Non-Swiss resident Holders

A holder of a Note who is not resident in Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland will in respect of such Note not be subject to income tax in Switzerland.

Note held as Private Assets by a Swiss resident Holder

(a) *Pure Derivative Financial Instruments*

A capital gain realised by an individual on the sale or redemption of a Note which classifies as a true derivative financial instrument for tax purposes (such as a true call or put option on equities or commodities (including low exercise price options provided their term does not exceed one year or, where the term does exceed one year, the premium paid at issuance does not exceed 50 per cent. of the value of the Underlying at the time of issuance), future on equities or commodities, replicating an index or a fixed basket of at least five shares and with a fixed maturity or an annual redemption right and with a maturity not exceeding twelve months) and which is held as part of the individual's private assets is a tax-free private capital gain. Conversely, a capital loss realised on the sale or redemption of such a Note cannot be set off against taxable income. Dividend equivalents paid under such a Note constitute taxable investment income.

(b) *Structured Notes*

If a Note is composed of one or more derivatives and a bond (resulting e.g. from up-front payment of exercise price, purchase price, etc.) and therefore classifies as a structured financial instrument for tax purposes, its income taxation depends on whether (i) the embedded bond component and the embedded derivative financial instrument(s) are reported separately from each other, or, alternatively, if the Note is a standard product, the value of the embedded bond component and the value of the embedded derivative financial instrument(s) can at any time be determined analytically by using standard valuation programmes, and (ii) the Note classifies as a structured instrument with or without a predominant one-time interest payment:

- *Non-transparent derivative financial instruments*: If the embedded bond is not recorded separately from the embedded derivative financial instrument(s) and if the values of the embedded bond and the embedded derivative financial instrument(s) cannot be determined analytically (as described above), then the Note classifies as non-transparent structured financial instrument and any return over the initial investment as taxable interest payment. Non-transparent derivative financial instruments generally include a predominant one-time interest payment and are taxed in accordance with the principles set forth below under "—

Transparent derivative financial instruments with a predominant one-time Interest payment".

- *Transparent derivative financial instruments without a predominant one-time interest payment*: If the embedded bond is recorded separately from the embedded derivative financial instrument(s) or if the values of the embedded bond and the embedded derivative financial instrument(s) can be determined analytically (as described above) and if the yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium (see below "—*Transparent derivative financial instruments with a predominant one-time interest payment*"), then a person who is an individual resident in Switzerland holding such a Note as a private asset is required to include any periodic and one-time interest payments received on the Note in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including such amounts) for the relevant tax period. Option premium received by such a person under, and a gain, including in respect of interest accrued, or a loss, respectively, realised on the sale of, such a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively.

- *Transparent derivative financial instruments with a predominant one-time interest payment*: If the embedded bond is recorded separately from the embedded derivative financial instrument(s) or if the values of the embedded bond and the embedded derivative financial instrument(s) can be determined analytically (as described above) and if the yield-to-maturity predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments, then a person who is an individual resident in Switzerland holding such a Note as a private asset, is required to include any periodic interest payments received on the Note and, in addition, any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, converted in each case into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including such amounts, i.e., including, *inter alia*, any gain in respect of interest accrued, interest rate or foreign exchange rate) for the relevant tax period. Any compensation received by such a holder for the embedded derivative, i.e., option premium received under, and any residual gain, and a loss, respectively, realised on the sale of, such a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively. Notwithstanding the foregoing, such a holder may offset any decrease in value realised by him or her within the same taxation period on sale or redemption of such a Note against any gain (including periodic interest payments) realised by him or her from other Notes with a predominant one-time interest payment.

(c) *Bonds*

Bonds without a predominant one-time interest payment: If a Note classifies for tax purposes as a straight bond, i.e. as an instrument without derivative financial instrument(s) embedded therein, and if such Note does not include a predominant one-time interest payment (i.e., its yield-to-maturity predominantly derives from periodic interest payments and not from a one-time interest payment such as an original issue discount or a repayment premium), then a person who is an individual resident in Switzerland holding such a Note as a private asset is required to include any periodic and one-time interest payments received on such Note, converted into Swiss Francs at the exchange rate prevailing at the time of payment, in his or her personal income tax return for the relevant tax period and is taxable on any net taxable income (including such amounts) for the relevant tax period. A gain, including, *inter alia*, in respect of interest accrued or interest rate or foreign exchange rate, a loss, respectively, realised on the sale of such a Note is a tax-free private capital gain, a non-tax-deductible private capital loss, respectively.

Bonds with a predominant one-time interest payment: If a Note classifies for tax purposes as straight bond, i.e. as instrument without derivative financial instruments embedded therein, and if such Note includes a predominant one-time interest payment (i.e., its yield-to-maturity predominantly derives from a one-time interest payment such as an original issue discount or a repayment premium and not from periodic interest payments), then a person who is an individual resident in Switzerland holding such a Note as a private asset, is required to include any periodic interest payments received on the Note and, in addition, any amount equal to the difference between the value of the Note at redemption or sale, as applicable, and its value at issuance or secondary market purchase, as applicable, converted in each case into Swiss Francs at the exchange rate prevailing at the time of sale or redemption, issuance or purchase, respectively, in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including such amounts, i.e., including, *inter alia*, any gain in respect of interest accrued, interest rate or foreign exchange rate) for the relevant tax period. Notwithstanding thereof, such a holder may offset any decrease in value realised by him or her within the same taxation period on sale or redemption of such a Note against any gain (including periodic interest payments) realised by him or her from other Notes with a predominant one-time interest payment.

(d) *Fund-like Notes*

A Note which is classified as fund-like instrument will be considered a pass-through instrument for Swiss tax purposes if dividend and interest income (less attributable costs) from, and capital gains and losses (less costs attributable) realised on, the underlying investments, are reported and distributed separately. Under such conditions, an individual holding a fund-like Note as part of his or her private assets receives taxable income (which he or she must report annually) over such portion of distributions (in case the fund is distributing the income realised on the underlying investments) or credits (in case the fund is reinvesting the income realised on the underlying investment) as derive from dividends and interest (less attributable costs) on the underlying instruments. Any distributions or credits deriving from capital gains realised on the underlying investments constitute a tax-free private capital gain, and any respective loss a non-tax-deductible private capital loss. Any gain realised within a taxation period on the sale of a fund-like Note (including accrued dividends and interest) is exempt from income taxation as a private capital gain, and, conversely, any loss realised on such a Note a non-tax-deductible capital loss.

Notes held as Assets of a Swiss Business (including deemed "Professional Notes Dealers")

Corporate entities and individuals who hold Notes as part of a trade or business in Switzerland, in the case of residents abroad carried on through a permanent establishment or a fixed place of business in Switzerland, are required to recognise any payments on, and any capital gains or losses realised on the sale or redemption of, such Notes (irrespective of their classification) in their income statement for the respective taxation period and will be taxed on any net taxable earnings for such period.

The same taxation treatment also applies to Swiss-resident individuals who for income tax purposes, are classified as "professional Notes dealers" for reasons of, *inter alia*, frequent dealing and leveraged investments in Notes.

EU Savings Directive

Interest payments on a Note made by a Swiss paying agent to an individual resident in a Member State are subject to EU savings tax. The tax is withheld at a rate of 35 per cent with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the Member State the details of the interest payments in lieu of the withholding. The individual may be entitled to a tax credit or refund of the withholding, provided that he or she is the beneficial owner of the interest payments and certain other conditions are met.

Final Foreign Withholding Taxes

On 21 September 2011, 6 October 2011 and 13 April 2012, respectively, the Swiss Federal Council signed treaties with Germany, the UK and Austria (each a **Contracting State**), respectively, regarding the implementation, *inter alia*, of a flat-rate withholding tax (*Abgeltungssteuer*) to be withheld by a Swiss paying agent, as defined in the treaties, on certain capital gains and income items (interest, dividends, other income items, all as defined in the treaties) deriving from assets held on accounts or deposits with a Swiss paying agent by (i) an individual being tax resident of a Contracting State or, (ii) if certain requirements are met, by a domiciliary company (*Sitzgesellschaft*), an insurance company in connection with a so-called insurance wrapper (*Lebensversicherungsmantel*) or other individuals if the beneficial owner is an individual or resident of a Contracting State. According to the treaties, the flat-rate tax to be withheld substitutes the ordinary income tax on the respective capital gains and income items in the contracting state where the individual is tax resident. In order to avoid such flat-rate tax to be withheld by the Swiss paying agent, such individuals shall be entitled to opt for a disclosure of the respective capital gains and income items to the tax authorities of the Contracting State where they are tax residents. The treaties are in the process of being approved by the Swiss Federal Parliament and the parliaments of the Contracting States and may enter into force on 1 January 2013, provided that such approvals will be given. The guidelines in respect of the implementation of the treaties have not yet been published. Several other European countries aim at entering into similar treaties with Switzerland.

On 1 January 2013 treaties on final withholding taxes between Switzerland and the United Kingdom and between Switzerland and Austria entered into force. The treaties, *inter alia*, require a Swiss paying agent to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest or capital gain paid, or credited to an account, relating to the Notes. The final withholding tax substitutes the United Kingdom or Austrian income tax, as applicable, on such income of interest or capital gain. Such a person may, however, in lieu of the final withholding tax opt for voluntary disclosure of the interest or capital income to the tax authority of his or her country of residency. Note that Switzerland may conclude similar treaties with other European countries: negotiations are currently being conducted with Greece and Italy.

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, 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). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015 in favour of automatic information exchange under the Directive.

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

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission issued proposals, including a draft Directive, for a financial transaction tax (**FTT**) to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If these proposals are adopted in their current form, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the current proposals, the FTT would apply to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, “established” in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

At this stage, it is too early to say whether the FTT proposals will be adopted and in what form. However, if the FTT is adopted based on the current proposals, then it may operate in a manner giving rise to tax liabilities for the Issuer with respect to certain transactions (for example, with reference to its hedging arrangements, or if physical settlement is applicable to certain types of Notes). The Issuer is, in certain circumstances, able to pass on any such liabilities to holders of the relevant instruments and therefore this may result in investors receiving less than expected in respect of such Notes. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if conditions for a charge to arise are satisfied. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

The FTT proposal remains subject to negotiation between the participating member states described above and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of the Instruments are advised to seek their own professional advice in relation to the FTT.

SECTION F –TERMS AND CONDITIONS OF THE NOTES

SECTION F.1 – GENERAL 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 the Valuation and Settlement Schedule "and which will include the additional terms and conditions contained in Underlying Schedule 1 in the case of Security 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, which will include the additional terms and conditions contained in Underlying Schedule 9 in the case of FX Rate Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 10 in the case of Warrant Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 11 in the case of Proprietary Index Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 12 in the case of Dividend Futures Contract Linked Notes, which will include the additional terms and conditions contained in Underlying Schedule 13 in the case of Rate 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*** *and, the Underlying Schedules together with the Valuation and Settlement Schedule, the* ***Schedules****). References herein to a Condition shall be deemed to be a reference to a Condition of the General Conditions of the Terms and Conditions of the Notes, unless otherwise specified.*

References in these Conditions (the **General Conditions**) and in the applicable Schedules (together, subject as provided below in relation to the applicable Final Terms or the Pricing Supplement as the case may be,, the **Conditions**) to the **Notes** shall be references to the Notes of this Series, which shall be "English Law Notes", and shall mean (a) in relation to any Bearer Notes (as defined below) represented by a global Note (a **Global Note**) or any Registered Notes (as defined below) represented by a global Note (a **Global Registered Note Certificate**), units of each Specified Denomination in the Specified Currency; (b) any Global Note or Global Registered Note Certificate; (c) any definitive Bearer Notes issued in exchange for a Global Note; (d) any definitive Registered Notes (**Registered Note Certificates**) whether or not issued in exchange for a Global Note; (e) in relation to any Swedish Notes, units of each Specified Currency in the Specified Denomination and (f) in relation to any Finnish Notes, units of each Specified Currency in the Specified Denomination.

Whether the Notes are of the type of Bearer Notes, Registered Notes, Swedish Notes or Finnish Notes will be specified in the applicable Issue Terms but one type of Notes cannot be exchanged for another.

The Valuation and Settlement Schedule and applicable Issue Terms will specify whether settlement shall be by way of cash payment (**Cash Settled Notes**) or by physical delivery (**Physical Delivery Notes**).

Notes are issued in Series and each Series may comprise one or more Tranches of Notes. Each Tranche is the subject of a Final Terms document (the **Final Terms**) or, in the case of Notes 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 (as amended) (**Exempt Notes**), a pricing supplement (the **Pricing Supplement**) which, in the case of the Final Terms, completes or, (in the case of Exempt Notes) amends and/or replaces the Conditions and the applicable Schedule(s). In the event of any inconsistency between the Conditions and the relevant Issue Terms, the relevant Issue Terms shall prevail.

For the purposes hereof, **Issue Terms** means either (i) where the Notes are not Exempt Notes, the relevant Final Terms or (ii) where the Notes are Exempt Notes, the applicable Pricing Supplement, and references should be construed accordingly.

In relation to any Series of Notes, in the event of inconsistency between the applicable Issue Terms and the other Conditions, the applicable Final Terms will prevail.

The Notes (other than Swedish Notes and Finnish Notes) are issued pursuant to a Fiscal Agency Agreement dated 26 June 2013 (as amended, supplemented and/or restated from time to time, the **Fiscal Agency Agreement**) between Citigroup Global Markets Funding Luxembourg S.C.A. (**CGMFL**) and Citigroup Inc. each as an issuer, Citigroup Global Markets Limited (**CGML**) as guarantor in respect of Notes issued by CGMFL where it is specified as such in the applicable Issue Terms (in its capacity as such guarantor, the **CGMFL Guarantor**), Citibank, N.A., London branch as issuing agent and fiscal agent (in such capacity, the **Fiscal Agent**, which expression shall include any successor fiscal agent and together with any other paying agent from time to time, the **Paying Agents**, which expression shall include any additional or successor paying agents) and as principal paying agent, Citigroup Global Markets Deutschland AG as registrar (in such capacity, the **Registrar**, which expression shall include any successor registrar) and as a transfer agent (in such capacity, a **Transfer Agent**, which expression shall include any additional or successor 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**) and Citibank, N.A. as calculation agent if so specified in the applicable Issue Terms (in such capacity, 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 Issue Terms) and as exchange agent (in such capacity, the **Exchange Agent**, which expression shall include any successor exchange agent).

The only provisions of the Fiscal Agency Agreement applicable to the Swedish Notes and the Finnish Notes are those in Clauses 2.2, 16, 20.7, 26, 27 and 28 and Schedule 3 (Provisions for Meetings of Noteholders) and Clauses 21, 22 and 23 in relation to the appointment of the Calculation Agent only.

In relation to any Series, either Citigroup Inc. or CGMFL will be the Issuer thereof as specified in the applicable Issue Terms and references in the Conditions to "the Issuer" shall be to whichever of Citigroup Inc. or CGMFL is so specified in the applicable Issue Terms.

Notes issued by Citigroup Inc. are issued with the benefit of a Deed of Covenant dated 26 June 2013 (as amended, supplemented and/or restated from time to time, the **Citigroup Inc. Deed of Covenant**) executed by Citigroup Inc. in relation to such Notes.

Notes issued by CGMFL are issued with the benefit of a Deed of Covenant dated 26 June 2013 (as amended, supplemented and/or restated from time to time, the **CGMFL Deed of Covenant** and, together with the Citigroup Inc. Deed of Covenant, the **Deeds of Covenant** and references herein to the **relevant Deed of Covenant** shall mean the Citigroup Inc. Deed of Covenant where the Issuer is Citigroup Inc., and the CGMFL Deed of Covenant where the Issuer is CGMFL) executed by CGMFL in relation to such Notes. Notes issued by CGMFL are, where CGML is specified as the guarantor in the applicable Issue Terms, the subject of a Deed of Guarantee (as amended, supplemented and/or restated from time to time, the **CGMFL Deed of Guarantee**), dated 26 June 2013 executed by the CGMFL Guarantor.

Notes issued by Citigroup Inc. are not guaranteed by the CGMFL Guarantor and are not the subject of the CGMFL Deed of Guarantee and references to the CGMFL Guarantor and the CGMFL Deed of Guarantee shall be ignored in relation to the Notes issued by Citigroup Inc. and the Conditions shall be construed accordingly.

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**) are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

Copies of the Fiscal Agency Agreement, the Deeds of Covenant and the CGMFL Deed of Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are obtainable during normal business hours at the specified office of each of the Paying Agents. If the Notes are not admitted to listing, trading and/or quotation on any listing authority, stock exchange and/or quotation system and are not publicly offered, the applicable Pricing Supplement will only be obtainable by a Noteholder during normal business hours at the specified office of each of the Paying Agents holding one or more of the Notes if such Noteholder produces 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.

Swedish Notes will be issued and governed by a Swedish Notes issuing and paying agent agreement (as amended, supplemented and/or restated from time to time, the **Swedish Notes Issuing and Paying Agent Agreement**) to be entered into between, *inter alios,* the Issuer and Nordea Bank AB (publ) as Swedish Notes issuing and paying agent (in such capacity the **Swedish Notes Issuing and Paying Agent**, which expression shall include any successor as Swedish Notes issuing and paying agent and such successor shall be duly authorised under the Swedish Financial Instruments Accounts Act 1998 (Sw. *Lagen (1998:1479) om kontoföring av finansiella instrument*) (the **SFIA Act**)). Any references in the Conditions to "Fiscal Agency Agreement" shall be deemed to include, where the context so admits, reference to the Swedish Notes Issuing and Paying Agent Agreement. Copies of the Swedish Notes Issuing and Paying Agent Agreement are available for inspection during normal business hours at the specified office of the Swedish Notes Issuing and Paying Agent. The holders of the Swedish Notes are deemed to have notice of all of the provisions of the Swedish Notes Issuing and Paying Agent Agreement applicable to them.

Finnish Notes will be issued and governed by a Finnish Notes issuing and paying agent agreement (as amended, supplemented and/or restated from time to time, **the Finnish Notes Issuing and Paying Agent Agreement)** to be entered into between, inter alios, the Issuer and Nordea Bank Finland Plc as Finnish Notes issuing and paying agent (in such capacity the Finnish Notes Issuing and Paying Agent, which expression shall include any successor as Finnish Notes issuing and paying agent and such successor shall be duly authorised under the Finnish Act on the Book-Entry system (Fin. *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* (*749/2012)*). Any references in the Conditions to "Fiscal Agency Agreement" shall be deemed to include, where the context so admits, reference to the Finnish Notes Issuing and Paying Agent Agreement. Copies of the Finnish Notes Issuing and Paying Agent Agreement are available for inspection during normal business hours at the specified office of the Finnish Notes Issuing and Paying Agent. The holders of the Finnish Notes are deemed to have notice of all of the provisions of the Finnish Notes Issuing and Paying Agent Agreement applicable to them.

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

1. Form, Denomination and Title

Subject as provided below, the Notes are issued in bearer form (**Bearer Notes**) or in registered form (**Registered Notes**) as specified in the applicable Issue Terms and in each case, in the Specified Denomination(s). All Registered Notes shall have the same Specified Denomination.

Definitive Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, unless the Valuation and Settlement Schedule and the applicable Issue Terms do not specify that the Notes 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.

Each Registered Note Certificate represents a holding of one or more Registered Notes by the same holder (as defined below).

Subject as provided below, title to any Bearer Notes and the related Coupons and Talons, if any, shall pass by delivery and title to any Registered Notes shall pass as provided in Condition 2. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note and the related Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, 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, 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 Registered Note Certificate, without prejudice to the provisions set out below.

In the Conditions, **holder** (in relation to a Note, Coupon or Talon) means, in the case of Bearer Notes, the bearer of any Bearer Note, Coupon or Talon and, 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 a Global Registered Note Certificate, it shall be construed as provided below and **Noteholder** and, in the case of Coupons, **Couponholder**, shall have correlative meanings AND PROVIDED THAT in the case of Registered Notes issued by CGMFL, "holder" shall be construed as provided in Condition 2(b).

If Certificates is specified as applicable in the applicable Issue Terms, references in the Conditions to "Note(s)", "Noteholder(s)", "Global Note" and "Global Registered Note Certificate" shall be deemed to refer to "Certificate(s)", "Certificateholder(s)", "Global Certificate(s)" and "Global Registered Certificate Certificate" and related expressions herein or in the Fiscal Agency Agreement, any Global Note or Global Registered Note Certificate and any notes in definitive form shall be construed accordingly.

For so long as any of the Notes is represented by a Global Note or a Global Registered Note 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 CGMFL 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 Registered Note Certificate shall be treated by the Issuer, the CGMFL 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 Registered Note Certificate, as the case may be, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

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

Interests in Notes which are represented by a Global Note or a Global Registered Note Certificate will be transferable only in accordance with the rules and procedures for the time being of the Relevant Clearing System and in accordance with Condition 2 below.

Relevant Clearing System means, as appropriate, Euroclear, Clearstream, Luxembourg, DTC and/or such other relevant clearing system, as the case may be, through which interests in Notes are to be held and through an account at which the Notes are to be cleared, as specified in the applicable Issue Terms.

In the case of Swedish 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:

Swedish Notes are issued in dematerialised uncertificated book-entry form in accordance with the SFIA Act in the Specified Denomination(s).

No global or definitive Swedish Notes will be issued and the Conditions shall be construed accordingly. The Swedish Notes will be transferable only in accordance with the provisions of the SFIA Act, other applicable Swedish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Sweden AB (**Euroclear Sweden**).

The person appearing in the register for the Swedish Notes kept by Euroclear Sweden on behalf of the Issuer (the **Swedish Notes Register**) will be treated as the **holder** of the relevant Swedish Notes in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden and title to the Swedish Notes passes only by registration in the Swedish Notes Register. In the Conditions, **holder**, in relation to a Swedish Note, means the person in whose name such Swedish Note is registered in the Swedish Notes Register. Where a nominee (Sw. *förvaltare*) is so evidenced it shall be treated as the holder of the relevant Swedish Note.

The Issuer shall have access to the register of creditors (Sw. *skuldboken*) in respect of the Swedish Notes, unless the applicable Issue Terms specify that the Issuer shall not have such access.

In the case of Finnish 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:

Notwithstanding the above, the holder of a Finnish Note will be the person in whose name such Finnish Note is registered in a book-entry account in the book-entry system of Euroclear Finland (including a nominee account holder, as the case may be) in accordance with Finnish Laws, rules, regulations and operating procedures applicable to, and/or issued by, Euroclear Finland (Euroclear Finland Rules) and the terms Noteholder and holder of Notes shall be construed accordingly. Where a nominee is so evidenced it shall be treated as the holder of the relevant Finnish Notes.

Notwithstanding the above, the Issuer may issue Notes in uncertificated and dematerialised book entry form (Finnish Notes). No Global Notes or Global Registered Note Certificates representing Finnish Notes will be issued and the Conditions of such shall be construed accordingly. Finnish Notes will be transferable only in accordance with the provisions of the Finnish Act on the Book-Entry Accounts (Fin. laki arvo-osuustileistä (827/1991)), other applicable Finnish legislation and the rules and regulations applicable to, and/or issued by, Euroclear Finland. References in the Conditions to Coupons, to Global Notes or Global Registered Note Certificates shall not apply to Finnish Notes.

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. Finnish Notes of one Specified Denomination, as applicable, may not be exchanged for Finnish Notes of another Specified Denomination.

(b) *Transfer of Registered Notes*

Subject to Conditions 2(c) and 2(d) below, if definitive Registered Notes are issued, one or more of such Registered Notes may be transferred upon the surrender of the Registered Note Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Registered Note 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 Registered Note Certificate, a new Registered Note 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 Registered Note Certificate representing the enlarged holding shall only be issued against surrender of the Registered Note Certificate representing the existing holding.

With respect to Notes in registered form issued by CGMFL, each time the relevant Register is amended or updated, the Registrar shall send a copy of the relevant Register to CGMFL who will keep an updated copy of the relevant Register at its registered office (the **Duplicate Register**). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Note certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes issued by CGMFL, **holder** means the person in whose name such Registered Note is for the time being registered in the Register or the Duplicate Register if different from the Register (or, in the case of a joint holding, the first named thereof) and **Noteholder** shall be construed accordingly. The ownership of the registered Notes shall be construed accordingly. The ownership of the registered Notes shall be established by an entry in the Duplicate Register.

Subject to Conditions 2(c) and 2(d) below, transfers of beneficial interests in a Global Registered Note Certificate will be effected by the Relevant Clearing System only in accordance with the terms and conditions specified in the Fiscal Agency Agreement and, in turn, by other participants and, if appropriate, indirect participants in such Relevant Clearing Systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Registered Note Certificate will only be exchangeable for a definitive Registered Note Certificate as described in, and subject to, the provision of such Global Registered Note Certificate and only in accordance with the rules and operating procedures for the time being of the Relevant Clearing System and in accordance with the terms and conditions specified in the Fiscal Agency Agreement. Transfers of a Global Registered Note Certificate registered in the name of a nominee for DTC shall be limited to transfers of such Global Registered Note Certificate, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(c) *Transfers of interests in Regulation S Global Registered Note Certificates*

Interests in a Regulation S Global Registered Note Certificate may not be sold, pledged or otherwise transferred at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof. Furthermore, interests in a Regulation S Global Registered Note Certificate may not be held otherwise than through Euroclear or Clearstream, Luxembourg. Each Regulation S Global Registered Note Certificate, and any Note issued upon exchange, transfer or replacement of such Regulation S Global Registered Note Certificate, shall bear a permanent legend regarding such restriction on transfer.

(d) *Transfers of interests in Rule 144A Global Registered Note Certificates*

Interests in a Rule 144A Global Registered Note Certificate may not be sold, pledged or otherwise transferred at any time other than (i) to the Issuer or any affiliate thereof or (ii) to a person the seller reasonably believes to be a QIB purchasing (or holding) the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction. Each Rule 144A Global Registered Note Certificate, and any Note issued upon exchange, transfer or replacement of such Rule 144A Global Registered Note Certificate, shall bear a permanent legend regarding such restriction on transfer.

(e) *Definitions*

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

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

Regulation S means Regulation S under the Securities Act.

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

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

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

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

U.S. person has the meaning given to such term under Regulation S.

(f) *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 Registered Note Certificate, a new definitive Registered Note Certificate shall be issued to the holder to reflect the balance of the holding not redeemed. New Registered Note Certificates shall only be issued against surrender of the existing Registered Note 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 Registered Note Certificate, the Global Registered Note Certificate shall be endorsed to reflect such partial redemption.

(g) *Delivery of New Registered Note Certificates*

Each new Registered Note Certificate to be issued pursuant to Condition 2(b) or (f) 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 Registered Note Certificate to such address as may be specified in such form of transfer.

(h) *Transfer Free of Charge*

In the case of Notes other than Swedish Notes, transfer and registration of Notes 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 relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(i) *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 called for redemption by the Issuer at its option pursuant to Condition 5(e), (iii) after any such Note has been called 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).

No holder of a Swedish Note may require the transfer of a Swedish Note to be registered during a period which is the equivalent to any such closed period pursuant to the rules and regulations applicable to, and/or issued by, Euroclear Sweden.

(j) *Transfers of Finnish Notes*

Title to Finnish Notes shall pass by transfer from a Noteholder's book-entry account to another person's, whether legal or individual, book-entry account within Euroclear Finland (except where the Finnish Notes are nominee registered and are transferred from one account to another account with the same nominee). Notwithstanding any secrecy obligation, the Issuer shall be entitled to obtain information (including but not limited to information on Noteholders) from the register (the **Euroclear Finland Register**) maintained by Euroclear Finland as registrar (the **Euroclear Finland Registrar**) on behalf of the Issuer in accordance with the Euroclear Finland Rules, and Euroclear Finland shall be entitled to provide such information to the Issuer notwithstanding any secrecy obligation. Furthermore, the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list. The Issuer shall be entitled to pass such information to the **Finnish Notes Issue and Paying Agent** or to authorise such Agent to acquire such information from Euroclear Finland directly. Except as ordered by a court of competent jurisdiction or as required by law, the Noteholder of any Finnish Note shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, or its theft or loss and no person shall be liable for so treating the Noteholder.

(k) *Transfer of Swedish Notes*

All transfers of Swedish Notes and entries in the Swedish Notes Register will be made subject to the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Title to Swedish Notes will pass by transfer between accountholders of the Euroclear Sweden system, perfected in accordance with legislation (including the SFIA Act), rules and regulations applicable to, and/or issued by, Euroclear Sweden.

3. Status

(a) *Status of Notes*

The Notes and any 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 CGMFL Deed of Guarantee in respect of the Notes: only relevant for Notes issued by CGMFL.*

The obligations of the CGMFL Guarantor in respect of the Notes issued by CGMFL under the CGMFL Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the CGMFL Guarantor and rank and will at all times at least rank *pari passu* with all other unsecured and unsubordinated outstanding obligations of the CGMFL Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. Interest

The provisions relating to interest due in respect of the Notes (if any) shall be as specified in the Valuation and Settlement Schedule and the applicable Issue Terms.

Notwithstanding anything to the contrary in the Conditions, interest on Swedish Notes for which Accrual is specified as applicable in the applicable Issue Terms shall be calculated from (but excluding) the Interest Commencement Date to (and including) the Interest Payment Date.

5. Redemption and Purchase: as stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) *Final Redemption*

Unless otherwise provided in the Valuation and Settlement Schedule, 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 Valuation and Settlement Schedule 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 CGMFL Guarantor, as the case may be, in whole, but not in part, at any time 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 if (A) the Issuer or the CGMFL 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 Luxembourg (where the Issuer is CGMFL) or the United States (where the Issuer is Citigroup Inc.) or the United Kingdom (where the Issuer is CGMFL) or, in any such case any political subdivisions or taxing authorities 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 the CGMFL 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 the CGMFL Guarantor, as the case may be, would be obligated to pay such additional interest were a payment in respect of the Notes then due or (B) in the case of Bearer Notes, either (i) any Relevant Clearing System announces an intention to terminate its business without a successor, or (ii) upon the occurrence and continuance of an Event of Default (as defined in Condition 9), or (iii) upon the occurrence of a change in the tax law of the United States (where the Issuer is Citigroup Inc.) or Luxembourg (where the Issuer is CGMFL) pursuant to which the Issuer has or will become subject to adverse tax consequences in respect of such Notes but for the issuance of definitive Bearer Notes. Prior to the publication of any notice of redemption pursuant to this Condition 5(b)(i), the Issuer or the CGMFL Guarantor, as the case may be, shall deliver to the Fiscal Agent or the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes (i) a certificate signed by an officer of the Issuer or the CGMFL Guarantor, as the case may be, stating that the Issuer or the CGMFL 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 CGMFL Guarantor, as the case may be, so to redeem have occurred and (ii) a legal opinion, from lawyers of recognised standing in Luxembourg, the United States or the United Kingdom, as applicable, to the effect that the Issuer or the CGMFL 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 determines that the performance of its obligations under the Notes or the CGMFL Guarantor determines that the performance of its obligations under the CGMFL Deed of Guarantee, in respect of the Notes or that any arrangements made to hedge the Issuer's and/or the CGMFL Guarantor's obligations under the Notes and/or the CGMFL 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. 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 CGMFL Guarantor in respect thereof shall be discharged.

(c) *Purchases*

The Issuer, the CGMFL Guarantor or any of their respective subsidiaries or Affiliates may at any time purchase Notes (PROVIDED THAT all unmatured 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.

(d) *Early Redemption Amount*

For the purpose of Condition 5(b)(i) and (ii) above, Condition 9 and the Valuation and Settlement Schedule, the Early Redemption Amount in respect of each principal amount of the Notes equal to the Calculation Amount will be calculated as either: (a) an amount in the Specified Currency determined by the Calculation Agent which represents the fair market value of such Calculation Amount (which shall include amounts in respect of interest) on a day selected by the Issuer (ignoring for the purposes of a redemption pursuant to Condition 5(b)(ii), 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 options relating to any Underlying 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) an amount determined as provided in the Valuation and Settlement Schedule.

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

If, in respect of Notes other than Swedish Notes, Issuer Call is specified as applicable in the applicable Issue Terms, the Issuer may having given:

(i) in respect of Bearer Notes, the number of days' notice specified in the applicable Issue Terms or, if none is 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 Issue Terms or, if none is 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 Valuation and Settlement Schedule or specified in the applicable Issue 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 Issue Terms.

In the case of a redemption of some only of the Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected, subject to mandatory provisions of Luxembourg law, individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of the Relevant Clearing System (in the case of Notes cleared through Euroclear and/or Clearstream, Luxembourg, to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note or Global Registered Note 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 Registered Note

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.

If, in respect of Swedish Notes, Issuer Call is specified as applicable in the applicable Issue Terms, the Issuer may, having given:

(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 Swedish Notes Issuing and Paying Agent and Euroclear Sweden, respectively,

(which notices shall be irrevocable and shall specify the date fixed for redemption and shall specify the Notes or the amount of the Notes as well as the closed period), redeem all 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 Issue 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 Issue Terms. The redemption procedures for Swedish Notes will be subject to the rules and regulations applicable to, and/or issued by, Euroclear Sweden.

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

If Investor Put is specified as applicable in the applicable Issue Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 the number of days' notice specified in the applicable Issue Terms or, if none is so specified, not less than 45 days' notice the Issuer will, upon the expiry of such notice, redeem such Note on the relevant Optional Redemption Date and at, in respect of each principal amount of the Notes equal to the Calculation Amount, the Optional Redemption Amount specified in, or determined in the manner specified in, the Valuation and Settlement Schedule and in the applicable Issue Terms 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 the Relevant Clearing System, 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(h). 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 Registered Note Certificate and cleared through Euroclear or Clearstream, Luxembourg 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 or Clearstream, Luxembourg, as applicable (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, as applicable, 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, as applicable, from time to time.

If the relevant Note is represented by a Global Registered Note Certificate and cleared through DTC, to exercise the right to require redemption of such Note, the holder of such Note must, within the notice period, give notice to the Registrar of such exercise in the form of a Put Notice acceptable to the Registrar and irrevocably instruct DTC to debit the relevant Noteholder's securities account with the relevant Notes on or before the Optional Redemption Date in accordance with applicable DTC practice.

In the case of Swedish Notes, a Put Notice will not take effect against the Issuer before the date on which the relevant Notes have been transferred to the account designated by the Swedish Notes Issuing and Paying Agent and blocked for further transfers by the Swedish Notes Issuing and Paying Agent (such date will be the first date of a closed period for the purposes of Condition 2(j)). The redemption procedures for Swedish Notes will be subject to the rules and regulations applicable to, and/or issued by, Euroclear Sweden.

Notwithstanding anything to the contrary in the Conditions, if the Notes are Finnish Notes, the exercise of this option will not be effective against the Issuer before the date on which the relevant Finnish Notes have been transferred to the account operated by the Finnish Notes Issue and Paying Agent, which for the purposes of the relevant Finnish Notes is an account operator specifically authorised by Euroclear Finland and appointed by the Issuer in relation to a specific issue or issues to process and register issues in the system of the relevant central securities depositary and clearing institution, and blocked for further transfer on the Optional Redemption Date by the Finnish Notes Issue and Paying Agent.

The right to require redemption of any Finnish Notes in accordance with this Condition 5(f) must, notwithstanding the above, be exercised in accordance with the Euroclear Finland Rules and if there is any inconsistency between the terms set out herein and the Euroclear Finland Rules, then the Euroclear Finland Rules shall prevail.

(g) *Cancellation*

All Notes purchased by or on behalf of the Issuer or the CGMFL Guarantor may be surrendered for cancellation, if the Notes are Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent or, if the Notes are Registered Notes, by surrendering the Note 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 Coupons and unexchanged Talons attached thereto or surrendered therewith, if any). Any Notes surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the CGMFL Guarantor in respect of any such Notes shall be discharged.

6. Payments and Talons: all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) *Bearer Notes*

Payments of principal and interest (if any) in respect of definitive Bearer Notes will be made against presentation and surrender of the relevant Notes (in the case of all 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)(iv)), as the case may be, at the specified office of any Paying Agent 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.

Payments of principal and interest (if any) in respect of Bearer Notes represented by a Global Note will be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

(b) *Registered Notes*

(i) Payments of principal in respect of Registered Notes (whether or not in global form) will be made, where applicable, against presentation and surrender of the relevant Note 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 on Registered Notes will be paid to the person shown on the Register (A) where such Notes are in global form, at the close of the business day (being for this purpose, a day on which the Relevant Clearing System is open for business) before the due date for payment thereof, and (B) where such Notes are in definitive form, 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. 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.

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

(c) *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 Registered Note Certificate shall be the only person entitled to receive payments in respect of Notes represented by such Global Note or Global Registered Note Certificate and the Issuer or, as the case may be, the CGMFL Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note or Global Registered Note Certificate, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of the Relevant Clearing System as the beneficial holder of a particular principal amount of Notes represented by such Global Note or Global Registered Note Certificate, as the case may be, must look solely to the Relevant Clearing System for his share of each payment so made by the Issuer or, as the case may be, the CGMFL Guarantor to, or to the order of, the holder of such Global Note or Global Registered Note Certificate, as the case may be.

(d) *Payments in respect of Swedish Notes*

Conditions 6(a) and 6(b) shall not apply to Swedish Notes. Payments in respect of Swedish Notes will be made on the due date for payments to the persons registered as holders in the Swedish Notes Register on the fifth (5) Stockholm Banking Day (or such other date in accordance with the rules and procedures applied by Euroclear Sweden from time to time), prior to the due date for such payment.

In the Conditions, Stockholm Banking Day means a day on which Euroclear Sweden is open for business (including the making of payments) in accordance with the rules and procedures applied by Euroclear Sweden from time to time.

(e) *Payments in respect of Finnish Notes*

Conditions 6(a) and 6(b) shall not apply to Finnish Notes. Payments in respect of Finnish Notes will be made on the due date for payment to the persons registered as holders recorded in the Euroclear Finland Register on the first (1) Helsinki Banking Day (or such other date in accordance with the rules and procedures applied by Euroclear Finland from time to time), prior to the due date for such payment.

In the Conditions, **Helsinki Banking Day** means a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business, including dealings in foreign exchange and foreign currency deposits in Helsinki and on which Euroclear Finland and the relevant system in which the Finnish Notes are registered are open for business in accordance with the Euroclear Finland Rules.

In respect of each Series of Finnish Notes, the Issuer shall at all times maintain a registrar which shall be the duly authorised Finnish central securities depository under the Finnish Act on the Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta(749/2012)*) and a Finnish Notes Issue and Paying Agent duly authorised as an account operator (*Fin. tilinhoitaja*) under the Finnish Act on Book-Entry System and Clearing (*Fin. laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*).

A Finnish Notes Issue and Paying Agent will be appointed by the Issuer and identified in the applicable Issue Terms.

In relation to Finnish Notes, Euroclear Finland will act as the central securities depositary and clearing institution and the Issuer will appoint a Finnish Notes Issue and Paying Agent for Finnish purposes as specified in the applicable Issue Terms.

The Issuer is entitled to vary or terminate the appointment of the relevant central securities depositary and clearing institution or the Finnish Notes Issue and Paying Agent, provided that the Issuer will appoint another central securities depositary and clearing institution or Finnish Notes Issue and Paying Agent, each of them to be duly authorised under the Finnish Act on the Book-Entry System and Clearing (Fin. *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta (749/2012)*). Each of Euroclear Finland and the Finnish Notes Issue and Paying Agent acts solely as agent of the Issuer and does not assume any obligation to, or relationship or agency or trust with, the Noteholders.

(f) *Appointment of Agents*

As applicable, the Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent, the Calculation Agent, the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes initially appointed by the Issuer and the CGMFL Guarantor and their respective specified offices are listed below or in the applicable Issue Terms. The Fiscal Agent, each Paying Agent, the Registrar, the Exchange Agent, each Transfer Agent, the Calculation Agent, the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes act solely as agents or, as the case may be, registrars of the Issuer and the CGMFL Guarantor and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the CGMFL 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, the Exchange Agent, any Transfer Agent, the Swedish Notes Issuing and Paying Agent in the case of Swedish Notes or the Finnish Notes Issuing and Paying Agent in the case of Finnish Notes and to appoint additional or other agents (any of which may be the Issuer, an Affiliate of the Issuer, the CGMFL Guarantor or an Affiliate of the CGMFL Guarantor) PROVIDED THAT the Issuer and the CGMFL Guarantor will at all times maintain:

(i) a Fiscal Agent;

(ii) at any time at which any Registered Note is outstanding, a Registrar;

(iii) at any time at which any Registered Note cleared through DTC is outstanding, an Exchange Agent in relation thereto;

(iv) at any time at which any Registered Note is outstanding, a Transfer Agent in relation thereto;

(v) a Calculation Agent where the Conditions so require one;

(vi) a Paying Agent having a specified office in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated;

(vii) at any time while any Swedish Note is outstanding, a Swedish Notes Issuing and Paying Agent authorised to act both as an account operating institution (*Sw. kontoförade institut*) and issuing agent (*Sw. emissionsinstitut*) with Euroclear Sweden;

(viii) at any time while any Finnish Note is outstanding, a Finnish Notes Issuing and Paying Agent authorised to act both as an account operator (*Fi. tilinhoitaja*) and issuer agent (*Fi. liikkeeseenlaskijan asiamies*) with Euroclear Finland; and

(ix) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

Each of the Issuer and the CGMFL 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 or any law implementing or complying with, or introduced in order to conform to, such Directive 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 unexchanged Talons*

(i) Upon the due date for redemption of any Bearer Note in definitive form, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(ii) Upon the due date for redemption of any Bearer Note in definitive form, 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.

(iii) If any Bearer Note in definitive form is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.

(iv) 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 (where applicable) (and surrender if appropriate) of the relevant Note 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 (where applicable) of the relevant Note representing it.

(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, in respect of Notes other than Swedish Notes, any date for payment in respect of any Note 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:

(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:

(A) in the case of Notes in definitive form only, the relevant place of presentation; and

(B) such jurisdictions as shall be specified as "Business Day Jurisdictions" in the applicable Issue 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 (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 TARGET Business Day; and

(iii) in the case of any payment in respect of a Global Registered Note Certificate denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with interests in such Global Registered Note Certificate) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

If, in respect of Swedish Notes, any date for payment 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 which is a Stockholm Banking Day and:

(a) (in the case of a payment in 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 such relevant currency; or

(b) (in the case of a payment in Euro) a day which is a TARGET Business Day.

If, in respect of Finnish Notes, any date for payment in respect of any Finnish Notes 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 which is a Helsinki Banking Day and a TARGET Business Day (if applicable).

(j) *Business Day Convention*

If any date referred to in the Conditions is specified in the applicable Issue 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 Issue 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.

7. Taxation: as stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(A) **The provisions of this paragraph (A) apply only where Citigroup Inc. is the Issuer**

The Issuer will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note or Coupon or entitled person under the Citigroup Inc. Deed of Covenant such amounts as may be necessary so that every net payment on such Note, Coupon or the Citigroup Inc. Deed of Covenant, 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, Coupon or the Citigroup Inc. Deed of Covenant to be then due and payable. However, the Issuer will not 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 entitled person (or between a fiduciary, settlor or beneficiary of, or a person holding a power over, such holder or entitled person, if such holder or entitled person is an estate or a trust, or a member or shareholder of such holder or entitled person, if such holder or entitled person is a partnership or corporation) and the United States, including, without limitation, such holder or entitled person (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 or entitled person'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 for payment or demand for payment, as the case may be, by the holder or entitled person of a Note or Coupon or under the Citigroup Inc. Deed of Covenant 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 or Coupon or under the Citigroup Inc. Deed of Covenant;

(e) any tax, assessment or other governmental charge required to be deducted or withheld by any Paying Agent or the Registrar, as the case may be, from a payment on a Note or Coupon or under the Citigroup Inc. Deed of Covenant if such payment can be made without such deduction or withholding by any other Paying Agent or the Registrar (if applicable);

(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 or entitled person under a Note, Coupon or the Citigroup Inc. Deed of Covenant 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 as described in Section 871(h)(3)(B) of the United States Internal Revenue Code of 1986, as amended (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 through stock ownership as described in Section 881(c)(3)(C) of the Code;

(h) a payment on a Note, Coupon or the Citigroup Inc. Deed of Covenant to a holder or entitled person 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 or entitled person of or under such Note, Coupon or the Citigroup Inc Deed of Covenant;

(i) any tax, assessment or governmental charge imposed on a payment to a person and required to be made pursuant to EC Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;

(j) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, or any agreement entered into pursuant to such legislation; or

(k) any tax, assessment or governmental charge imposed on any Note that the Issuer indicates in the applicable Issue Terms it will not treat as debt for United States federal income tax purposes.

(B) **The provisions of this paragraph (B) apply only where CGMFL is the Issuer**

The Issuer and the CGMFL Guarantor will, subject to the exceptions and limitations set forth below, pay as additional interest to the holder of any Note, Coupon or entitled person under the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee such amounts as may be necessary so that every net payment on such Note, Coupon, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee, 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 Luxembourg (in the case of payments by CGMFL) or the United Kingdom (in the case of payments by the CGMFL Guarantor (or, in either case, any political subdivision or taxing authority thereof or therein) will not be less than the amount provided in such Note, Coupon, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee to be then due and payable. However, neither the Issuer nor the CGMFL 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 the existence of any present or future connection between such holder or entitled person and Luxembourg, (in the case of payments by CGMFL) or the United Kingdom (in the case of payments by the CGMFL Guarantor) other than the mere holding of the Note, Coupon or being entitled under the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee; or

(b) any Note, Coupon, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee presented for payment in Luxembourg; or

(c) any tax, assessment or other governmental charge to which such holder or entitled person would not be liable or subject by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(d) any tax, assessment or governmental charge imposed on a payment to a person and required to be made pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) any Note, Coupon, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee presented for payment by or on behalf of a holder or entitled person who would have been able to avoid such withholding or deduction by presenting the relevant Note, Coupon, the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee to another Paying Agent in a Member State of the European Union; or

(f) any tax, assessment or governmental charge that would not have been imposed but for the presentation for payment or demand for payment, as the case may be, by the holder or entitled person of a Note or Coupon or under the CGMFL Deed of Covenant or the CGMFL Deed of Guarantee 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**); or

(g) taxes imposed under Sections 871(m) or 1471 through 1474 of the Code, any regulations promulgated thereunder or official interpretations thereof, any agreement entered into pursuant to such legislation, or any law implementing an intergovernmental approach thereto.

(C) **The provisions of this paragraph (C) apply to all Notes, regardless of the Issuer**

References in the Conditions to (a) **principal** shall be deemed to include any premium payable in respect of the Notes, any Redemption Amount, any Early Redemption Amount, any Optional Redemption Amount and all other amounts in the nature of principal payable pursuant to Condition 5 and the Valuation and Settlement Schedule and the provisions of the applicable Issue Terms, (b) **interest** shall be deemed to include any Interest Amount and all other amounts in the nature of interest payable pursuant to Condition 4 and the Valuation and Settlement Schedule and the provisions of the applicable Issue 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 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. Where the Valuation and Settlement Schedule and the applicable Issue Terms do not provide for the payment of interest, references to interest in the Conditions shall be disregarded and the Conditions construed accordingly.

8. Prescription

Claims against the Issuer for payment in respect of the Notes (other than Swedish Notes and Finnish Notes) and any 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.

If the Notes are Swedish Notes, claims against the Issuer for payment in respect of the Notes and any 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 in respect thereof.

For the purposes of the Conditions **Relevant Date** means the date on which such payment first becomes due, or such later date on which an interruption of the period of limitation (Sw. *preskriptionsavbrott*) is made in accordance with the Swedish Limitations Act 1981 (Sw. *preskriptionslagen (1991: 130)*).

If the Notes are Finnish Notes, claims against the Issuer for payment in respect of the Notes and any principal and interest shall be prescribed unless made within three years after the date on which such payment becomes due and payable therefor and thereafter any principal or interest payable in respect of such Notes shall be forfeited and revert to the Issuer.

9. Events of Default: as stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) **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 CGMFL 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 CGMFL Guarantor under the CGMFL 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 CGMFL Guarantor, as the case may be, 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) THIS CONDITION 9(a)(iv) ONLY APPLIES WHERE THE ISSUER IS CITIGROUP INC.: the entry of a decree or order for relief in respect of the Issuer 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 of the whole or substantially the whole of its 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) THIS CONDITION 9(a)(v) ONLY APPLIES WHERE THE ISSUER IS CITIGROUP INC.: the commencement by the Issuer 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 of the whole or substantially the whole of its property, or the making by the Issuer of an assignment for the benefit of its creditors generally, or the admission by the Issuer in writing of its inability to pay its debts generally as they become due; or

(vi) THIS CONDITION (9)(a)(vi) ONLY APPLIES WHERE THE ISSUER IS CGMFL:

(A) any order is made by any component court or any resolution passed for the winding-up or dissolution of the Issuer (including, without limitation, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation, (*insolvabilitié*, *liquidiation volontaire* or *judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion controlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) or the appointment of a receiver of the Issuer (including, without limitation, the appointment of any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert vérificateur, juge délégué* or *juge commissaire*) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement; or

(B) the entry of a decree or order for relief in respect of the CGMFL Guarantor by a court having jurisdiction in the premises in an involuntary case under the United Kingdom bankruptcy laws, as now or hereafter constituted, or any other applicable United Kingdom bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the CGMFL Guarantor or of the whole or substantially the whole of its 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

(C) the commencement by the CGMFL Guarantor of a voluntary case under the United Kingdom bankruptcy laws, as now or hereafter constituted, or any other applicable United Kingdom 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 CGMFL Guarantor or of the whole or substantially the whole of its property, or the making by the CGMFL Guarantor of an assignment for the benefit of its creditors generally, or the admission by the CGMFL Guarantor in writing of its inability to pay its debts generally as they become due; or

(vii) the CGMFL Deed of Guarantee ceases to be, or is claimed by the CGMFL Guarantor not to be, in full force and effect (except, for the avoidance of doubt, where this is a result of the CGMFL Guarantor becoming the Issuer pursuant to the Conditions). For the avoidance of doubt, for the purposes of this provision, the CGMFL Deed of Guarantee shall be deemed not to have ceased to be in full force and effect in circumstances where there is a consolidation or merger of the CGMFL Guarantor in accordance with Condition 14 or where a substitution of the CGMFL Guarantor is effected in accordance with Condition 15.

(b) 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, the CGMFL Guarantor and the Fiscal Agent, 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. Upon such payment in respect of any Note, all obligations of the Issuer and the CGMFL 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 Registrar or delivered to the Fiscal Agent or the Registrar for cancellation;

(ii) Notes or portions thereof for whose payment or redemption money in the necessary amount has been deposited with the Fiscal Agent or any other Paying Agent in accordance with the Fiscal Agency 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 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 or the Registrar 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 CGMFL Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CGMFL 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 Registrar the pledgee's right to act with respect to such Notes and that the pledgee is not the Issuer or the CGMFL Guarantor or any person directly or indirectly controlling or controlled by or under direct or indirect common control of the Issuer or the CGMFL Guarantor.

10. Meetings of Noteholders, Modifications and Determinations

(a) *Meetings of Noteholders*

The Fiscal Agency Agreement 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) of the Notes (including the Conditions insofar as the same may apply to the Notes) or the relevant Deed of Covenant or the CGMFL Deed of Guarantee, as applicable, as they relate 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, 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 other amount payable or deliverable on redemption of the Notes, (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 Issue Terms, to reduce any such Minimum and/or Maximum Interest Rate, (v) to change any method of calculating the Early Redemption Amount, the Redemption Amount or any Entitlement, (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 any adjournment thereof or the majority required to pass the Extraordinary Resolution or (viii) to take any steps which as specified in the applicable Issue 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 is present.

If a holder of Swedish Notes held through a nominee (an **Indirect Noteholder**) attends the meeting (in person or through a duly authorised agent) and shows a certificate from the relevant nominee showing that such Indirect Noteholder on the fifth (5th) Stockholm Business Day prior to the meeting was a holder of Swedish Notes, the Indirect Noteholder shall be regarded the holder of such Swedish Notes for the purposes of this Condition 10.

In connection with a meeting of holders of such Swedish Notes, the Swedish Notes Issuing and Paying Agent shall have access to the CSD Register (*Sw. avstämningsregistret*) for the Swedish Notes.

Notwithstanding any provision to the contrary in the Conditions or any other transaction document, under Luxembourg law, a decision of the shareholders of CGMFL to amend the corporate objects of CGMFL, to change the legal form of CGMFL or its nationality and/or to increase the commitments of CGMFL's shareholders must be approved by a resolution of the Noteholders. Such resolution of the Noteholders may exclusively be taken, and their meeting resolving thereupon must be convened and held, in accordance with the law of 10 August 1915 on commercial companies as amended the (**Companies Act 1915**), as long as any such specific requirements exist under the Companies Act 1915 (the **Luxembourg Law Resolutions**).

A Luxembourg Law Resolution must be passed in accordance with the requirements of the Companies Act 1915. There are specific quorum requirements for Luxembourg Law Resolutions set out in the Companies Act 1915. Certain Luxembourg Law Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting. If there ceases to be specific requirements under Luxembourg law for the above matters, any resolutions on these matters will be taken in the form of Extraordinary Resolutions (as defined in the Fiscal Agency Agreement).

Notwithstanding any provision to the contrary in the Conditions or any other transaction document, under Luxembourg law, a decision of the shareholders of CGMFL to amend the corporate objects of CGMFL, to change the legal form of CGMFL or its nationality and/or to increase the commitments of CGMFL’s shareholders must be approved by a resolution of the Noteholders. Such resolution of the Noteholders may exclusively be taken, and their meeting resolving thereupon must be convened and held, in accordance with the Companies Act 1915, as long as any such specific requirements exist under the Companies Act 1915 (the Luxembourg Law Resolutions).

A Luxembourg Law Resolution must be passed in accordance with the requirements of the Companies Act 1915. There are specific quorum requirements for Luxembourg Law Resolutions set out in the Companies Act 1915. Certain Luxembourg Law Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting. If there ceases to be specific requirements under Luxembourg law for the above matters, any resolutions on these matters will be taken in the form of Extraordinary Resolutions (as defined in the Fiscal Agency Agreement).

(b) *Modifications*

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

(i) any modification (except as mentioned above) to, as applicable, the Notes, the Coupons, the Talons, the Fiscal Agency Agreement, the relevant Deed of Covenant, the Swedish Notes Issuing and Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement and/or the CGMFL Deed of Guarantee, as applicable, which is, in the opinion of the Issuer, not materially 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 Coupons, the Talons, the Fiscal Agency Agreement, the relevant Deed of Covenant, the Swedish Notes Issuing and Paying Agency Agreement, the Finnish Notes Issuing and Paying Agency Agreement and/or the CGMFL Deed of Guarantee, as applicable, 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.

Notwithstanding the above, no modification may be made in respect of the Swedish Notes without notification to the Swedish Notes Issuing and Paying Agent. Save as provided therein, the Swedish Notes Issuing and Paying Agent Agreement may be amended by agreement among the parties thereto and without the consent of any holders of the Notes.

(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),that matter shall be determined, considered, elected, selected or otherwise decided upon by the Issuer, the Calculation Agent or such other person, as the case may be, in good faith and (i) where "Sole and Absolute Determination" is specified in the applicable Issue Terms, in its sole and absolute discretion or (ii) where "Commercial Determination" is specified in the applicable Issue Terms, in a commercially reasonable manner.

The Calculation Agent or such other person may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate. The Issuer may delegate any of its obligations and functions to a third party as it deems appropriate.

All discretions exercised and determinations , considerations, elections, selections or other decisions made in respect of the Notes by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Noteholders and (in the absence of wilful default or bad faith) neither the Issuer nor the Calculation Agent shall have no responsibility to any person for any errors or omissions in (a) calculation by the Calculation Agent or the Issuer, as the case may be, of any amount due in respect of the Notes or (b) any determination made by the Calculation Agent or the Issuer, as the case may be.

(d) *Exercise of Discretion*

In exercising its discretion in respect of the Notes as provided herein, each of the Issuer and the Calculation Agent or such other person (described in (c) above) may take into account such factors as it determines appropriate in each case, which may include, in particular, any circumstances or events which have or may have a material impact on the hedging arrangements entered into by a Hedging Party (as defined in the Valuation and Settlement Schedule) in respect of the Notes. The exercise of the Issuer's and/or the Calculation Agent's and/or such other person's discretion in respect of the Notes as provided herein are necessary because certain circumstances or events (for example a material modification or disruption to an Underlying to which the Notes are linked) may occur subsequent to the issuance of the Notes which may materially affect the costs to a Hedging Party of maintaining the relevant Notes or relevant hedging arrangements. Such circumstances or events may not have been reflected in the pricing of the Notes. In addition, as a result of certain circumstances or events (e.g. unavailability or disruption to any reference source), it may no longer be reasonably practicable or otherwise appropriate for certain valuations in respect of any Underlying or otherwise in connection with the Notes to be made, thus making it necessary for the Issuer and/or the Calculation Agent to exercise its discretion in such a case.

(e) *Hedging Arrangements*

As used in this Condition 10, **hedging arrangements** means the arrangements, if any, the Issuer makes to have available to it the relevant cash amounts or assets to be paid or delivered under the Notes as these fall due. This may involve a Hedging Party investing directly in an Underlying. Alternatively, a Hedging Party may make an indirect investment by entering into or acquiring a derivative contract referencing an Underlying. Such hedging arrangements may be carried out on a portfolio basis (i.e. where the Hedging Party maintains arrangements for hedging the Notes together with other obligations of the Issuer and/or its Affiliates). A Hedging Party will seek to select hedging arrangements which are efficient for it in the context of the tax, regulatory and business environment in which it operates, but will do so without having regard to the interests of Noteholders. A Hedging Party may also adjust hedging arrangements from time to time but will not always be able to avoid adverse costs, taxes or regulatory changes which affect its hedging arrangements. For the avoidance of doubt, no Hedging Party is under any obligation to enter into any hedging arrangements and, if any hedging arrangements are entered into, such arrangements will not confer any rights or entitlements on any Noteholder and no Noteholder will have recourse to any such hedging arrangements.

(f) *Determination of amounts payable or deliverable*

The Issuer and/or the Calculation Agent and/or such other person will employ the methodology described in the Conditions and/or the Valuation and Settlement Schedule to determine amounts payable or deliverable in respect of the Notes. When making any such determination in relation to any amounts so payable or deliverable, the Issuer and/or the Calculation Agent and/or such other persons may in its/their sole and absolute discretion consider any relevant information, which may but is not required to include, without limitation, one or more of the following:

(i) quotations (either firm or indicative) supplied by one or more third parties or information sources;

(ii) information consisting of relevant market data in the relevant markets supplied by one or more third parties or information sources including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads correlation or other relevant market data in the relevant market; or

(iii) information of the types described in (i) or (ii) above from internal sources (including any Affiliates of the Issuer and/or the Calculation Agent and/or such other persons) or other information of a type used by the Issuer and/or the Calculation Agent and/or such other persons in the regular course of its business or in connection with similar transactions.

Whenever the Issuer and/or the Calculation Agent and/or such other persons is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. Any delay, deferral or forbearance by the Issuer and/or the Calculation Agent and/or such other persons in the performance or exercise of any of its obligations or discretions under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion.

(g) *Rounding*

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.

(h) *Disclaimer of liability and responsibility*

The Issuer and/or the Calculation Agent and/or such other persons makes no express or implied representations or warranties as to (i) the advisability of investing in or obtaining exposure to the Notes, (ii) the value of the Notes at any particular time on any particular date, or (iii) any amounts that may become payable or deliverable in respect of the Notes.

Without limiting any of the foregoing, in no event shall the Calculation Agent and/or such other persons have any liability (whether in negligence or otherwise) to any Noteholders for any direct, indirect, special, punitive, consequential or any other damages (including loss of profits) even if notified of the possibility of such damages.

The Calculation Agent and/or such other persons and/or such other persons shall not have any responsibility to any holder for any errors or omissions in any calculations or determinations in respect of the Notes and acts solely as an agent of the Issuer and the CGMFL Guarantor and does not assume any obligations towards or relationship of agency or trust for or with any holder.

(i) *Conflict of Interest*

In addition to providing calculation agency services to the Issuer, the Calculation Agent or any of its Affiliates may perform further or alternative roles relating to the Issuer and any Series of Notes including, but not limited to, for example, being involved in arrangements relating to any Underlying(s) (for example as a calculation agent or, in the case of a proprietary index for example, as index sponsor). Furthermore, the Calculation Agent or any of its Affiliates may contract with the Issuer and/or enter into transactions which relate to the Issuer, the Notes or any Underlying and as a result the Calculation Agent may face a conflict between its obligations as Calculation Agent and its and/or its Affiliates' interests in other capacities. Subject to all regulatory obligations, neither the Issuer nor the Calculation Agent in respect of the Notes shall owe any duty or responsibility to any Noteholder to avoid any conflict or to act in the interests of any Noteholder.

11. Replacement of Notes, Coupons and Talons

If, in respect of Notes other than Swedish Notes or Finnish Notes, a Note, 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, 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, Coupon or Talon is subsequently presented for payment or delivery (where applicable) or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable or an amount equal to the amount so deliverable by the Issuer in respect of such Note, Coupon or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued. This Condition shall not apply to Swedish Notes or Finnish Notes.

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 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

(a) *Notices in relation to Notes other than Finnish Notes and Swedish Notes*

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. 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, in the case of any Notes which are listed on the Irish Stock Exchange, published on the website of the Irish Stock Exchange or, in any other case, if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). 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 Registered Note Certificate(s) representing the Notes are held in their entirety on behalf of any Relevant Clearing System, be substituted for such mailing or such publication in such newspaper(s) as provided above, the delivery of the relevant notice to each Relevant Clearing System 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 the Relevant Clearing System or, where there is more than one Relevant Clearing System the first such Relevant Clearing System.

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 (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note or Global Registered Note Certificate, such notice may be given by any Noteholder to the Fiscal Agent or the Registrar, as the case may be, through the Relevant

Clearing System in such manner as the Fiscal Agent or the Registrar, as the case may be, and the Relevant Clearing System may approve for this purpose.

(b) *Notices in relation to Finnish Notes*

Notices to holders of Finnish Notes will be deemed to be validly given if sent by mail to a Noteholder on the address registered for such Noteholder in the Euroclear Finland Register maintained by the Euroclear Finland Registrar in accordance with the Euroclear Finland Rules.

With respect to Finnish Notes listed on the Irish Stock Exchange and so long as the rules of that exchange so require, any notices to holders must also be published on the website of the Irish Stock Exchange and any such notice will be deemed validly given on the date of such publication or, if published more than once on different dates, on the date of first publication as provided above.

(c) *Notices in relation to Swedish Notes*

Notices to holders of Swedish Notes will be deemed to be validly given if sent by mail to a holder of Notes to the address registered for such holder in the system of Euroclear Sweden or in accordance with the legislation, rules and regulations applicable to, and/or issued by, Euroclear Sweden. Any such notice shall be deemed to have been given, if sent by mail to the holder, on the fourth day following the day the notice was sent by mail.

Notices to be given by any holder of Notes shall be in writing and given by lodging the same with the Swedish Notes Issuing and Paying Agent.

With respect to Swedish Notes listed on the Irish Stock Exchange and so long as the rules of that exchange so require, any notices to holders must be published on the website of the Irish 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.

14. Consolidation or Merger

(a) The Issuer or the CGMFL Guarantor 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 or the CGMFL Guarantor 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 any of the United States, the United Kingdom, Luxembourg, France, Germany, Belgium or The Netherlands or, in any such case, 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, in the case of a consolidation or merger in respect of the Issuer, the principal and interest and the due and punctual delivery of all assets on all the Notes and any Coupons and the performance of the Conditions on the part of the Issuer to be performed or observed or, in the case of a consolidation or merger in respect of the CGMFL Guarantor, all amounts due under the CGMFL Deed of Guarantee, as applicable, in respect of the Notes and any Coupons and the performance of the CGMFL Deed of Guarantee on the part of the CGMFL Guarantor 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 or the CGMFL Guarantor substantially as an entirety in accordance with Condition 14(a) above, the successor corporation formed by such consolidation or into which the Issuer or the CGMFL Guarantor, as applicable, 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 or the CGMFL Guarantor, as applicable, with the same effect as if such successor corporation had been named as the Issuer or the CGMFL Guarantor, as applicable, herein (subject as provided in Condition 15(f)), 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 or any Coupons, the relevant Deed of Covenant, the CGMFL Deed of Guarantee (in the case of a consolidation or merger in respect of the CGMFL Guarantor only) and the Fiscal Agency Agreement.

15. Substitution of the Issuer and the CGMFL Guarantor: as stated above, all references to the CGMFL Guarantor and the CGMFL Deed of Guarantee in the Conditions including but not limited to this Condition shall be ignored in relation to Notes issued by Citigroup Inc.

(a) Either the Issuer or the CGMFL 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 CGMFL Guarantor, as the case may be, of at least the equivalent standing and creditworthiness to the Issuer or the CGMFL 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 Coupons and the relevant Deed of Covenant or, in the case of a substitution of the CGMFL Guarantor, the CGMFL Deed of Guarantee, as applicable, 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 with any appropriate consequential amendments, as if it had been an original party to it in place of the Issuer or the CGMFL Guarantor, as the case may be;

(iii) (A) the Substitute and the Issuer having obtained (a) 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 Coupons and the relevant Deed of Covenant, or, in the case of a substitution of the CGMFL Guarantor under the CGMFL Deed of Guarantee, are legal, valid and binding obligations of the Substitute and (b) in the case of the substitution of the Issuer which is CGMFL (or any substitute thereof), a legal opinion from an independent legal adviser in England, that the CGMFL Deed of Guarantee will apply to the Substitute *mutatis mutandis* as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the CGMFL Guarantor, in respect of the Substitute (provided that no opinion as referred to in this sub paragraph (b) shall be required where the Substitute is the CGMFL Guarantor with respect to Notes issued by CGMFL); and

(B) all consents and approvals as required have been obtained and that the Substitute, the Notes and any Coupons comply with all applicable requirements of the Securities Act;

(iv) such substitution being permitted by the rules of any stock exchange on which the Notes are listed and each such stock exchange 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 and any Coupons;

(vi) the Issuer or the CGMFL Guarantor, as the case may be, giving notice of the date of such substitution to the holders in accordance with Condition 13; and

(vii) in the case of Finnish Notes only, such substitution being permitted by Euroclear Finland.

(b) Upon such substitution, any reference in the Conditions to the Issuer or the CGMFL 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 the Conditions to the Issuer or CGMFL Guarantor, as the case may be, shall, where the context so requires, be deemed to be or include references to any such further Substitute. For the avoidance of doubt, the CGMFL Guarantor may be a Substitute for the Issuer and in such cases references to the CGMFL Guarantor and the CGMFL Deed of Guarantee should be construed accordingly.

(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*.

For the avoidance of doubt, CGMFL may (i) be substituted as the Issuer by CGML, pursuant to this Condition albeit that it is the CGMFL Guarantor or (ii) merge or be consolidated into CGML pursuant to Condition 14, albeit that it is the CGMFL Guarantor without, in either case, there being any breach of the Conditions which shall be construed accordingly.

(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).

(f) (i) If the Issuer is Citigroup Inc. and pursuant to Condition 14 or Condition 15(a), there is a successor corporation or Substitute of Citigroup Inc. the successor corporation or the Substitute of Citigroup Inc., as the case may be, is organised and existing under the laws of a jurisdiction other than the United States (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be substituted in Condition 7(A) and Conditions 9(a)(iv) and 9(a)(v) for the United States (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing.

(ii) If the Issuer is CGMFL and pursuant to Condition 14 or Condition 15(a), there is a successor corporation or Substitute of CGMFL and the successor corporation or the Substitute of

CGMFL, as the case may be, is organised and existing under the laws of a jurisdiction other than Luxembourg (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be (i) substituted in Condition 7(B) for Luxembourg (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing and (ii) added to the end of Condition 9(a)(vi)(A) immediately after the words "or other similar arrangement" the following:

", or, if the Issuer is not organised and existing under the laws of Luxembourg, any event occurs which under the laws of the jurisdiction in which the Issuer is organised and existing has an analogous effect to any of the events referred to above in this Condition 9(a)(vi)(A)".

(iii) If the Issuer is CGMFL and pursuant to Condition 14 or Condition 15(a), there is a successor corporation or Substitute of the CGMFL Guarantor and the successor corporation or Substitute, as the case may be, is organised and existing under the laws of a jurisdiction other than the United Kingdom (or any jurisdiction substituted therefor pursuant to the Conditions), there shall be (i) substituted in Condition 7(B) and Conditions 9(a)(vi)(B) and 9(a)(vi)(C) for the United Kingdom (or such other jurisdiction) and related expressions as determined by the Issuer, the jurisdiction under which such successor corporation or Substitute, as the case may be, is organised and existing.

(iv) For the purposes of this Condition 15 and article 1275 of the Luxembourg civil code, the Noteholders, by subscribing for, or otherwise acquiring the Notes, are expressly deemed to have consented to any substitution of CGMFL effected in accordance with this Condition 15 and to the release of CGMFL from any and all obligations in respect of the Notes.

16. Redenomination

If Redenomination is specified in the applicable Issue 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 Specified Currency specified 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 Specified 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 Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee, or at the option of the payee, by a Euro cheque; and

(c) 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 Union regulations) into Euro established by the Council of the European Union pursuant to Article 140 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.

Treaty means the Treaty on the Functioning of the European Union, as amended.

None of the Issuer, the CGMFL 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 CGMFL Guarantor, the Fiscal Agent, the Paying Agents, the Registrar, the Noteholders and the Couponholders.

17. Governing Law and Submission to Jurisdiction

(a) *Governing Law*

The Notes (other than Finnish Notes and Swedish Notes), 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. For the avoidance of doubt, where CGMFL is the Issuer, Articles 86 to 94-8 of the Companies Act 1915, are hereby excluded.

In addition, no Noteholder or Couponholder may initiate proceedings against CGMFL based on article 98 of the Companies Act 1915.

The Finnish Notes 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. Notwithstanding this, the registration and transfer of the Finnish Notes in Euroclear Finland's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Finnish law.

The Swedish Notes 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. Notwithstanding this, the registration of the Swedish Notes in Euroclear Sweden's system for the registration of financial instruments shall be governed by, and shall be construed in accordance with, Swedish law.

(b) *Submission to Jurisdiction*

The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, the Coupons and/or the Talons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes, the Coupons and/or the Talons (a **Dispute**) and all Disputes will be submitted to the exclusive jurisdiction of the English courts.

Each of the Issuer and any Noteholders or Couponholders irrevocably submit to the exclusive jurisdiction of the English courts and each of the Issuer and any Noteholders or Couponholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) *Service of Process*

The Issuer irrevocably appoints Citigroup Global Markets Limited at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Citigroup Global Markets Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute and shall immediately notify holders of Notes of such appointment in accordance with Condition 13. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing shall affect the right to serve process in any other manner permitted by law.

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. Definitions

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

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:

(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 each Business Centre specified in the applicable Issue 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 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.

Calculation Amount has the meaning given in the applicable Issue Terms.

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

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.

SECTION F.2 –SCHEDULES TO THE TERMS AND CONDITIONS OF THE NOTES

UNDERLYING SCHEDULE 1
SECURITY INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as a "Security Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Security Indices.

1. DEFINITIONS

Additional Disruption Event means any Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Issue Terms.

Bond Index means each Security Index classified as such is the applicable Issue Terms.

Component Security means, in respect of a Security Index, each component security or debt instrument included in such Security 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 Issue 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, the exchange or quotation system on which each relevant 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, quotation system, over-the-counter market 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 Security 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.

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 Security 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 Security Index; and (b) announces (directly or through an agent) the level of such Security 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 Security Index Conditions (in respect of a Single Exchange Index) or in Condition 3(b) of the Security 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 Security Index specified as such in the applicable Issue Terms.

Related Exchange means, in respect of a Security Index, each exchange or quotation system specified as such for such Security Index in the applicable Issue 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 Security 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 Security 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 Issue Terms as the applicable Related Exchange in respect of a Security 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 Security Index.

Scheduled Closing Time means, in respect of a Security Index, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Security Index, the scheduled weekday closing time of 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.

Security Index means each Underlying classified as such in the applicable Issue Terms.

Single Exchange Index means each Security Index specified as such in the applicable Issue Terms.

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 Security Index and a Valuation Date, the official closing level of such Security Index either (a) where Same Day Publication is specified as applicable in the applicable Issue Terms, on such Valuation Date (and in which circumstances, where the level of such Security Index is published on a succeeding Scheduled Trading Day, the level for that Valuation Date will have been the level calculated for the Security Index for or in respect of a preceding Scheduled Trading Day) or (b) where Same Day Publication is not specified as applicable in the applicable Issue Terms, for such Valuation Date (and in which circumstances the level for that Valuation Date may be published on a succeeding Scheduled Trading Day), in each case, as displayed on the applicable Electronic Page.

Valuation Time means (a) in respect of a Single Exchange Index where Single Valuation Time is specified as applicable in the applicable Issue Terms, 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 or a Single Exchange Index where Single Valuation Time is specified as not applicable in the applicable Issue Terms 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 Security Index and a Valuation Date, the level of such Security Index observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

Valuation Time means, in respect of a Security Index, an Underlying Level and a Scheduled Trading Day for such Security Index, the time at which the level of such Security Index is being determined during such Scheduled Trading Day.

3. DISRUPTION TO VALUATION

Disrupted Day means, in respect of a Security Index, any Scheduled Trading Day for such Security Index on which a Market Disruption Event occurs.

(a) Single Exchange Index

Market Disruption Event means, in respect of a Security 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 Security 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 Security 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 Security 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 Related 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 Security 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 Security 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 Security 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 Security 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 Security 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 Security 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 Security 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 Security 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 Security 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 Security 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 System 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 Security 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 Security 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).

(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 Security Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component Security of such Security Index at such time, then the relevant percentage contribution of such Component Security to the level of such Security Index shall be based on a comparison of (i) the portion of the level of such Security Index attributable to such Component Security; and (ii) the overall level of such Security Index, either (A) where such Security Index is a Single Exchange Index, immediately before the occurrence of such Market Disruption Event; or (B) where such Security 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 Security Index shall be based on a comparison of (i) the portion of the level of such Security Index attributable to such Component Security; and (ii) the overall level of such Security 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 Security Index:

(i) such Security 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 Security Index (such index, the **Successor Index**, which will be deemed to be such Security Index); and

(ii) each Additional Disruption Event (if any) specified in the applicable Issue Terms.

5. ADDITIONAL EARLY REDEMPTION EVENTS

The following Additional Early Redemption Event shall apply in respect of a Security Index: the Calculation Agent determines that no calculation or substitution can reasonably be made under Condition 6(b) of the Security Index Conditions.

6. ADDITIONAL PROVISIONS

(a) Correction of published or announced prices or levels

Correction Period means, in respect of a Security Index, two Business Days.

(b) Modification or cancellation of a Security Index and Security Index Substitution

(A) Security Index Adjustment Events

If, in respect of a Security 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 Security Index or in any other way materially modifies such Security Index (other than a modification prescribed in that formula or method to maintain such Security Index in the event of changes in Component Securities and capitalisation and other routine events) (a **Security Index Modification**); or (ii) on or prior to any Valuation Date, the relevant Index Sponsor at any time permanently cancels such Security Index and no Successor Index (as defined in Condition 4 of the Security Index Conditions) exists (a **Security Index Cancellation**); or (iii) on or prior to any Valuation Date the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce such Security Index (a **Security Index Disruption**, and together with a Security Index Modification and a Security Index Cancellation, a **Security Index Adjustment Event**), then the Calculation

Agent shall determine if such Security Index Adjustment Event has a material effect on the Notes, and if so, either:

(i) calculate the relevant level of such Security Index at the relevant time on such Valuation Date using, in lieu of a published level for such Security Index, the level of such Security 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 Security Index last in effect prior to the occurrence of such Security Index Adjustment Event but using only those Component Securities or other assets or instruments which comprised such Security Index immediately prior to the occurrence of such Security Index Adjustment Event (other than those Component Securities or other assets or instruments which have since ceased to be listed on any relevant Exchange); and/or

(ii) substitute such Security Index as provided in Condition 6(b)(B) of the Security Index Conditions and make such adjustments (if any) to the Conditions and/or the applicable Issue Terms as it deems necessary or appropriate in relation to such substitution; and/or

(iii) make such adjustments to the Conditions and/or the applicable Issue Terms as the Calculation Agent determines necessary or appropriate to account for the effect of such Security Index Adjustment Event and determine the effective date of each such adjustment.

If no calculation, substitution and/or adjustment can reasonably be made pursuant to the above, the provisions of Condition 5 of the Security Index Conditions shall apply.

(B) Security Index Substitution

Any adjustment made by the Calculation Agent pursuant to Condition 6(b)(A)(ii) of the Security Index Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Security Index Substitution.

Security Index Substitution means, in relation to a Security Index Adjustment Event or an Adjustment Event, the replacement of the Security Index the subject of such Security Index Adjustment Event or Adjustment Event, as the case may be, with a new security index selected by the Calculation Agent (which shall be a replacement security index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the level of such Security Index or a replacement security index selected by the Calculation Agent in accordance with any other criteria specified in the applicable Pricing Supplement). Such new security index shall be deemed to be a Security Index in place of the Security Index the subject of the Security Index Adjustment Event or Adjustment Event, as the case may be.

(c) Determination of the Underlying Closing Level of a Security Index on a Disrupted Day

If, in accordance with Condition 2(d) of the Valuation and Settlement Schedule, an Underlying Closing Level of a Security Index is to be determined on a Valuation Date which is a Disrupted Day for such Security Index, then the Calculation Agent shall determine such Underlying Closing Level of such Security Index at the Valuation Time on such Valuation Date in accordance with the formula for and method of calculating the level of such Security Index last in effect prior to the occurrence of the first Disrupted Day in respect of such Security 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 Security 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 day on which would otherwise have been a Valuation Date is:

(i) not a Scheduled Trading Day for a Security Index because one or more relevant Related Exchanges is not scheduled to be open; or

(ii) a Disrupted Day for a Security Index solely because any relevant Related Exchange fails to open,

then the Calculation Agent shall have the discretion to determine any such day either (A) to be the Valuation Date in respect of a Security Index, notwithstanding that such day is not a Scheduled Trading Day for such Security 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 Security 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.

(e) *Conditions for Bond Indices*

All references to "Security Index" and "Security Indices" in these Security Index Conditions shall be deemed to be references to "Bond Index" and "Bond Indices" and these Security Index Conditions shall be deemed to be amended as set out below.

(f) *Valuation*

The definition "Valuation Time" set out in Condition 2(a) of the Security Index Conditions shall be deleted and replaced by the following:

"**Valuation Time** means, in respect of an Underlying Closing Level and a Scheduled Trading Day, (A) for the purposes of determining whether a Market Disruption Event has occurred in respect of any relevant Component Security, the time at which such Component Security is valued for the purposes of determining the level of such Bond Index for the relevant day; and (B) in all other circumstances, the time at which the level of such Bond Index for such day is calculated and published by the relevant Index Sponsor.".

(g) *Market Disruption Event*

In relation to a Bond Index, the definition of "Market Disruption Event" set out in Condition 3(b) of the Security Index Conditions shall be amended by the insertion of the word "or" at the end of sub-paragraph (viii) and the insertion of the following paragraphs as sub-paragraphs (ix) to (xii) after sub-paragraph (viii) thereof:

"(ix) a general moratorium is declared in respect of banking activities in the country in which the Exchange in respect of a Component Security is located (which the Calculation Agent determines is material); or

(x) the difference between the bid and offer prices of any Component Security increases compared to that prevailing as at the Issue Date at any time (which the Calculation Agent determines is material); or

(xi) the calculation of such Bond Index is impractical or impossible at any time save in circumstances in which the relevant Index Sponsor fails to calculate and publish such Bond Index as described in Condition 6(b) of the Share Index Conditions; or

(xii) a reduction in liquidity in any Component Security and/or any other event or circumstance that is beyond the reasonable control of the Issuer that prevents or limits transactions in the Component Security (which the Calculation Agent determines is material).".

(a) In relation to a Bond Index, Condition 6 of the Security Index Conditions shall be amended as follows:

(i) the first paragraph of Condition 6(b) of the Security Index Conditions shall be amended by the deletion of the words "(other than a modification prescribed in that formula or method to maintain such Security Index in the event of changes in Component Securities and capitalisation and other routine events)" in the third, fourth and fifth lines thereof and the substitution of the words "(other than a modification prescribed in the conditions or methodology of the relevant Bond Index to maintain the relevant Bond Index in the event of changes in Component Securities and other routine events)" therefore; and

(ii) Condition 6(d) of the Security Index Conditions shall not apply to the Bond Index.

(b) In relation to a Bond Index, there shall be no definition of "Related Exchange" and the Conditions shall be construed accordingly.

UNDERLYING SCHEDULE 2
INFLATION INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue 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 Issue Terms, (a) the bond specified as such in the applicable Issue 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 Issue 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 Issue 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.

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 Issue 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 Issue 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 2(c) of the Valuation and Settlement Schedule 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 provisions specified in the applicable Issue 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 Issue 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 2(k) of the Valuation and Settlement Schedule 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 Issue 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 Issue 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 Issue 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-paragraph (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 Issue 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 Issue 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 Issue 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 Issue 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 Issue Terms.

Component means, in respect of a Commodity Index, each component included in such Commodity Index.

Component Trading Day means, in respect of a Component, a day on which the Exchange for such Component is scheduled to be open for trading for its regular trading session, notwithstanding such Exchange closing prior to the Scheduled Closing Time for such Component.

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 and, in respect of a Component of a Commodity Index, the exchange, quotation system, over-the-counter market or principal trading market on which such 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 (a) in respect of a Scheduled Trading Day and an Exchange or a Related Exchange, 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 and (b) in respect of a Component Trading Day, a Component and the Exchange for such Component, the scheduled weekday closing time on such Exchange on such Component 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 and, where Commodity Component Valuation is specified as applicable in the applicable Issue Terms, any day on which the Exchange for each Component of such Commodity Index is scheduled to be open for trading for its regular trading session, notwithstanding any such Exchange closing prior to the Scheduled Closing Time for the relevant Component.

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).

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 either (a) where Same Day Publication is specified as applicable in the applicable Issue Terms, on such Valuation Date (and in which circumstances, where the level of such Commodity Index is published on a succeeding Scheduled Trading Day, the level for that Valuation Date will have been the level calculated for the Commodity Index for or in respect of a preceding Scheduled Trading Day) or (b) where Same Day Publication is not specified as applicable in the applicable Issue Terms, for such Valuation Date (and in which circumstances the level for that Valuation Date may be published on a succeeding Scheduled Trading Day), on the applicable Electronic Page.

Valuation Time means, in respect of a Commodity Index, an Underlying Closing Level and a Scheduled Trading Day, (i) for the purposes of determining whether a Disrupted Day has occurred: (A) in respect of any relevant Component, the time at which such Component is valued for the purposes of determining the relevant level of such Commodity Index, and (B) in respect of any options contracts or future contracts on the Commodity Index, the close of trading on the relevant Related Exchange; and (ii) in all other circumstances, either (A) where the level of such Commodity Index is only published once a day, the time at which the level of such Commodity Index for such day is calculated and published by the relevant Index Sponsor or (B) otherwise, the time at which the official closing level of the Commodity Index 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:

(a) where Commodity Component Valuation is not specified as applicable in the applicable Issue Terms, 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); or

(b) where Commodity Component Valuation is specified as applicable in the applicable Issue Terms:

(A) in respect of a Commodity Index, any Scheduled Trading Day on which any of the events set out below occurs:

(x) the relevant Index Sponsor fails to publish the level of such Commodity Index;

(y) such day is a Disrupted Day in respect of a Component of such Commodity Index as specified in sub-paragraphs (B)(x), (y) or (z) below.

(B) in respect of a Component, any Component Trading Day on which any of the events set out below occurs:

(x) the failure of a relevant Exchange to announce or publish the settlement price for such Component (or other relevant price, or prices from which such price is calculated);

(y) the suspension of or limitation on trading in such Component on the relevant Exchange which the Calculation Agent determines is material; and

(z) the closing or settlement price for such Component is a "limit price" which means that such closing or settlement price for such Component for the relevant day has increased or decreased from the previous day's closing or settlement price by the maximum amount permitted under applicable exchange rules.

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 Issue 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

(A) Commodity Index Adjustment Events

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 or prior to 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); and/or

(ii) the Calculation Agent shall substitute such Commodity Index as provided in Condition 6(b)(B) of the Commodity Index Conditions and make such adjustments (if any) to the Conditions and/or the applicable Issue Terms as it deems necessary or appropriate in relation to such substitution; and/or

(iii) make such adjustments to the Conditions and/or the applicable Issue Terms as the Calculation Agent determines necessary or appropriate to account for the effect of such Commodity Index Adjustment Event and determine the effective date of each such adjustment.

If no calculation, substitution and/or adjustment can reasonably be made pursuant to the above, the provisions of Condition 5 of the Commodity Index Conditions shall apply.

(B) *Commodity Index Substitution*

Any adjustment made by the Calculation Agent pursuant to Condition 6(b)(A)(ii) of the Commodity Index Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Commodity Index Substitution.

Commodity Index Substitution means, in relation to a Commodity Index Adjustment Event or an Adjustment Event, the replacement of the Commodity Index the subject of such Commodity Index Adjustment Event or Adjustment Event, as the case may be, with a new commodity index selected by the Calculation Agent (which shall be a replacement commodity 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). Such new commodity index shall be deemed to be a Commodity Index in place of the Commodity Index the subject of the Commodity Index Adjustment Event or Adjustment Event, as the case may be.

(c) *Determination of the Underlying Closing Level of a Commodity Index on a Disrupted Day*

(a) Where Commodity Component Valuation is not specified as applicable in the applicable Issue Terms 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 2(d) of the Valuation and Settlement Schedule, 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.

(b) Where Commodity Component Valuation is specified as applicable in the applicable Issue Terms, if a Specified Valuation Date for a Commodity Index is a Disrupted Day for such Commodity Index, then, in order to determine the Underlying Closing Level of the relevant Commodity Index for such Valuation Date, the Calculation Agent shall determine the relevant Underlying Closing Level for such Valuation Date using the then-current method for calculating the level of such Commodity Index based on:

(x) with respect to each Component which is not affected by the occurrence of a Disrupted Day, the closing or settlement price of each such Component on such Specified Valuation Date; and

(y) with respect to each Component which is affected by the occurrence of a Disrupted Day, the closing or settlement price of each such Component on the earlier of: (1) the first succeeding day immediately following such Specified Valuation Date which is a Component Trading Day for the relevant Component and which is not a Disrupted Day for such Component; and (2) the Scheduled Trading Day which is the Valuation Roll number of Scheduled Trading Days for the relevant Commodity Index immediately following such Specified Valuation Date.

If, by operation of the above provision, the date for valuation of the relevant Component would fall on a day which is a Disrupted Day for such Component, the Calculation Agent shall determine the closing or settlement price of the relevant

Component for the relevant Valuation Date using its good faith estimate of the closing or settlement price of such Component for such day.

If, by operation of the above provision, the date for valuation of the relevant Component would otherwise fall on a day falling after the second Scheduled Trading Day for the relevant Commodity Index prior to the date on which a relevant payment is scheduled to be made under the Notes (the **Commodity Index Cut-off Date**), such date of valuation shall be deemed to be the Commodity Index Cut-off Date (notwithstanding that such date either (A) is not a Component Trading Day for such Component; or (B) is a Disrupted Day for such Component; or (C) is a Disrupted Day for the relevant Commodity Index), and the Calculation Agent shall determine the closing or settlement price of the relevant Component for the relevant Valuation Date using its good faith estimate of the closing or settlement price of such Component for such day.

Condition 2(d) and Condition 2(e) of the Valuation and Settlement Schedule shall not apply to a Specified Valuation Date relating to a Commodity Index except that, if a Disrupted Day occurs in respect of an Underlying other than a Commodity Index and "Move in Block" is specified for "Valuation Disruption (Disrupted Days)" in respect of the relevant Valuation Date in the applicable Issue Terms, the provisions of Condition 2(d)(ii) of the Valuation and Settlement Schedule shall apply thereto PROVIDED THAT if by operation of such provision the relevant Valuation Date would thereby fall after the relevant Commodity Index Cut-off Date, the provisions set out in the preceding paragraph shall apply.

In all other cases, the provisions of Condition 2(d) and Condition 2(e) of the Valuation and Settlement Schedule shall only apply in relation to Underlying(s) which are not Commodity Indices (if any).

UNDERLYING SCHEDULE 4
COMMODITY CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue 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

Abandonment of Scheme means that, at any time before to the Maturity Date, the Scheme is, as a result of official written public pronouncement by the European Community, no longer scheduled to proceed or is to be discontinued.

For which purpose:

Allowance Directive means Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as amended by Directive 2004/101/EC of the European Parliament and of the Council of 27 October 2004, and as amended from time to time.

Registry Regulation means the EU Commission Regulation adopted, or to be adopted, in order to establish a standardised and secured system of registries pursuant to Article 19(3) of Directive 2003/87/EC and Article 6(1) of Decision 280/2004/EC, as amended from time to time.

Scheme means the scheme for transferring allowances (as defined in the Allowance Directive) established pursuant to the Allowance Directive and the Registry Regulation, and as implemented by the national laws of the member states from time to time.

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 2(h) of the Valuation and Settlement Schedule.

Commodity means each Underlying classified as such in the applicable Issue Terms.

Commodity Dealers means the four dealers specified in the applicable Issue 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 Issue 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 Issue Terms, that date or that month and year; (b) if a Nearby Month is specified in the applicable Issue Terms, the month of the expiration of the relevant Futures Contract; and (c) if a method is specified in the applicable Issue 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 Issue 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 Issue 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 Issue 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 Issue 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. Where "Futures Contract" is preceded by a numerical adjective, such Futures Contract shall be the Futures Contract expiring in the Nearby Month having the same numerical adjective, so that for example (a) "First Futures Contract" means the Futures Contract expiring in the First Nearby Month; and (b) "Second Futures Contract" means the Futures Contract expiring in the Second Nearby Month.

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 2(d) of the Valuation and Settlement Schedule, 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 Issue Terms in respect of such Commodity or any successor which shall, unless otherwise specified in the applicable Issue 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, if so specified in the applicable Issue Terms, 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; or (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 Issue 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).

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 Issue 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, 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, the Relevant Price of such Commodity 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 Issue Terms, then the following Disruption Events will apply:

(i) in respect of a Bullion Commodity, (A) Price Source Disruption; (B) Trading Disruption; and (C) 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 Issue 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 Issue 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:

(a) 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; and

(b) each Additional Early Redemption Event (if any) specified in the applicable Issue Terms.

6. ADDITIONAL PROVISIONS

(a) *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 2(d) of the Valuation and Settlement Schedule 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 2(d) of the Valuation and Settlement Schedule 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 or is not a Scheduled Trading Day for such Commodity in accordance with Condition 2(d) of the Valuation and Settlement Schedule, 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 Issue 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 Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Issue Terms.

Exchange means, in respect of a Share, each exchange or quotation system specified as such in respect of such Share in the applicable Issue 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.

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 Issue 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 Issue 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 Issue Terms.

Share Company means, in respect of a Share, the issuer of such Share, as specified in the applicable Issue Terms.

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. If the relevant Exchange closes prior to its Scheduled Closing Time, the Valuation Time shall be such actual closing time.

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; 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 (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

(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 (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).

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 Issue 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) 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 Pricing Supplement). 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 2(e) of the Valuation and Settlement Schedule 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 Issue 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 Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Issue 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 Issue 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 Issue 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 Issue 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 Issue 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.

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.

(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 Issue 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 Issue 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 Issue 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 Issue 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 Issue 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 Issue 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 Depository 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 Issue Terms, then sub-paragraph (i) to sub-paragraph 3(xiv) below (inclusive) shall apply.

If "Partial Lookthrough" is elected in the applicable Issue Terms, then sub-paragraph (i) to sub-paragraph 3(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 (A) the actual closing time for the regular trading session on such Depositary Receipt Exchange on such Depositary Receipt Exchange Business Day; and (B) 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 (A) the actual closing time for the regular trading session on such Depositary Receipt Related Exchange on such Depositary Receipt Exchange Business Day; and (B) 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 (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 (A) the actual closing time for the regular trading session on such Underlying Share Exchange on such Underlying Share Exchange Business Day; and (B) 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 (A) the actual closing time for the regular trading session on such Underlying Share Related Exchange on such Underlying Share Exchange Business Day; and (B) 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 Issue 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 Issue 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) 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 Issue Terms, in respect of relevant Depositary Receipts and/or, where an Underlying Share Exchange is specified in respect of an Underlying Share in the applicable Issue Terms, such 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) 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 (the **Affected Depositary Receipt**) and/or an Underlying Share (the **Affected Underlying Share**) the subject of such Adjustment Event with a new depositary receipt selected by the Calculation Agent (which shall be a depositary receipt with the Same Underlying Share and Currency or selected by the Calculation Agent in accordance with any other criteria specified in the applicable Pricing Supplement) and/or 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 Pricing Supplement) (the **Depositary Receipt Substitution Criteria**). Such new depositary receipt shall be deemed to be a Depositary Receipt in place of the Affected Depositary Receipt and/or such new share shall be deemed to be an Underlying Share in place of the Affected Underlying Share.

Same Underlying Share and Currency shall mean, in respect of an Affected Depositary Receipt, a depositary receipt issued in respect of the same existing Underlying Share as the Affected Depositary Receipt and denominated in the same currency as the Affected Depositary Receipt. If no such replacement depositary receipt is selected or available, then the relevant Underlying Share shall be substituted in accordance with the Depositary Receipt Substitution Criteria for an Affected Underlying Share and the replacement depositary receipt shall be a depositary receipt issued in respect of such replacement Underlying Share.

Reference Index shall mean, in respect of an Affected Underlying Share, the index (a) of which such Affected Underlying Share is a component or of which it has been a component 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 criteria in (a) and (b) above, or if no index satisfies the criteria in (a) and (b) above, then the Calculation Agent shall determine the Reference Index for such Affected Underlying Share by reference to such criteria as it deems appropriate.

(c) *Determination of the Underlying Closing Level of a Depositary Receipt on a Disrupted Day*

Condition 2(e) of the Valuation and Settlement Schedule 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 Issue 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 Issue 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 Issue 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 Increased Cost of Stock Borrow and/or Loss of Stock Borrow, in each case, if specified in the applicable Issue Terms.

ETF Share means each Underlying classified as such in the applicable Issue 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 Issue 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 Issue 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.

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 Issue 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 Issue 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.

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 Issue 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) 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 an ETF Share.

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 (which shall be an exchange-traded fund share which tracks the Related Index or another index having the same or substantially similar formula for and method of calculation as the Related Index or selected by the Calculation Agent in accordance with any other criteria specified in the applicable Pricing Supplement (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.

For which purposes, **Related Index** means, in respect of an ETF Share, the index specified for such ETF Share in the applicable Issue Terms.

(c) *Determination of the Underlying Closing Level of an ETF Share on a Disrupted Day*

Condition 2(e) of the Valuation and Settlement Schedule 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 Issue 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

Additional Disruption Event means any of Fees or Charges Event, Fund Adviser Event, Holding Ratio Change, Limitation Event, NAV Trigger Event, New Information Event, Non Currency Redemption, Asset Trigger Event, Delisting and/or Related Agreement Termination, in each case, if specified in the applicable Issue Terms.

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.

Asset Trigger Event means, in respect of a Mutual Fund, the aggregate net asset value of the Mutual Fund Interests held by the Issuer and/or any of its Affiliates is more than 10 per cent. of the aggregate net asset value of such Mutual Fund, as determined by the Calculation Agent, at any time.

Delisting means, in respect of a Mutual Fund Interest, that the relevant Exchange announces that, pursuant to the rules of such Exchange, such Mutual Fund Interest ceases (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event) and 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 the Exchange 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).

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.

Fees or Charges Event means, in respect of a Mutual Fund, the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of relevant Mutual Fund Interests other than any such fee or charge in existence on the Trade Date.

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 Adviser Event means, in respect of a Mutual Fund, that the Calculation Agent determines (a) that at any time after the Issue Date, the total value of the assets managed by the relevant Fund Adviser (including in relation to such Mutual Fund) is equal to or less than 100,000,000 United States dollars (or its equivalent) or such other amount specified in the applicable Issue Terms (the **AUM Threshold**) or (b) that over any period of twelve months, the total value of the assets managed by the relevant Fund Adviser (including in relation to such Mutual Fund) has decreased by fifty per cent. (either due to redemptions or decrease in the value of such assets or otherwise).

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.

Holding Ratio Change means, in respect of a Mutual Fund, the reduction of such Mutual Fund's aggregate net asset value under an amount that, in the determination of the Calculation Agent, has, or is likely to have, a material adverse effect on the performance or management of such Mutual Fund or would increase the proportion of the Mutual Fund Interests held, or likely to be held, by any Hedging Party, to the extent that the full redemption of the Mutual Fund Interests held by such Hedging Party is likely to be delayed or become subject to "gating" by such Mutual Fund.

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.

Limitation Event means, in respect of a Mutual Fund, (a) a material limitation is imposed on dealings in any relevant Mutual Fund Interests, (b) such Mutual Fund's dealing schedule is changed (including, but not limited to, a change in notice periods for redemptions or imposition of gating provisions), (c) subscription and/or redemption liquidity in any relevant Mutual Fund Interests is reduced, (d) there is a material reduction in the assets under management of such Mutual Fund since the Trade Date or (e) any other event occurs which restricts, in whole or in part (on a permanent or temporary basis), dealings of any nature with respect to any relevant Mutual Fund Interest (whether or not the relevant event occurs pursuant to any provisions permitting such Mutual Fund to restrict in any way dealings with respect to the relevant Mutual Fund Interest).

Mutual Fund means, in respect of a Mutual Fund Interest, the issuer of such Mutual Fund Interest, as specified in the applicable Issue Terms.

Mutual Fund Interest means each mutual fund share or unit classified as such in the applicable Issue Terms.

NAV Trigger Event means, in respect of a Mutual Fund, such Mutual Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Mutual Fund or any of its assets.

New Information Event means, in respect of a Mutual Fund, (a) any information provided to the Calculation Agent by or in connection with such Mutual Fund, the relevant Fund Adviser, the relevant Fund Administrator or other Fund Service Provider is misleading or inaccurate in any respect or (b) the publication or dissemination (through any medium) of information is or becomes available which, if considered by itself or with information previously provided to the Calculation Agent, would be likely to cause a Hypothetical Investor to refrain from investing in or to seek to realise any investment in any relevant Mutual Fund Interests, as determined by the Calculation Agent.

Non Currency Redemption means, in respect of a Mutual Fund, any relevant Mutual Fund Interests are redeemed otherwise than in cash or are redeemed in a currency(ies) other than the currency(ies) in which as of the Trade Date (and according to the relevant Fund Documents or as otherwise communicated to the Calculation Agent) it is intended redemptions of the relevant Mutual Fund Interests shall occur.

Related Agreement Termination means, in respect of a Mutual Fund, such Mutual Fund or any of its Fund Administrator or Fund Adviser or other relevant party specified in the applicable Issue Terms is in breach of or has terminated any existing agreement with the Issuer or any of its Affiliates or agents in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing.

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 Issue 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 either (a) where Same Day Publication is specified as applicable in the applicable Issue Terms, on such Valuation Date (and in which circumstances, where the level of such Mutual Fund Index is published on a succeeding Scheduled Trading Day, the level for that Valuation Date will have been the level calculated for the Mutual Fund Index for or in respect of a preceding Scheduled Trading Day) or (b) where Same Day Publication is not specified as applicable in the applicable Issue Terms, for such Valuation Date (and in which circumstances the level for that Valuation Date may be published on a succeeding Scheduled Trading Day).

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 Issue 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 Issue 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, a Failure by a Fund Service Provider and each Additional Disruption Event (if any) specified in the applicable Issue Terms.

(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

The following Additional Early Redemption Event shall apply in respect of a Mutual Fund: the Calculation Agent determines that no Monetisation can reasonably be effected under Condition 6(d) of the Mutual Fund Conditions.

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 **Affected Mutual Fund**) the subject of such Adjustment Event with a new mutual fund share or unit selected by the Calculation Agent (which shall be an Equivalent Mutual Fund Interest or selected in accordance with any other criteria specified in the applicable Pricing Supplement) (the **Mutual Fund Interest Substitution Criteria**). Such new mutual fund share or unit shall be deemed to be a Mutual Fund Interest in place of the Affected Mutual Fund Interest.

Equivalent Mutual Fund Interest means a mutual fund share or unit in a fund which is a mutual fund which:

(i) if "Liquidity" is specified in respect of the Equivalent Mutual Fund Interest Criteria in the applicable Issue Terms, provides daily liquidity (subject to certain exceptions specified in the relevant fund documents acceptable to the Calculation Agent and conforming to accepted market standards) and the shares or units of which (however described in the relevant fund documents) may be subscribed or sold to or redeemed by the relevant fund at a value equal to the net asset value on a fund business day (however described in the relevant fund documents) (subject to exceptions as aforesaid) by giving no more than two fund business days' notice, without the imposition of any charges by such fund in respect of such subscription, sale or redemption;

(ii) if "Similar Strategy" is specified in respect of the Equivalent Mutual Fund Interest Criteria in the applicable Issue Terms, which has the same or substantially similar strategies as the Affected Mutual Fund; and

(iii) if "Same Currency" is specified in respect of the Equivalent Mutual Fund Interest Criteria in the applicable Issue Terms, has the same currency as the Affected Mutual Fund.

(c) Determination of the Underlying Closing Level of a Mutual Fund Interest on a Disrupted Day

Condition 2(e) of the Valuation and Settlement Schedule shall apply.

(d) Adjustments following an Adjustment Event

Any adjustment made by the Calculation Agent in response to an Adjustment Event pursuant to Condition 2(g) of the Valuation and Settlement Schedule may include substitution of the relevant Underlying in whole or in part as specified therein and, in the event that, in the determination of the Calculation Agent, any such substitution of the relevant Underlying cannot reasonably be made, may also include Monetisation in respect of 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 Monetisation.

For the purposes of the above, **Monetisation** means:

(i) on a date selected by the Calculation Agent (the **Affected Mutual Fund Valuation Date**), the Calculation Agent shall value the amount of the Mutual Fund Interest affected by the Adjustment Event (the **Affected Mutual Fund Interests**) relating to a Calculation Amount (such value, less any costs and expenses of unwinding any related Hedge Positions, the **Affected Mutual Fund Value**); and

(ii) the Calculation Agent shall adjust the formulae or method of determining any amounts payable in respect of the Notes to reflect the Affected Mutual Fund Value in lieu of the Relevant Price of the Affected Mutual Fund Interest, and shall adjust the Redemption Amount to include an amount in respect of interest (compounded on a daily basis) on the Affected Mutual Fund Value, as determined by the Calculation Agent, accrued at an overnight rate relating to the Specified Currency (being, in the case of Dual Currency Notes, the Denomination Currency) selected by the Calculation Agent during the period from (and including) the Affected Mutual Fund Valuation Date to (but excluding) the Maturity Date.

UNDERLYING SCHEDULE 9
FX RATE CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as an "FX Rate".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to FX Rates.

PART A

The provisions of this Part A apply where EMTA provisions are not specified as applicable in the applicable Issue Terms.

1. DEFINITIONS

Base Currency means, in respect of an Exchange Rate, the currency specified as such in respect of such Exchange Rate in the applicable Issue Terms.

Currency Pair means, in respect of an Exchange Rate, the Quote Currency and the Base Currency specified for such Exchange Rate in the applicable Issue Terms.

Event Currency means, in respect of an Exchange Rate, the Quote Currency and/or the Base Currency, unless otherwise specified in the applicable Issue Terms.

Event Currency Jurisdiction means, in respect of an Event Currency, the country for which such Event Currency is the lawful currency.

Exchange Rate means the spot rate of exchange for exchange of the relevant Quote Currency into the relevant Base Currency (expressed as the number of units (or parts thereof) of the Quote Currency for which one unit of the Base Currency can be exchanged) which appears on the relevant Electronic Page at approximately the Valuation Time, as specified in the applicable Issue Terms.

FX Rate means:

(a) where "cross-rate/formula" is not specified as applicable for such FX Rate in the applicable Issue Terms, the Exchange Rate for such FX Rate, as specified in the applicable Issue Terms; or

(b) where "cross-rate/formula" is specified as applicable for such FX Rate in the applicable Issue Terms, the "inverse of" and/or the "product of" and/or the "quotient of" (in each case as specified in the applicable Issue Terms) each Exchange Rate specified for such FX Rate in the applicable Issue Terms.

Governmental Authority means (i) any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or (ii) any other entity (private or public) charged with the regulation of the financial markets (including the central bank), in each case in any relevant jurisdiction.

Non-Event Currency means, in respect of an Exchange Rate and the relevant Currency Pair, the currency of such Currency Pair which is not the Event Currency.

Price Materiality Percentage means, in respect of Price Materiality, the percentage specified in the applicable Issue Terms.

Primary Rate means, in respect of Price Materiality, the currency exchange rate determined as set out in the applicable Issue Terms.

Quote Currency means, in respect of an Exchange Rate, the currency specified as such in respect of such Exchange Rate in the applicable Issue Terms.

Scheduled Trading Day means, in respect of an Exchange Rate, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits), or but for the occurrence of a Disrupted Day would have settled payments and been open for general business (including dealing in foreign exchange and foreign currency deposits) in each of the Specified Financial Centres specified for such FX Rate in the applicable Issue Terms.

Secondary Rate means, in respect of Price Materiality, the currency exchange rate determined as set out in the applicable Issue Terms.

Specified Financial Centre(s) means the financial centre(s) specified in the applicable Issue Terms.

2. VALUATION

(a) *Closing Valuations*

Underlying Closing Level means, in respect of a Valuation Date, the FX Rate for such Valuation Date, as determined by the Calculation Agent by reference to the relevant Exchange Rate(s).

(b) *Intraday Valuations*

Underlying Level means, in respect of a Valuation Date, the FX Rate observed continuously during such Valuation Date, as determined by the Calculation Agent by reference to the relevant Exchange Rate(s).

3. DISRUPTION TO VALUATION

Disrupted Day means, in respect of an FX Rate and the related Exchange Rate, any Scheduled Trading Day for such FX Rate on which a Market Disruption Event occurs.

For the purposes hereof:

Currency Disruption Event means any of Dual Exchange Rate, General Inconvertibility, General Non-Transferability, Governmental Authority Default, Illiquidity, Material Change in Circumstances, Nationalisation, Price Materiality, Specific Inconvertibility and Specific Non-Transferability, each such term as defined below, and any other event specified as such in the applicable Pricing Supplement:

Dual Exchange Rate means, in respect of an FX Rate and as determined by the Calculation Agent, the split of any Exchange Rate specified for such FX Rate into dual or multiple currency exchange rates.

General Inconvertibility means, in respect of an FX Rate and the related Exchange Rate and as determined by the Calculation Agent, the occurrence of any event that generally makes it impossible or not reasonably practicable to convert any relevant Event Currency into the relevant Non-Event Currency in the relevant Event Currency Jurisdiction through customary legal channels.

General Non-Transferability means, in respect of an FX Rate and the related Exchange Rate and as determined by the Calculation Agent, the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) any relevant Non-Event Currency from accounts inside the relevant Event Currency Jurisdiction to accounts outside the relevant Event Currency Jurisdiction or (b) any relevant Event Currency between accounts inside the relevant Event Currency Jurisdiction or to a party that is a non-resident of such Event Currency Jurisdiction.

Governmental Authority Default means, with respect to any security or indebtedness for borrowed money of, or guaranteed by, any Governmental Authority, the occurrence of a default, event of default, or other similar condition or event (however described), as determined by the Calculation Agent, including, but not limited to, (A) the failure of timely payment in full of any principal, interest, or other amounts due (without giving effect to any applicable grace periods) in respect of any such security, indebtedness for borrowed money, or guarantee, (B) a declared moratorium, standstill, waiver, deferral, Repudiation, or rescheduling of any principal, interest, or other amounts due in respect of any such security, indebtedness for borrowed money, or guarantee or (C) the amendment or modification of the terms and conditions of payment of any principal, interest, or other amounts due in respect of any such security, indebtedness for borrowed money, or guarantee without the consent of all holders of such obligation. The determination of the existence or occurrence of any default, event of default, or other similar condition or event shall be made without regard to any lack or alleged lack of authority or capacity of such Governmental Authority to issue or enter into such security, indebtedness for borrowed money, or guarantee.

Illiquidity means, in respect of an FX Rate and a Valuation Date and as determined by the Calculation Agent, it becomes impossible or otherwise impracticable to obtain a firm quote to determine the relevant rate(s) required to calculate the Underlying Closing Level or Underlying Level (as relevant) for any relevant amount at the relevant time on the relevant Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source).

Material Change in Circumstances means the occurrence of an event in an Event Currency Jurisdiction beyond the control of any Hedging Party which makes it impossible or not reasonably practicable for (i) any Hedging Party to fulfil its obligations under any Hedging Position and (ii) for any entity generally to fulfil obligations similar to such Hedging Party's obligations under any Hedging Position.

Nationalisation means, in the determination of the Calculation Agent, any expropriation, confiscation, requisition, nationalisation or other action by a Governmental Authority which deprives any Hedging Party of all or substantially all of its assets in any Event Currency Jurisdiction.

Price Materiality means the Primary Rate differs from the Secondary Rate by at least the Price Materiality Percentage, as determined by the Calculation Agent.

Specific Inconvertibility means, in respect of an FX Rate and as determined by the Calculation Agent, the occurrence of any event that has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to convert the whole, or part thereof, of any relevant amount in any relevant Event Currency into the relevant Non-Event Currency in the relevant Event Currency Jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of any relevant Event Currency into the relevant Non-Event Currency) other than where such hindrance, limitation, restriction, impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation).

Specific Non-Transferability means, in respect of an FX Rate and as determined by the Calculation Agent, the occurrence of any event that has the direct or indirect effect of hindering, limiting, restricting, making it impossible or not reasonably practicable for any Hedging Party to deliver (a) any relevant amount in any relevant Non-Event Currency from accounts inside the relevant Event Currency Jurisdiction to accounts outside such Event Currency Jurisdiction or (b) any relevant amount in any relevant Event Currency between accounts inside the relevant Event Currency Jurisdiction or to a party that is a non-resident of such Event Currency Jurisdiction (including, without limitation, by reason of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on the repatriation of any relevant Event Currency into the relevant Non-Event Currency), other than where such hindrance, limitation, restriction, impossibility or impracticality is due solely to the failure by such Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Trade Date and it is impossible or not reasonably practicable for such Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation).

Market Disruption Event means, in respect of an FX Rate and the related Exchange Rates, the occurrence or existence, as determined by the Calculation Agent, of any Price Source Disruption and/or any Trading Suspension or Limitation and/or any Currency Disruption Event specified in respect of such FX Rate in the applicable Issue Terms.

Price Source Disruption means, in respect of an FX Rate and a Valuation Date and as determined by the Calculation Agent, it becomes impossible or otherwise impracticable to obtain the relevant rate(s) required to calculate the Underlying Closing Level or Underlying Level (as relevant) on such Valuation Date (or, if different, the day on which rates for such Valuation Date would, in the ordinary course, be published or announced on the relevant Electronic Page).

Repudiation means, in respect of a Governmental Authority Default, the relevant Governmental Authority disaffirms, disclaims, repudiates, or rejects, in whole or in part, or challenges the validity of any security, indebtedness for borrowed money, or guarantee of such Governmental Authority in any material respect.

Trading Suspension or Limitation means, in respect of an FX Rate and a Valuation Date and as determined by the Calculation Agent, the suspension of and/or limitation of trading in the rate(s) required to calculate such FX Rate (which may be, without limitation, rates quoted on any over-the-counter or quotation-based market, whether regulated or unregulated) for such Valuation Date provided that such suspension or limitation of trading is material in the opinion of the Calculation Agent.

4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Event shall apply in respect of an FX Rate after the Trade Date and on or before any relevant payment date, a relevant country has lawfully eliminated, converted, redenominated, or exchanged its currency in effect on the Issue Date or any lawful successor currency thereto (the **Successor Currency**), as the case may be (the **Original Currency**), for a Successor Currency.

5. ADDITIONAL EARLY REDEMPTION EVENTS

No Additional Early Redemption Events shall apply in respect of FX Rates.

6. ADDITIONAL PROVISIONS

(a) Corrections of published or announced rates

Correction Period means, in respect of an FX Rate, five Business Days.

(b) Certain Published and Displayed Sources

If any Exchange Rate is published or announced by more than one price source (including the relevant Electronic Page) and the Electronic Page fails to publish or announce that currency exchange rate on any relevant Valuation Date (or, if different, the day on which rates for such Valuation Date would, in the ordinary course, be published or announced on the relevant Electronic Page), then the relevant Underlying Closing Level or Underlying Level (as relevant) for such Valuation Date may be determined as if the applicable Issue Terms had specified any other available price source which actually publishes or announces such currency exchange rate on such Valuation Date (or, if different, the day on which rates for such Valuation Date would, in the ordinary course, be published or announced by such price source) as the applicable Electronic Page.

If any Exchange Rate comprising any applicable FX Rate is reported, sanctioned, recognized, published, announced, or adopted (or other similar action) by the relevant Governmental Authority, and such currency exchange rate ceases to exist and is replaced by a successor currency exchange rate that is reported, sanctioned, recognized, published, announced, or adopted (or other similar action) by such Governmental Authority (the **Official Successor Rate**), then the Underlying Closing Level or Underlying Level (as applicable) for the relevant Valuation Date may be determined as if the applicable Issue Terms had specified any available price source which publishes or announces the Official Successor Rate (including, but not limited to, an official publication of that Governmental Authority) on such Valuation Date (or, if different, the day on which rates for that Valuation Date would, in the ordinary course, be published or announced by the relevant price source) as the applicable Electronic Page.

(c) Settlement Disruption

If, in the opinion of the Calculation Agent, payment of any amount due in respect of the Notes cannot be made by the Issuer in the Specified Currency on any date on which payment is scheduled to be made under the Notes (a **Relevant Scheduled Payment Date**) due to:

(i) the imposition of laws or regulations by any Governmental Authority of the country for which the Specified Currency is the lawful currency (the **Specified Currency Jurisdiction**) which (a) require non-residents of the Specified Currency Jurisdiction to obtain permission from such central banking authority or other authority to obtain the Specified Currency, or (b) otherwise restrict a non-resident's ability to obtain the Specified Currency, or (c) otherwise regulate the purchase or holding of the Specified Currency by non-residents of the Specified Currency Jurisdiction such that costs are imposed in obtaining the Specified Currency which would not be imposed in the absence of such regulations, or (d) has the direct or indirect effect of hindering, limiting or restricting the transfer of the Specified Currency between non-residents of the Specified Currency Jurisdiction or (e) materially restricts non-residents from transferring the Specified Currency from the Specified Currency Jurisdiction to the country of incorporation of such non-resident; or

(ii) any Relevant Clearing System suspending or ceasing to accept the Specified Currency as a settlement currency; or

(iii) the Specified Currency's replacement or disuse or the Specified Currency, or any Successor Currency, no longer being used by the government of the Specified Currency Jurisdiction or for the settlement of transactions by public institutions within the international banking community; or

(iv) the illiquidity of the Specified Currency in the relevant market; or

(v) any other circumstances beyond the control of the Issuer (including but not limited to a natural or man-made disaster, armed conflict, act of terrorism, riot or labour disruption),

(each a **Currency Settlement Disruption Event**) then the Issuer shall be entitled to satisfy its obligations to the Holders by either (i) delaying any such payment until after the Currency Settlement Disruption Event ceases to exist or (ii) making such payment in United States dollars (**USD**) (such payment converted into USD by reference to such currency exchange rate displayed on such price source or otherwise as the Calculation Agent shall determine) on, or as soon as reasonably practicable (in the opinion of the Calculation Agent) after, the Relevant Scheduled Payment Date. Any such delayed payment or payment in USD will not constitute a default and Holders shall not be entitled to further interest or any other payment in respect of any such delay.

PART B

The provisions of this Part B apply where EMTA Provisions are specified as applicable in the applicable Issue Terms.

1. DEFINITIONS

Calculation Agent Determination means, in respect of an FX Rate and a Valuation Date, that the Calculation Agent will determine the FX Rate for such Valuation Date taking into consideration all available information that it deems relevant.

Disruption Event means an event that would give rise, in accordance with an applicable Disruption Fallback, to an alternative basis for determining the FX Rate being in respect of an FX Rate, any related First Fallback Reference Rate or any related Second Fallback Reference Rate, as the case may be, the occurrence or existence, as determined by the Calculation Agent, of any Price Source Disruption and/or any Price Materiality, if specified in respect of the FX Rate in the applicable Issue Terms.

Exchange Rate means the Reference Currency/Settlement Currency offered rate for the Settlement Currency expressed as the amount of the Reference Currency per one unit of the Settlement Currency for settlement in the Number of Settlement Business Days.

First Fallback Reference Rate means, in respect of an FX Rate, the rate (if any) specified as such in the applicable Issue Terms, which shall be the Exchange Rate for such FX Rate as reported or, as the case may be, announced, by the First Fallback Rate Source on the First Fallback Electronic Page at approximately the First Fallback Valuation Time (or as soon thereafter as practicable). For which purpose:

First Fallback Rate Source means, in respect of a First Fallback Reference Rate, the source or source(s) specified as such in the applicable Issue Terms for such First Fallback Reference Rate which may, for the avoidance of doubt, include any methodology used by such source in determining the relevant rate.

First Fallback Reference Price means, in respect of an FX Rate and a Specified Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level of the relevant FX Rate for such Valuation Date using the First Fallback Reference Rate, unless such rate is subject to a Disruption Event, in which case the FX Rate will be determined in accordance with the provisions of the next applicable Disruption Fallback.

First Fallback Valuation Time means, in respect of the First Fallback Reference Rate, the time specified as such in the applicable Issue Terms.

FX Rate means, in respect of each Underlying specified as such in the applicable Issue Terms, the Exchange Rate, as reported or, as the case may be, announced, by the FX Rate Source.

FX Rate Source means, in respect of an FX Rate, the source or source(s) specified as such in the applicable Issue Terms for such FX Rate which may, for the avoidance of doubt, include any methodology used by such source in determining the relevant rate.

Number of Settlement Business Days means, in respect of an FX Rate and the related Exchange Rate, the number of Reference Currency Business Days specified as such in the applicable Issue Terms.

Price Materiality means that, in the determination of the Calculation Agent, either (a) the Primary Rate differs from any Secondary Rate by at the least the Price Materiality Percentage or (b) there are insufficient responses on the Specified Valuation Date to the relevant survey used in calculating the First Fallback Reference Price or, as the case may be, the Second Fallback Reference Price.

Price Materiality Percentage means, in respect of an FX Rate, the percentage specified as such in the applicable Issue Terms.

Price Source Disruption means, in the determination of the Calculation Agent, it becomes impossible to obtain the FX Rate, any related First Fallback Reference Rate or any related Second Fallback Reference Rate, as the case may be, on the Specified Valuation Date (or, if different the day on which rates for that Specified Valuation Date would, in the ordinary course, be published or announced by the relevant price source).

Primary Rate means, in respect of an FX Rate, the rate specified as such in the applicable Issue Terms.

Reference Currency Business Day means a day on which commercial banks are open (or, but for the occurrence of any Disruption Event, would have been open) for business (including dealing in foreign exchange in accordance with the market practice of the foreign exchange market) in (i) the or each Settlement Currency Business Centre(s) specified in the applicable Issue Terms (a **Settlement Currency Business Day**) and (ii) any of the Reference Currency Business Centre(s) specified in the applicable Issue Terms and, for the purposes of the definition of Valuation Date and the occurrence of a Disruption Event, a Reference Currency Business Day will include any day on which commercial banks would have been open but for the occurrence in the jurisdiction of the Reference Currency of a banking moratorium or other similar event related to any Disruption Event.

Second Fallback Reference Rate means, in respect of an FX Rate, the rate (if any) specified as such in the applicable Issue Terms, which shall be the Exchange Rate as reported or, as the case may be, announced, by the Second Fallback Rate Source on the Second Fallback Electronic Page at approximately the Second Fallback Valuation Time (or as soon thereafter as practicable). For which purpose:

Second Fallback Rate Source means, in respect of a Second Fallback Reference Rate, the source or source(s) specified as such in the applicable Issue Terms for such Second Fallback Reference Rate which may, for the avoidance of doubt, include any methodology used by such source in determining the relevant rate.

Second Fallback Reference Price means, in respect of an FX Rate and a Valuation Date, that the Calculation Agent shall determine the Underlying Closing Level of the relevant FX Rate for such

Valuation Date using the Second Fallback Reference Rate, unless such rate is subject to a Disruption Event, in which case the FX Rate will be determined in accordance with the provisions of the next applicable Disruption Fallback.

Second Fallback Valuation Time means, in respect of the Second Fallback Reference Rate, the time specified as such in the applicable Issue Terms.

Secondary Rate means, in respect of an FX Rate, the or each rate(s) specified as such in the applicable Issue Terms.

Scheduled Trading Day means, in respect of an FX Rate, a Reference Currency Business Day Provided That, where the Reference Currency is Brazilian real (BRL) and the Settlement Currency is United States dollars (USD), if the Specified Valuation Date falls on a day that, as at the Trade Date, is not a Scheduled Currency Business Day, then such day shall be a Scheduled Trading Day notwithstanding that, due to not being an Scheduled Currency Business Day only, it is not a Reference Currency Business Day.

Unscheduled Holiday means, in respect of an FX Rate and a Specified Valuation Date, a day that is not a Reference Currency Business Day and, in the determination of the Calculation Agent, the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00 a.m. local time in the principal financial centre of the Reference Currency two Reference Currency Business Days prior to the Specified Valuation Date.

Valuation Postponement means, in respect of an FX Rate and a Specified Valuation Date, that if the relevant Disruption Event is (i) a Price Source Disruption, the Underlying Closing Level will be determined on the Reference Currency Business Day first succeeding the day on which the Price Source Disruption ceases to exist unless, subject to the provisions of FX Rate Condition 6(d) below, the Price Source Disruption continues to exist (measured from the date that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for the number of Maximum Days of Postponement. In such event, the FX Rate will be determined on the next Reference Currency Business Day after the day falling the Maximum Days of Postponement (and such date shall be deemed to be the Valuation Date) in accordance with the provisions set out in the next applicable Disruption Fallback or (ii) if the relevant Disruption Event is a Price Materiality, the FX Rate will be determined in accordance with the provisions set out in the next applicable Disruption Fallback.

2. VALUATION

(a) Closing Valuations

Underlying Closing Level means, in respect of a Valuation Date, the FX Rate for such Valuation Date as displayed on the applicable Electronic Page(s) at approximately the Valuation Time (or as soon thereafter as practicable) on the Valuation Date, all as determined by the Calculation Agent.

(b) Intraday Valuations

Underlying Level does not apply to an FX Rate that is an EMTA Rate.

(c) Valuation Time

Valuation Time means, in respect of an FX Rate, the time specified for such FX Rate in the applicable Issue Terms.

3. DISRUPTION TO VALUATION

Disrupted Day means, in respect of an FX Rate, any Scheduled Trading Day for such FX Rate on which a Disruption Event has occurred and is continuing.

4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Event shall apply in respect of an FX Rate: any Relevant Rate which as of the Trade Date is reported, sanctioned, recognised, published, announced or adopted (or other similar action) by the relevant Governmental Authority and any such Relevant Rate ceases to exist and is replaced by a successor currency exchange rate that is reported, sanctioned, recognised, published, announced or adopted (or other similar action) by such Governmental Authority (the **Official Successor Rate**), then in which event the Relevant Rate will be determined as provided herein by reference to such Official Successor Rate and the price source which publishes or announces (or, but for the occurrence of a Disruption Event, would have published or announced) such Official Successor Rate (including, but not limited to, an official publication of that Governmental Authority).

For the purposes of the above, **Governmental Authority** means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of financial markets (including the central bank) of the jurisdiction of the Reference Currency.

Relevant Rate means, in respect of an FX Rate, the FX Rate, any First Fallback Reference Rate and any Second Fallback Reference Rate.

5. ADDITIONAL EARLY REDEMPTION EVENTS

No Additional Early Redemption Events shall apply in respect of FX Rates.

6. ADDITIONAL PROVISIONS

(a) Correction of published or announced prices or levels

Unless Correction Provisions are specified as applicable in respect of an FX Rate the applicable Issue Terms, the provisions of Condition 2(j) of the Valuation and Settlement Schedule do not apply in respect of an FX Rate.

(b) Scheduled Trading Day

The provisions of Condition 2(c) of the Valuation and Settlement Schedule do not apply in respect of an FX Rate.

If a Specified Valuation Date is not a Scheduled Trading Day for an FX Rate then the Valuation Date shall be the Scheduled Trading Day falling first preceding such Specified Valuation Date EXCEPT, in the event of the occurrence of an Unscheduled Holiday on such Specified Valuation Date, in which case the Valuation Date shall be the Scheduled Trading Day falling first succeeding such Scheduled Trading Day, subject as follows and as provided in FX Rate Condition 6(d) below.

If a Specified Valuation Date is postponed due to the occurrence of an Unscheduled Holiday on a Scheduled Trading Day as provided above and the Valuation Date has not occurred on or before the day falling the Maximum Days of Postponement after the Specified Valuation Date (any such period being a **Deferral Period**), then the next day after the Deferral Period that would have been a Scheduled Trading Day but for the occurrence of an Unscheduled Holiday, shall be deemed to be the

Valuation Date, unless such day is a Disrupted Day for the FX Rate, in which case the provisions of FX Rate Condition 6(c) below will apply.

Where "Move In Block" is specified in the applicable Issue Terms in relation to adjustments to Scheduled Trading Days, then the adjustment provisions above prevail and consequently all references to "for all of the Underlyings" and "for any of the Underlyings" in Condition 2(c)(ii) of the Valuation and Settlement Schedule shall be construed not to include any Underlying that is an FX Rate.

(c) *Disrupted Day*

The provisions of Condition 2(d) and Condition 2(e) of the Valuation and Settlement Schedule do not apply in respect of an FX Rate.

If any Specified Valuation Date(s) (if applicable, adjusted in accordance with the provisions of Condition 6(b) above) is a Disrupted Day for an FX Rate, then, in order to determine the Underlying Closing Level of such FX Rate for such Valuation Date, the Underlying Closing Level shall be determined in accordance with the first applicable Disruption Fallback (applied in accordance with its terms) which provides the Underlying Closing Level of such FX Rate for such Valuation Date.

Where the applicable Disruption Fallback is a Disruption Fallback other than Valuation Postponement, the relevant Specified Valuation Date shall not be adjusted in relation to such FX Rate, the Disruption Fallback provisions set out below shall apply thereto and the provisions of Condition 2(d) of the Valuation and Settlement Schedule shall only apply in relation to Underlying(s) other than such FX Rate (if any). For the avoidance of doubt, where "Move In Block" is specified in the applicable Issue Terms in relation to adjustments to Disrupted Days, then the adjustment provisions above prevail and consequently all references to "for all of the Underlyings" in Condition 2(d)(ii) of the Valuation and Settlement Schedule shall be construed not to include any Underlying that is an FX Rate.

If an Underlying Closing Level of an FX Rate is to be determined on a day which is a Disrupted Day or is not a Scheduled Trading Day for such FX Rate, then the next applicable Disruption Fallback will apply.

(d) *Cut-off Valuation Date for cumulative events*

Notwithstanding the cut-off provisions set out in the definition of Valuation Postponement and in FX Rate Condition 6(c) above, in no event shall the total number of consecutive calendar days during which either (i) valuation is deferred due to an Unscheduled Holiday or (ii) a Valuation Postponement shall occur (or any combination of (i) and (ii)), exceed the Maximum Days of Postponement in the aggregate.

Accordingly, (x) if upon the lapse of the Maximum Days of Postponement in the aggregate, an Unscheduled Holiday shall have occurred or be continuing on the day following the Maximum Days of Postponement, then such day shall be deemed to be the Valuation Date and (y) if, upon the lapse of the Maximum Days of Postponement in the aggregate, a Price Source Disruption shall have occurred or be continuing on the day following the Maximum Days of Postponement, such date shall be deemed to be the Valuation Date and the relevant FX Rate shall be determined in accordance with the next Disruption Fallback.

(e) The Cut-off Valuation Date provisions set out in Condition 2 of the Valuation and Settlement Schedule do not apply to an Underlying that is an FX Rate and, accordingly, pursuant to the above provisions, a scheduled date for payment of any amount or, as the case may be, delivery of any assets in respect of the Notes will be deferred, if later, until the Number of Settlement Business Days following the Valuation Date and such Cut-off Valuation Date provisions shall only apply to any Underlying other than an FX Rate (save as otherwise provided in the relevant Underlying Schedule applicable to any such Underlying).

(f) *Settlement Disruption*

Where Settlement Disruption is specified as applicable in the applicable Issue Terms and if, in the opinion of the Calculation Agent, payment of any amount due in respect of the Notes cannot be made by the Issuer in the Specified Currency on any date on which payment is scheduled to be made under the Notes (a **Relevant Scheduled Payment Date**) due to:

(i) the imposition of laws or regulations by any Governmental Authority of the country for which the Specified Currency is the lawful currency (the **Specified Currency Jurisdiction**) which (a) require non-residents of the Specified Currency Jurisdiction to obtain permission from such central banking authority or other authority to obtain the Specified Currency, or (b) otherwise restrict a non-resident's ability to obtain the Specified Currency, or (c) otherwise regulate the purchase or holding of the Specified Currency by non-residents of the Specified Currency Jurisdiction such that costs are imposed in obtaining the Specified Currency which would not be imposed in the absence of such regulations, or (d) has the direct or indirect effect of hindering, limiting or restricting the transfer of the Specified Currency between non-residents of the Specified Currency Jurisdiction or (e) materially restricts non-residents from transferring the Specified Currency from the Specified Currency Jurisdiction to the country of incorporation of such non-resident; or

(ii) any Relevant Clearing System suspending or ceasing to accept the Specified Currency as a settlement currency; or

(iii) the Specified Currency's replacement or disuse or the Specified Currency, or any Successor Currency, no longer being used by the government of the Specified Currency Jurisdiction or for the settlement of transactions by public institutions within the international banking community; or

(iv) the illiquidity of the Specified Currency in the relevant market; or

(v) any other circumstances beyond the control of the Issuer (including but not limited to a natural or man-made disaster, armed conflict, act of terrorism, riot or labour disruption),

(each a **Currency Settlement Disruption Event**) then the Issuer shall be entitled to satisfy its obligations to the Holders by either (i) delaying any such payment until after the Currency Settlement Disruption Event ceases to exist or (ii) making such payment in United States dollars (**USD**) (such payment converted into USD by reference to such currency exchange rate displayed on such price source or otherwise as the Calculation Agent shall determine) on, or as soon as reasonably practicable (in the opinion of the Calculation Agent) after, the Relevant Scheduled Payment Date. Any such delayed payment or payment in USD will not constitute a default and Holders shall not be entitled to further interest or any other payment in respect of any such delay.

UNDERLYING SCHEDULE 10
WARRANT CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as a "Warrant".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Warrants.

1. DEFINITIONS

Scheduled Trading Day means, in respect of a Warrant, 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.

Warrant means each Underlying classified as such in the applicable Issue Terms.

Warrant Termination Event means, in respect of a Warrant, the cancellation or termination of such Warrant for any reason other than (i) by reason of its scheduled exercise by a holder thereof or (ii) its automatic exercise pursuant to its terms.

2. VALUATION

Underlying Closing Level means, in respect of a Warrant and a Valuation Date, the value of such Warrant on such Valuation Date, as determined by the Calculation Agent and displayed on the applicable Electronic Page.

Valuation Time and Underlying Level shall not apply to a Warrant.

3. DISRUPTION TO VALUATION

Disrupted Day shall not apply to a Warrant and the provisions of Condition 2(d) of the Valuation and Settlement Schedule shall not apply.

4. ADDITIONAL ADJUSTMENT EVENTS

No Additional Adjustment Events shall apply in respect of a Warrant and the provisions of Condition 2(g) of the Valuation and Settlement Schedule shall not apply.

5. ADDITIONAL EARLY REDEMPTION EVENTS

The following Additional Early Redemption Event shall apply in respect of a Warrant: a Warrant Termination Event.

6. ADDITIONAL PROVISIONS

(a) Correction of published or announced prices or levels

The provisions of Condition 2(k) of the Valuation and Settlement Schedule shall not apply in respect of a Warrant.

(b) *Early Redemption Event*

If, in the determination of the Calculation Agent, any Early Redemption Event occurs in respect of a Warrant, then, for the purposes of Condition 2(h) of the Valuation and Settlement Schedule, the Early Redemption Amount shall be an amount per Calculation Amount as specified in the Valuation and Settlement Schedule or the applicable Issue Terms.

UNDERLYING SCHEDULE 11
PROPRIETARY INDEX CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as a "Proprietary Index".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Proprietary Indices.

1. DEFINITIONS

Additional Disruption Event means any event specified in the applicable Issue Terms.

Component means, in respect of a Proprietary Index, each component index, security, commodity or other asset included in such Proprietary Index.

Index Conditions means, in respect of a Proprietary Index, the terms and conditions of the relevant Proprietary Index from time to time, as published by the relevant Index Sponsor.

Index Sponsor means, in respect of a Proprietary 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 Proprietary Index; and (b) announces (directly or through an agent) the level of such Proprietary Index on a regular basis.

Proprietary Index means each Underlying classified as such in the applicable Issue Terms.

Scheduled Trading Day means, in respect of a Proprietary Index and unless otherwise specified in the applicable Issue Terms, a day for which the level of the Proprietary Index is scheduled to be calculated, however described in the relevant Index Conditions and as determined by the Calculation Agent.

Successor Index shall have the meaning given to it in Condition 4 of the Proprietary Index Conditions.

Tax Disruption means, in respect of a Component, 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 Proprietary 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 other asset 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 other asset (other than a tax on, or measured by reference to, overall gross or net income).

2. VALUATION

(a) Closing valuations

Underlying Closing Level means, in respect of a Proprietary Index and a Valuation Date, the official closing level of such Proprietary Index on such Valuation Date or, where the level of such Proprietary Index is only published once in respect of any day, the level of such Proprietary Index either (a) where Same Day Publication is specified as applicable in the applicable Issue Terms, on such Valuation Date (and in which circumstances, where the level of such Proprietary Index is published on a succeeding Scheduled Trading Day, the level for that Valuation Date will have been the level calculated for the Proprietary Index for or in respect of a preceding Scheduled Trading Day) or (b) where Same Day Publication is not specified as applicable in the applicable Issue Terms, for such Valuation Date (and in which circumstances the level for that Valuation Date may be published on a succeeding Scheduled Trading Day), on the applicable Electronic Page. The level of the relevant Proprietary Index for a Valuation Date may be published on a succeeding Scheduled Trading Day.

(b) Intraday valuations

Underlying Level means, in respect of a Proprietary Index and a Valuation Date, the level of such Proprietary Index observed continuously during such Valuation Date, as displayed on the applicable Electronic Page.

3. DISRUPTION TO VALUATION

Disrupted Day means, in respect of a Proprietary Index, any Scheduled Trading Day for such Proprietary Index for or on, as determined by the Calculation Agent, which the relevant Index Sponsor fails to publish the level of such Proprietary Index.

4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events shall apply in respect of a Proprietary Index:

(a) such Proprietary 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 Proprietary Index (such index, the **Successor Index**, which will be deemed to be such Proprietary Index);

(b) each Additional Disruption Event (if any) specified in the applicable Issue Terms;

(c) if "Tax Disruption" is specified as applicable in the applicable Issue Terms, the Calculation Agent determines 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 Proprietary Index: the Calculation Agent determines that no calculation, adjustment or substitution can reasonably be made under Condition 6(b) of the Proprietary Index Conditions.

6. ADDITIONAL PROVISIONS

(a) Correction of published or announced prices or levels

Correction Period means, in respect of a Proprietary Index, 30 calendar days.

For the avoidance of doubt, if pursuant to the provisions of Condition (c) of the Proprietary Index Conditions, the level of a Proprietary Index published for a Valuation Date is disregarded by the Calculation Agent, any correction of the level of the relevant Proprietary Index which has been disregarded shall also be disregarded.

(b) Modification, disruption or cancellation of a Proprietary Index and Proprietary Index Substitution

(A) Proprietary Index Adjustment Events

If, in respect of a Proprietary 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 Proprietary Index or in any other way materially modifies such Proprietary Index (other than a modification prescribed in that formula or method to maintain such Proprietary Index in the event of changes in relevant Components and other routine events) (a **Proprietary Index Modification**); or (ii) on or prior to any Valuation Date, the relevant Index Sponsor at any time permanently cancels such Proprietary Index and no Successor Index (as defined in Condition 4 of the Proprietary Index Conditions) exists (a **Proprietary Index Cancellation**); or (iii) on or prior to any Valuation Date the relevant Index Sponsor or any person or entity on its behalf fails to calculate and announce such Proprietary Index (a **Proprietary Index Disruption**, and together with a Proprietary Index Modification and a Proprietary Index Cancellation, a **Proprietary Index Adjustment Event**), then the Calculation Agent shall determine if such Proprietary Index Adjustment Event has a material effect on the Notes, and if so, shall either:

(i) calculate the relevant level of such Proprietary Index at the relevant time on such Valuation Date using, in lieu of a published level for such Proprietary Index, the level of such Proprietary 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 Proprietary Index last in effect prior to the occurrence of such Proprietary Index Adjustment Event but using only those Components which comprised such Proprietary Index immediately prior to the occurrence of such Proprietary Index Adjustment Event and, for which purpose, any determination of the value of any Component shall be made by reference to such source(s) as the Calculation Agent determines appropriate; and/or

(ii) substitute such Proprietary Index as provided in Condition 6(b)(B) of the Proprietary Index Conditions and make such adjustments (if any) to the Conditions and/or the applicable Issue Terms as it deems necessary or appropriate in relation to such substitution; and/or

(iii) make such adjustments to the Conditions and/or the applicable Issue Terms as the Calculation Agent determines necessary or appropriate to account for the effect of such Proprietary Index Adjustment Event and determine the effective date of each such adjustment.

If no calculation, substitution and/or adjustment can reasonably be made pursuant to the above, the provisions of Condition 5 of the Proprietary Index Conditions shall apply.

(B) Proprietary Index Substitution

Any substitution made by the Calculation Agent pursuant to Condition 6(b)(A)(ii) of the Proprietary Index Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Proprietary Index Substitution.

Proprietary Index Substitution means, in relation to a Proprietary Index Adjustment Event or an Adjustment Event, the replacement of a Proprietary Index the subject of such Proprietary Index Adjustment Event or Adjustment Event, as the case may be, with a new index selected by the Calculation Agent (which shall be 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 Proprietary Index or a replacement index selected by the Calculation Agent in accordance with any other criteria specified in the applicable Issue Terms). Such new index shall be deemed to be a Proprietary Index in place of the Proprietary Index the subject of the Proprietary Index Adjustment Event or the Adjustment Event, as the case may be.

(c) *Determination of the Underlying Closing Level of a Proprietary Index on a Disrupted Day*

Condition 2(e) of the Valuation and Settlement Schedule applies.

(d) *Determination of the Underlying Closing Level of a Proprietary Index on a Component Disrupted Day*

This Condition 6(d) of the Proprietary Index Conditions shall only apply where "Component Valuation" is specified as applicable in the applicable Issue Terms.

Where Component Valuation is specified as applicable in the applicable Issue Terms, if a Valuation Date for a Proprietary Index (i) is not a Component Scheduled Trading Day or (ii) is a Component Disrupted Day, in either case, in respect of one or more of the Components of such Proprietary Index (each such Component, an **Affected Component** and each such date an **Affected Valuation Date**), then any level of the Proprietary Index published for such Valuation Date may be disregarded by the Calculation Agent and the Underlying Closing Level for such Valuation Date may be determined by the Calculation Agent as the level of such Proprietary Index for such Valuation Date determined in accordance with the then-current methodology for calculating the level of the Proprietary Index, but using:

(i) with respect to each Component which is not an Affected Component, the price, level or value of each such Component at the relevant time on the relevant Affected Valuation Date; and

(ii) with respect to each Affected Component, the price, level or value for each such Affected Component at the relevant time on the earlier of (i) the first succeeding Component Scheduled Trading Day for such Affected Component immediately following the relevant Affected Valuation Date that is not a Component Disrupted Day for such Affected Component and (ii) the Component Scheduled Trading Day which is the Component Valuation Roll number of Component Scheduled Trading Days for such Component immediately following the relevant Affected Valuation Date,

PROVIDED THAT if, pursuant to the above, the relevant Valuation Date for any Component determined as provided above would otherwise fall on a day falling after the second Component Scheduled Trading Day prior to the date on which a relevant payment is scheduled to be made under the Notes (the **Component Cut-off Date**), such Valuation Date for such Affected Component shall be deemed to be the Component Cut-off Date (notwithstanding that such date either (A) is not a Component Scheduled Trading Day for such Component or (B) is a Component Disrupted Day for such Component) and the provisions of paragraph (iii) below shall apply;

(iii) if the Valuation Date for any Component (as determined in accordance with paragraph (ii) above) is a Component Disrupted Day for such Component or is determined to occur on the Component Cut-off Valuation Date (as provided in paragraph (b) above), then the Calculation Agent shall determine the price, level or value of the relevant Component in the manner (as specified in the relevant Index Conditions) in which the price, level or value of such disrupted Component would be determined on a date which is a Component Disrupted Day for such Component (for the avoidance of doubt, without regard to any valuation roll).

For the purposes hereof:

Component Disrupted Day means, in respect of a Component and unless otherwise specified in the applicable Pricing Supplement, a day on which the price, level or value of such Component and/or any sub-component of such Component and/or any related futures contracts, options contracts or securities (each a **Relevant Component**) is not published (or publication is delayed) and/or cannot be determined and/or is otherwise disrupted (including, without limitation, by way of a suspension, limitation and/or disruption of trading in the Relevant Component and/or the failure to open or the early closure of any relevant exchange), however described in the relevant Index Conditions and as determined by the Calculation Agent.

Component Scheduled Trading Day means, in respect of a Component and unless otherwise specified in the applicable Pricing Supplement, a day on which the price, level or value of such Component is scheduled to be determined, however described in the relevant Index Conditions and as determined by the Calculation Agent.

Component Valuation Roll means the number specified as such in the applicable Issue Terms or, if no number is so specified, eight.

UNDERLYING SCHEDULE 12
DIVIDEND FUTURES CONTRACT CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as a "Dividend Futures Contract".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Dividend Futures Contracts.

1. DEFINITIONS

Additional Disruption Event means any event specified in the applicable Issue Terms.

Dividend Futures Contract means each Underlying classified as such in the applicable Issue Terms.

Dividend Futures Contract Sponsor means, in respect of a Dividend Futures Contract, 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 Dividend Futures Contract; and (b) announces (directly or through an agent) the price of such Dividend Futures Contract on a regular basis.

Exchange means, in respect of a Dividend Futures Contract, the exchange or principal trading facility specified for such Dividend Futures Contract in the applicable Issue Terms or any successor to such exchange or principal trading facility.

Expiry Date means, in respect of a Dividend Futures Contract and a Valuation Date, where the Relevant Price for such Valuation Date is specified to be the "final settlement price" of such Dividend Futures Contract in the applicable Issue Terms, the expiry date of such Dividend Futures Contract on which the "final settlement price" of such Dividend Futures Contract is expected to be announced by the Dividend Futures Contract Sponsor and published on the Exchange) or, if such "final settlement price" is not so announced and published but, on or prior to such originally designated expiry date, the relevant Dividend Futures Contract Sponsor has announced arrangements for the publication of such "final settlement price" on another date, such other date.

Relevant Price means in respect of a Dividend Futures Contract and a Valuation Date, the "daily settlement price" or the "final settlement price", in each case, however defined in the contract specifications of such Dividend Futures Contract or the relevant Exchange, as the case may be
Scheduled Trading Day means, in respect of a Dividend Futures Contract, any day on which the relevant Exchange is scheduled to be open for trading for its regular trading session notwithstanding such Exchange closing prior to its scheduled closing time.

2. VALUATION

Underlying Closing Level means, in respect of a Dividend Futures Contract and a Valuation Date, the Relevant Price for the relevant Valuation Date as displayed on the relevant Electronic Page or, if such Relevant Price is not displayed on the relevant Electronic Page on the relevant Valuation Date, the Relevant Price of such Dividend Futures Contract for such Valuation Date as published by the relevant Exchange.

Valuation Time means, in respect of an Underlying Closing Level and a Dividend Futures Contract, the time at which the relevant price referred to for the purpose of such Underlying Closing Level of such Dividend Futures Contract for such day is calculated and published by the relevant Dividend Futures Contract Sponsor.

Underlying Level shall not apply to a Dividend Futures Contract.

3. DISRUPTION TO VALUATION

Disrupted Day means, in respect of a Dividend Futures Contract, any Scheduled Trading Day for such Dividend Futures Contract on which:

(i) the relevant Dividend Futures Contract Sponsor fails to announce the Relevant Price;

(ii) the relevant Electronic Page and the relevant Exchange each fail to publish the Relevant Price of the Dividend Futures Contract (or other data from which such Relevant Price is calculated);

(iii) the relevant Electronic Page is temporarily or permanently discontinued or unavailable;

(iv) the relevant Exchange fails to open for trading during its regular trading session; or

(v) there is a suspension of or limitation on trading in such Dividend Futures Contract on the relevant Exchange (which, in either case, the Calculation Agent determines is material).

The definition of Disrupted Day and the provisions relating to Disrupted Days in the Valuation and Settlement Schedule will not apply in respect of a Dividend Futures Contract and a Valuation Date if the Relevant Price for such Valuation Date is specified to be the "final settlement price" of such Dividend Futures Contract in the applicable Issue Terms and the Conditions shall be construed accordingly.

4. ADDITIONAL ADJUSTMENT EVENTS

The following Additional Adjustment Events apply in respect of a Dividend Futures Contract:

(i) such Dividend Futures Contract is either (a) not calculated and announced by or on behalf of the relevant Dividend Futures Contract Sponsor but instead is calculated and announced by or on behalf of a successor to such relevant Dividend Futures Contract Sponsor acceptable to the Calculation Agent; or (b) replaced, as relevant, by a successor dividend futures contract 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 Dividend Futures Contract (such dividend futures contract, the **Successor Dividend Futures Contract**, which will be deemed to be such Dividend Futures Contract); and

(ii) each Additional Disruption Event (if any) specified in the applicable Issue Terms.

5. ADDITIONAL EARLY REDEMPTION EVENTS

The following Additional Early Redemption Event shall apply in respect of a Dividend Futures Contract: the Calculation Agent determines that no calculation, adjustment or substitution can reasonably be made under Condition 6(b) of the Dividend Futures Contract Conditions.

6. ADDITIONAL PROVISIONS

(a) Correction of published or announced prices or levels

Correction Period means, in respect of a Dividend Futures Contract, two Business Days.

(b) *Modification, cancellation or disruption of a Dividend Futures Contract and Dividend Futures Contract Substitution*

(A) *Dividend Futures Contract Adjustment Event*

If, in respect of a Dividend Futures Contract, (i) on or prior to any Valuation Date, the relevant Exchange and/or Dividend Futures Contract Sponsor, as the case may be, announces that it will make a material change in the formula for or the method of calculating any price of such Dividend Futures Contract or in any other way materially modifies such Dividend Futures Contract, including any material change in the content, composition or constitution of such Dividend Futures Contract (a **Dividend Futures Contract Modification**); or (ii) on or prior to any Valuation Date, the relevant Exchange and/or Dividend Futures Contract Sponsor, as the case may be, at any time permanently cancels or discontinues such Dividend Futures Contract or there is otherwise a permanent discontinuation in trading or trading never commences in such Dividend Futures Contract and, in each such case, no Successor Dividend Futures Contract exists (a **Dividend Futures Contract Cancellation**); or (iii) on any Valuation Date for which the Relevant Price is specified to be the "final settlement price" in the applicable Issue Terms, such Relevant Price is not displayed or published on the relevant Electronic Page or by the Exchange, as the case may be, at the relevant Valuation Time (a **Dividend Futures Contract Disruption**, and together with a Dividend Futures Contract Modification and a Dividend Futures Contract Cancellation, a **Dividend Futures Contract Adjustment Event**), then the Calculation Agent shall determine if such Dividend Futures Contract Adjustment Event has a material effect on the Notes and, if so, shall either:

(i) calculate the relevant price of such Dividend Futures Contract at or for the relevant Valuation Time on such Valuation Date using, in lieu of the published Relevant Price for such Dividend Futures Contract, a price for such Dividend Futures Contract at or for the relevant Valuation Time on such Valuation Date as determined by the Calculation Agent by calculating the value of the relevant dividends for the applicable contract period for such Dividend Futures Contract by reference to the formula for and the method of calculation last in effect of any related dividend point index or such other sources as it deems appropriate;

(ii) make such adjustments to the Conditions and/or the applicable Issue Terms as the Calculation Agent determines necessary or appropriate to account for the effect of such Dividend Futures Contract Adjustment Event and determine the effective date of each such adjustment; and/or

(iii) substitute such Dividend Futures Contract as provided in Condition 6(B) of the Dividend Futures Contract Conditions and make such adjustments (if any) to the Conditions and/or the applicable Issue Terms to as it deems necessary or appropriate in relation to such substitution.

If no calculation, adjustment and/or substitution can reasonably be made pursuant to the above, the provisions of Condition 5 of the Dividend Futures Contract Conditions shall apply.

(B) *Dividend Futures Contract Substitution*

Any adjustment made by the Calculation Agent pursuant to Condition 6(b)(iii) of the Dividend Futures Contract Conditions shall be, and any adjustment made by the Calculation Agent in response to an Adjustment Event may include, a Dividend Futures Contract Substitution.

Dividend Futures Contract Substitution means, in relation to a Dividend Futures Contract Adjustment Event or an Adjustment Event, the replacement of the Dividend Futures Contract the subject of such Dividend Futures Contract Adjustment Event or Adjustment Event, as the case may be, with a new dividend futures contract selected by the Calculation Agent (which shall be a replacement dividend futures contract 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 Dividend Futures Contract or a replacement dividend futures contract selected by the Calculation Agent in accordance with any other criteria specified in the applicable Pricing Supplement). Such new dividend futures contract shall be deemed to be a Dividend Futures Contract in place of the Dividend Futures Contract the subject of the Dividend Futures Contract Adjustment Event or Adjustment Event, as the case may be.

(c) *Determination of the Underlying Closing Level of a Dividend Futures Contract on a Disrupted Day or on the Cut-off Valuation Date*

(A) *Determination of the Underlying Closing Level of a Dividend Futures Contract on a Disrupted Day*

Where the Relevant Price for a Valuation Date is not specified to be the "final settlement price" in the applicable Issue Terms, Condition 2(e) of the Valuation and Settlement Schedule applies.

(B) *Determination of the Underlying Closing Level of a Dividend Futures Contract on the Cut-off Valuation Date*

If the Relevant Price for a Valuation Date is specified to be the "final settlement price" in the applicable Issue Terms and, in accordance with the provisions of the Valuation and Settlement Schedule and the applicable Issue Terms, the relevant Valuation Date would otherwise fall on a day falling after the second Scheduled Trading Day for such Dividend Futures Contract 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 and the Calculation Agent shall determine the Underlying Closing Level of the Dividend Futures Contract for such Valuation Date by calculating the value of the relevant dividends for the applicable contract period for such Dividend Futures Contract by reference to the formula for and the method of calculation last in effect of any related dividend point index or such other sources as it deems appropriate.

UNDERLYING SCHEDULE 13
RATE CONDITIONS

This Underlying Schedule shall apply to each Underlying classified in the applicable Issue Terms as a "Rate".

For the avoidance of doubt, defined terms used in this Underlying Schedule shall only apply in respect of Notes linked to Rates.

1. DEFINITIONS

Disrupted Day shall have the meaning given to it in Condition 3 of the Rate Conditions.

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

Rate means each Underlying classified as such in the applicable Issue Terms.

Scheduled Trading Day shall, in respect of a Rate, have the meaning given to it for such Rate in the applicable Issue Terms.

2. VALUATION

(a) Closing Valuations

Underlying Closing Level means, in respect of a Rate and a Valuation Date, the percentage rate of such Rate for such Valuation Date, which appears on the applicable Electronic Page as of the Valuation Time. For the avoidance of doubt, a Rate will be determined as of the Valuation Time which may not be the "closing time" and a Rate may only be determined once on any Scheduled Trading Day.

(b) Intraday Valuations

Underlying Level does not apply to an Underlying that is a Rate.

(c) Valuation Time

Valuation Time means, in respect of a Rate, the time specified for such Rate in the applicable Issue Terms.

3. DISRUPTION TO VALUATION

Disrupted Day means, in respect of a Rate, any Scheduled Trading Day for such Rate on which the percentage rate of such Rate for such Scheduled Trading Day does not appear on the Electronic Page.

4. ADDITIONAL ADJUSTMENT EVENTS

No Additional Adjustment Event shall apply in respect of a Rate.

5. ADDITIONAL EARLY REDEMPTION EVENTS

No Additional Early Redemption Event shall apply in respect of a Rate.

6. ADDITIONAL PROVISIONS

(a) Correction of published or announced prices or levels

Unless "Correction Provisions" are specified as applicable in the applicable Issue Terms, the provisions of Condition 2(j) of the Valuation and Settlement Schedule do not apply in respect of a Rate.

(b) Scheduled Trading Day

If any Specified Valuation Date(s) is not a Scheduled Trading Day for a Rate then, if neither "Preceding Scheduled Trading Day" nor "Modified Following Scheduled Trading Day" is specified in respect of such Rate in the applicable Issue Terms, then the provisions of Condition 2(c) of the Valuation and Settlement Schedule applies in respect of that Rate; or,:

(i) if "Preceding Scheduled Trading Day" is specified for such Rate in the applicable Issue Terms, the Valuation Date shall be the Scheduled Trading Day falling first preceding such Specified Valuation Date, unless such day is a Disrupted Day for the Underlying, in which case Condition 6(c) of the Rate Conditions shall apply; or

(ii) if "Modified Following Scheduled Trading Day" is specified for such Rate in the applicable Issue Terms, the Valuation Date shall be the Scheduled Trading Day following first succeeding such Specified Valuation Date, unless such day would fall into the next calendar month, in which event the Valuation Date shall be the Scheduled Trading Day falling first preceding such Specified Valuation Date, unless, in either such case, such day is a Disrupted Day for the Underlying, in which case Condition 6(c) of the Rate Conditions shall apply.

Where "Move In Block" is specified in the applicable Issue Terms in relation to adjustments to Scheduled Trading Days and "Preceding Scheduled Trading Day" or "Modified Following Scheduled Trading Day" is specified in the applicable Issue Terms in respect of a Rate, then the adjustment provisions relating to Preceding Scheduled Trading Day or, as the case may be, Modified Following Scheduled Trading Day prevail and Condition 2(c)(ii) shall be construed so as not to apply to such Rate and consequently all reference to "for all of the Underlyings" and "for any of the Underlyings" in Condition 2(c)(ii) of the Valuation and Settlement Schedule shall be construed not to include any such Rate.

(c) Determination of the Underlying Closing Level of a Rate on a Disrupted Day

The provisions of Condition 2(d) of the Valuation and Settlement Schedule do not apply in respect of a Rate.

If any Specified Valuation Date(s) (if applicable, adjusted in accordance with the provisions of Condition 2(c) of the Valuation and Settlement Schedule or, as the case may be, Condition 6(b) above) is a Disrupted Day for a Rate, then (a) if ISDA Fallback Determination is not specified as applicable in the applicable Issue Terms, then the Calculation Agent shall determine the Underlying Closing Level of such Rate for the Valuation Date at such time and by reference to such sources as it deems appropriate; or (b) otherwise, if ISDA Fallback Determination is specified as applicable in the applicable Issue Terms, the Calculation Agent shall determine the Underlying Closing Level for such Rate on the Valuation Date as being 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 ISDA Definitions and under which:

(1) the Floating Rate Option is as specified in the applicable Issue Terms;

(2) the Designated Maturity is a period specified in the applicable Issue Terms; and

(3) the relevant Reset Date is the relevant Valuation Date,

Provided That, the Floating Rate Option shall always be determined by reference to the rate which appears on the relevant screen page or price source on the applicable Reset Date and, accordingly, all references in any Floating Rate Option to the contrary, including any references to the rate on any day other than that Reset Date shall be deemed to be deleted and the words "on the Reset Date" shall be substituted therefor, all as determined by the Calculation Agent.

For the purposes of this subparagraph, Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

Where "Move In Block" is specified in the applicable Issue Terms in relation to adjustments to Disrupted Days, then the adjustment provisions above prevail and reference to "for all of the Underlyings" in Condition 2(d)(ii) of the Valuation and Settlement Schedule shall be construed not to include any Underlying that is a Rate.

(d) Cut-off Valuation Date

If the Valuation Date for a Rate determined as provided above would otherwise fall on a day falling after the second Scheduled Trading Day for such Rate 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 Rate; or (B) is a Disrupted Day for such Rate) and the provisions of Condition 2(e)(ii) of the Valuation and Settlement Schedule shall apply in respect thereof.

VALUATION AND SETTLEMENT SCHEDULE

This Valuation and Settlement Schedule shall apply to each Tranche of Notes.

All determinations, considerations, elections, selections, conversions (actual or notional) or calculations made or decided on in relation to matters set out in this Valuation and Settlement Schedule will be determined, considered, elected, selected, converted or calculated by the Calculation Agent.

1. INTEREST AND REDEMPTION PROVISIONS

1.1 Definitions

(a) Definitions relating to interest

Definitions applicable to Fixed Rate Notes, Floating Rate Notes and Inflation Rate Notes that are not also Coupon Barrier Notes only

In addition to the provisions for determining interest as set out at Condition 3 below:

Interest Amount means, in respect of an Interest Payment Date:

(A) where the Notes are expressed in the applicable Issue Terms to be Fixed Rate Notes or Floating Rate Notes that are not Coupon Barrier Notes the amount (if any) determined as provided in Condition 3 below and in the applicable Issue Terms;

(B) where the Notes are expressed in the applicable Issue Terms to be Inflation Rate Notes that are not Coupon Barrier Notes and where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, an amount determined in respect of each Calculation Amount by reference to either:

(1) where an Interest Participation Rate is not specified in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times \left(\left[\frac{\text{UCL Relevant Months Prior}}{\text{UCL12 + Relevant Months Prior}} - 1 \right] \pm \text{Margin} \times \text{DCF} \right.$$

(2) where an Interest Participation Rate is specified in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times \left(\left[\frac{\text{UCLRelevantMonthsPrior}}{\text{UCL12 + RelevantMonthsPrior}} - 1 \right] \pm \text{Margin} \right) \times \text{DCF} \times \text{IPR}$$

PROVIDED HOWEVER, in the case of each of I and II above, that if (x) a Maximum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount (a cap); (y) a Minimum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such minimum amount (a floor); or (z) a Maximum Interest Amount and a Minimum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount and a minimum amount (a collar).

Where:

DCF means the Day Count Fraction (as defined in Condition 3 below) and, for which purpose, an Interest Period and Interest Period End Date shall be as defined in Condition 3 below.

Interest Amount Inflation Index means any Underlying which is an Inflation Index and is designated as the Interest Amount Inflation Index in the applicable Issue Terms.

Margin means the percentage rate specified for such Interest Payment Date in the applicable Issue Terms, which shall be preceded with either a "+" (plus) or a "-" minus sign.

UCL Relevant Months Prior means the Underlying Closing Level of the Interest Amount Inflation Index on the date falling the number of calendar months prior to the relevant Interest Payment Date as specified in the applicable Issue Terms. Such date shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions.

UCL 12 + Relevant Months Prior means the Underlying Closing Level of the Interest Amount Inflation Index on the date falling the number of calendar months prior to the relevant Interest Payment Date as specified in the applicable Issue Terms and which shall be the month falling 12 months prior to the UCL Relevant Months Prior. Such date shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions.

Interest Participation Rate or **IPR** means, in respect of an Interest Payment Date, the percentage rate specified for such Interest Payment Date under the heading "IPR" in the Table set out in the applicable Issue Terms.

(b) Definitions applicable to Coupon Barrier Notes:

(i) **Dates**

Interest Payment Date means each date specified as such in the Table set out in the applicable Issue Terms.

Range Accrual Determination Date means, as specified in the applicable Issue Terms, a Business Day or calendar day.

Specified Interest Barrier Observation Date means

(A) as the Notes are not specified in the applicable Issue Terms to be Range Accrual Notes and in respect of an Interest Payment Date, each date or dates specified as such for such Interest Payment Date in the Table set out in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, an **Interest Barrier Observation Date**; or

(B) as the Notes are specified in the applicable Issue Terms to be Range Accrual Notes and in respect of an Interest Period, each Range Accrual Determination Date falling from (and including) the first day of such Interest Period to (but excluding) the day falling the Cut-Off Number of Business Days prior to the last day of such Interest Period (the **Accrual Cut-Off Date**) and in respect of each Range Accrual Determination Date falling from (and including) the Accrual Cut-Off Date to (and including) the last day of such Interest Period, the Accrual Cut-Off Date shall be a Specified Interest Barrier Observation Date for such day. Each such date shall be deemed to be a Specified Valuation Date and:

(1) where Range Accrual Value What You Can Observation is specified as applicable in the applicable Issue Terms, if, in respect of an Interest Barrier Underlying, any such date is not a Scheduled Trading Day for such Interest Barrier Underlying or is a Disrupted Day for such Interest Barrier Underlying, then such date shall be the immediately preceding Range Accrual Determination Date that is a Scheduled Trading Day for such Interest Barrier Underlying and is not a Disrupted Day for such Interest Barrier Underlying, and each such date, as so adjusted, an **Interest Barrier Observation Date**. For the avoidance of doubt, an Interest Barrier Observation Date may be the Interest Barrier Observation Date for more than one Range Accrual Determination Date; or

(2) where Range Accrual Move In Block Observation is specified as applicable in the applicable Issue Terms, if any such date is not a Scheduled Trading Day for all Interest Barrier Underlying(s) or is a Disrupted Day for any Interest Barrier Underlying, then such date shall be the immediately preceding Range Accrual Determination Date that is a Scheduled Trading Day for all Interest Barrier Underlying(s) and is not a Disrupted Day for any Interest Barrier Underlying(s), and each such date, as so adjusted, an **Interest Barrier Observation Date**. For the avoidance of doubt, an Interest Barrier Observation Date may be the Interest Barrier Observation Date for more than one Range Accrual Determination Date.

Specified Interest Strike Date means, in respect of an Underlying, each date or dates specified as such in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, an **Interest Strike Date**.

Specified Interest Valuation Date means, in respect of an Interest Payment Date, each date designated as such for such Interest Payment Date in the Table set out in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, an **Interest Valuation Date**.

(ii) **Definitions relating to the Interest Underlying(s), the performance of the Interest Underlying(s) and levels of the Interest Underlying(s)**

An **Interest Underlying** means the or each Underlying (as defined in Condition 2(l) below) specified as an Interest Underlying in the applicable Issue Terms.

Interim Performance means, subject as provided in sub-paragraph (G) of the definition of Interest Barrier Event below, in respect of an Interest Payment Date and:

(A) where "Single Underlying Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, the Interest Underlying, an amount expressed as a percentage and determined by reference to the following formula:

$$\frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such maximum percentage (a cap); (y) a Minimum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such minimum percentage (a floor); or (z) a Maximum Interim Performance Percentage and a Minimum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such maximum percentage and minimum percentage (a collar);

(B) where "Weighted Basket Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, all of the Interest Underlyings, an amount expressed as a percentage and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such maximum percentage (a cap); (y) a Minimum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such minimum percentage (a floor); or (z) a Maximum Interim Performance Percentage and a Minimum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such maximum percentage and minimum percentage (a collar);

(C) where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, each of the Interest Underlyings, an amount expressed as a percentage and determined by reference to the following formula

$$\frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such maximum percentage (a cap); (y) a Minimum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such minimum percentage (a floor); or (z) a Maximum Interim Performance Percentage and a Minimum Interim Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Interim Performance is subject to such maximum percentage and minimum percentage (a collar); or

(D) where "Outperformance Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, an amount expressed as a percentage and determined by reference to the following formula

$$[\text{Outperf A - Outperf B}] \times 100$$

For which purpose:

Outperf A means, in respect of such Interest Payment Date

I where "Single Underlying Observation" is specified as applicable in respect of the Interim Performance Provisions for Interim Outperformance A Underlying in the applicable Issue Terms, and the Interim Outperformance A Underlying, an amount expressed as a decimal and determined by reference to the following formula:

$$\frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Interim Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar);

II where "Weighted Basket Observation" is specified as applicable in respect of the Interim Performance Provisions for Interim Outperformance A Underlying in the applicable Issue Terms, and all of the Interim Outperformance A Underlyings, an amount expressed as a decimal and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Interim Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar);

III where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Interim Performance Provisions for Interim Outperformance A Underlying, and each of the Interim Outperformance A Underlyings, an amount expressed as a decimal and determined by reference to the following formula

$$\frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Interim Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar).

Outperf B means, in respect of such Interest Payment Date

I where "Single Underlying Observation" is specified as applicable in respect of the Interim Performance Provisions for Interim Outperformance B Underlying in the applicable Issue Terms, and the Outperformance B Underlying, an amount expressed as a decimal and determined by reference to the following formula:

$$\frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Interim Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar);

II where "Weighted Basket Observation" is specified as applicable in respect of the Interim Performance Provisions for Interim Outperformance B Underlying in the applicable Issue Terms, and all of the Interim Outperformance B Underlyings, an amount expressed as a decimal and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Interim Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar);

III where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Interim Performance Provisions for Interim Outperformance B Underlying, and each of the Interim

Outperformance B Underlyings, an amount expressed as a decimal and determined by reference to the following formula

$$\frac{\text{Interest Reference Level for such Interest Payment Date} - \text{Interest Strike Level}}{\text{Interest Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Interim Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar).

Interim Outperformance A Underlying(s) means, in respect of the Interim Performance Provisions, the or each Interest Underlying specified as such in the applicable Issue Terms.

Interim Outperformance B Underlying(s) means, in respect of the Interim Performance Provisions, the or each Interest Underlying specified as such in the applicable Issue Terms.

Interim Performance Underlying(s) or **IPU** means, subject to sub-paragraph (G) of the definition of Interest Barrier Event below, either:

(A) where "Single Underlying Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, the Interest Underlying;

(B) where "Weighted Basket Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, all of the Interest Underlyings;

(C) where "Best of Basket Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, in respect of an Interest Payment Date, the Interest Underlying with the highest (or equal highest) Interim Performance in respect of such Interest Payment Date, as determined by the Calculation Agent; or

(D) where "Worst of Basket Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, in respect of an Interest Payment Date, the Interest Underlying with the lowest (or equal lowest) Interim Performance in respect of such Interest Payment Date, as determined by the Calculation Agent; or

(E) where "Outperformance Observation" is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, all of the Interim Outperformance A Underlying(s) and Interim Outperformance B Underlying(s).

W_n means

(A) in respect of an Interest Underlying and an Interest Payment Date and where Weighted Basket Observation is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, the percentage weighting specified for such Interest Underlying in the applicable Issue Terms. Where

"Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Interest Underlying depending on such Interest Underlying's performance determined in respect of the relevant Interest Payment Date. Accordingly, in order to determine Wn for an Interest Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Interim Performance of such Interest Underlying shall first be calculated as provided in paragraph (C) of the definition of Interim Performance and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms;

(B) where Outperformance Observation and, in respect of Interim Outperformance A Underlying, Weighted Basket Observation is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, in respect of an Interim Outperformance A Underlying and an Interest Payment Date, the percentage weighting specified for such Interim Outperformance A Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Interim Outperformance A Underlying depending on such Interim Outperformance A Underlying's performance determined in respect of the relevant Interest Payment Date. Accordingly, in order to determine Wn for an Interim Outperformance A Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Interim Performance of such Interim Outperformance A Underlying shall first be calculated as provided in paragraph III of the definition of Outperf A and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms; or

(C) where Outperformance Observation and, in respect of Interim Outperformance B Underlying, Weighted Basket Observation is specified as applicable in respect of the Interim Performance Provisions in the applicable Issue Terms, in respect of an Interim Outperformance B Underlying and an Interest Payment Date, the percentage weighting specified for such Interim Outperformance B Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Interim Outperformance B Underlying depending on such Interim Outperformance B Underlying's performance determined in respect of the relevant Interest Payment Date. Accordingly, in order to determine Wn for an Interim Outperformance A Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Interim Performance of such Interim Outperformance B Underlying shall first be calculated as provided in paragraph III of the definition of Outperf B and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms.

Interest Initial Level means, in respect of an Interest Underlying and an Interest Payment Date:

(A) where the Interest Initial Level is specified in the applicable Issue Terms to be "Closing Level on Interest Strike Date", the Underlying Closing Level of such Interest Underlying on the Interest Strike Date, as converted by reference to the relevant FX (if any) for the Interest Strike Date;

(B) where the Interest Initial Level is specified in the applicable Issue Terms to be "Closing Level on Interest Re-Strike Date", (i) the Interest Reference Level for the immediately preceding Interest Payment Date and the related Interest Valuation Date(s) or, if none, (ii) the Underlying Closing Level of such Interest Underlying on the Interest Strike Date as converted by reference to the relevant FX (if any) and for the Interest Strike Date;

(C) where the Interest Initial Level is specified in the applicable Issue Terms to be "Arithmetic Average Closing Level on Interest Strike Dates", the arithmetic average of the Underlying Closing Level of such Interest Underlying on the Interest Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Strike Date, as determined by the Calculation Agent;

(D) where the Interest Initial Level is specified in the applicable Issue Terms to be "Lowest Closing Level on Interest Strike Dates", the lowest (or equal lowest) Underlying Closing Level of such Interest Underlying on the Interest Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Strike Date, as determined by the Calculation Agent;

(E) where the Interest Initial Level is specified in the applicable Issue Terms to be "Lowest Intra-day Level on Interest Strike Dates", the lowest (or equal lowest) Underlying Level of such Interest Underlying on the Interest Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Strike Date, as determined by the Calculation Agent;

(F) where the Interest Initial Level is specified in the applicable Issue Terms to be "Highest Closing Level on Interest Strike Dates", the highest (or equal highest) Underlying Closing Level of such Interest Underlying on the Interest Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Strike Date, as determined by the Calculation Agent;

(G) where the Interest Initial Level is specified in the applicable Issue Terms to be "Highest Intra-day Level on Interest Strike Dates", the highest (or equal highest) Underlying Level of such Interest Underlying on the Interest Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Strike Date, as determined by the Calculation Agent; or

(H) a level specified as such for the Interest Underlying in the applicable Issue Terms.

Interest Reference Level means, subject as provided in sub-paragraph (G) of the definition of Interest Barrier Event below, in respect of an Interest Valuation Date or, as the case may be, Interest Valuation Dates, the related Interest Payment Date and the or each Interest Underlying, either:

(A) where the Interest Reference Level is specified in the applicable Issue Terms to be "Closing Level on Interest Valuation Date", the Underlying Closing Level of such Interest Underlying on the Interest Valuation Date, as converted by reference to the relevant FX (if any) for such Interest Valuation Date;

(B) where the Interest Reference Level is specified in the applicable Issue Terms to be "Arithmetic Average Closing Level on Interest Valuation Dates", the arithmetic average of the Underlying Closing Level of such Interest Underlying on the Interest Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Valuation Date, as determined by the Calculation Agent;

(C) where the Interest Reference Level is specified in the applicable Issue Terms to be "Lowest Closing Level on Interest Valuation Dates", the lowest (or equal lowest) Underlying Closing Level of such Interest Underlying on the Interest Valuation

Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Valuation Date, as determined by the Calculation Agent;

(D) where the Interest Reference Level is specified in the applicable Issue Terms to be "Lowest Intra-day Level on Interest Valuation Dates", the lowest (or equal lowest) Underlying Level of such Interest Underlying on the Interest Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Valuation Date, as determined by the Calculation Agent;

(E) where the Interest Reference Level is specified in the applicable Issue Terms to be "Highest Closing Level on Interest Valuation Dates", the highest (or equal highest) Underlying Closing Level of such Interest Underlying on the Interest Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Valuation Date, as determined by the Calculation Agent; or

(F) where the Interest Reference Level is specified in the applicable Issue Terms to be "Highest Intra-day Level on Interest Valuation Dates", the highest (or equal highest) Underlying Level of such Interest Underlying on the Interest Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Interest Valuation Date, as determined by the Calculation Agent.

Interest Strike Level means, in respect of an Interest Underlying, the Interest Strike Level specified for such Interest Underlying in the Table set out in the applicable Issue Terms which may, if so specified in the applicable Issue Terms, be such Interest Underlying's Interest Initial Level.

FX means, for the purpose of this Condition 1.1(a), where FX Provisions are specified as applicable in respect of the Interest Provisions in the applicable Issue Terms, in respect of (a) an Interest Underlying and the level or value (as provided on the applicable Electronic Page (as defined in Condition 2 below)) of which is expressed or determined to be in a currency other than the Specified Currency, (being in the case of Dual Currency Notes, the Denomination Currency) (the **Relevant Currency**), either: (i) where Quanto Provisions are specified as applicable in the applicable Issue Terms, the rate specified for such Interest Underlying in the applicable Issue Terms; or (ii) where Compo FX Provisions are specified as applicable in the applicable Issue Terms, the average of the mid Relevant Currency/Specified Currency exchange rates quoted on the Designated Page at the Designated Time on the or each relevant Valuation Date (or such other page or service that may replace the Designated Page for the purpose of displaying the mid Relevant Currency/Specified Currency exchange rate or any other page or service as the Calculation Agent may select for this purpose which displays such exchange rate) at such time(s) on the or each relevant Valuation Date as the Calculation Agent shall determine (expressed as the number of units of the Relevant Currency (or part thereof) for which one unit of the Specified Currency can be exchanged) PROVIDED THAT if any such FX cannot be determined as specified above it shall be determined by the Calculation Agent at such time(s) and by reference to such source(s) as it deems appropriate; or (b) otherwise, 1.

Designated Page means, in respect of an Interest Underlying and the FX for such Underlying, such page as is specified for such Interest Underlying in the applicable Issue Terms.

Designated Time means, in respect of an Interest Underlying and the FX for such Interest Underlying, the time specified as such in the applicable Issue Terms.

(iii) **Definitions relating to the determination of whether interest is due on an Interest Payment Date**

An **Interest Barrier Event** will occur in respect of an Interest Payment Date, each related Interest Barrier Observation Date in the case of (G) below, and, as applicable, the relevant Interest Period, if:

(A) where the Interest Barrier Event is specified in the applicable Issue Terms to be "Interest Barrier Event European Observation", in the determination of the Calculation Agent, the Underlying Closing Level of the Interest Barrier Underlying(s) satisfy the relevant Interest Barrier Level on the Interest Barrier Observation Date;

(B) where the Interest Barrier Event is specified in the applicable Issue Terms to be "Interest Barrier Event European Performance Observation", in the determination of the Calculation Agent, the Interim Performance of the Interest Barrier Underlying(s) in respect of such Interest Payment Date satisfy the relevant Interest Barrier Level;

(C) where the Interest Barrier Event is specified in the applicable Issue Terms to be "Interest Barrier Event American Observation – Closing Level", in the determination of the Calculation Agent, the Underlying Closing Level of the Interest Barrier Underlying(s) satisfy the relevant Interest Barrier Level on each Interest Barrier Observation Date;

(D) where the Interest Barrier Event is specified in the applicable Issue Terms to be "Interest Barrier Event American Observation – Intra-Day Level", in the determination of the Calculation Agent, the Underlying Level of the Interest Barrier Underlying(s) satisfy the relevant Interest Barrier Level on each Interest Barrier Observation Date;

(E) where the Interest Barrier Event is specified in the applicable Issue Terms to be "Interest Barrier Event American One-Touch Observation – Closing Level", the Underlying Closing Level of the Interest Barrier Underlying(s) satisfy the relevant Interest Barrier Level on any Interest Barrier Observation Date;

(F) where the Interest Barrier Event is specified in the applicable Issue Terms to be "Interest Barrier Event American One-Touch Observation – Intra-Day Level", in the determination of the Calculation Agent, the Underlying Level of the Interest Barrier Underlying(s) satisfy the relevant Interest Barrier Level on any Interest Barrier Observation Date; or

(G) where the Interest Barrier Event is specified in the applicable Issue Terms to be "Interest Barrier Event American Performance Observation", in the determination of the Calculation Agent, the Interim Performance of the Interest Barrier Underlying(s) in respect of such Interest Payment Date and each Interest Barrier Observation Date related thereto, satisfy the relevant Interest Barrier Level and, as the Interim Performance shall be calculated in respect of each Interest Barrier Observation Date relating to the relevant Interest Payment Date, then:

I reference in the definition of Interim Performance to “Interest Reference Level for such Interest Payment Date” shall be construed to be to the “Underlying Closing Level for the relevant Interest Underlying for the relevant Interest Barrier Observation Date converted at the FX on such Interest Barrier Observation Date; and

II reference to Interim Performance being calculated “in respect of an Interest Payment Date” or “for an Interest Payment Date” shall be construed to be to “in respect of or, as the case may be, for an Interest Payment Date and the relevant Interest Barrier Observation Date”;

III the Interim Performance Underlying(s) (if any) shall be determined in respect of the relevant Interest Barrier Observation Date; and/or,

(H) where "Interest Barrier Event Lock-In" is specified as applicable in the applicable Issue Terms, in the determination of the Calculation Agent an Interest Barrier Event has occurred in respect of any prior Interest Payment Date.

As used above, "satisfy" means that the relevant Underlying Closing Level, Interim Performance or Underlying Level, as the case may be, are in the case of (i) below in the definition of Interest Barrier Level, greater than, greater than (or equal to), less than or less than (or equal to), as applicable, the relevant Interest Barrier Level; or in the case of (ii) below in the definition of Interest Barrier Level, are neither less than the relevant Lower Interest Barrier Level nor greater than the relevant Upper Interest Barrier Level, all as determined by the Calculation Agent and, in each case, where the Notes are specified in the applicable Issue Terms to be Multi-Chance Notes, an Interest Barrier Event shall be determined in respect of each Interest Barrier Underlying separately (as the Interest Amount due on the relevant Interest Payment Date is dependent on the number of Interest Barrier Underlyings for which an Interest Barrier Event occurs).

Where:

Interest Barrier Underlying(s) means the Interest Underlying(s) specified as such in the applicable Issue Terms.

Interest Barrier Level means, in respect of an Interest Payment Date and an Interest Barrier Underlying or, as the case may be, all of the Interest Barrier Underlyings, (i) where a single Interest Barrier Level is specified, whichever of greater than, greater than (or equal to), less than or less than (or equal to) in respect of an Interest Barrier Underlying or, as the case may be, all of the Interest Barrier Underlyings as specified in the applicable Issue Terms, the percentage level specified as such for such Interest Payment Date in the Table set out in the applicable Issue Terms or (ii) where percentage levels are specified in respect of an Interest Barrier Underlying or, as the case may be, all of the Interest Barrier Underlyings for such Interest Payment Date in the Table set out in the applicable Issue Terms one as a Lower Interest Barrier Level and one as an Upper Interest Barrier Level for such Interest Barrier Underlying, that the Interest Barrier Level shall mean any level that is greater than (or equal to) such Lower Interest Barrier Level and less than (or equal to) such Upper Interest Barrier Level.

(iv) **Definitions relating to the determination of the amount of interest due on an Interest Payment Date**

Interest Amount means, in respect of an Interest Payment Date and as the Target Mandatory Early Redemption (Capped) Provisions are not specified as applicable in the applicable Issue Terms:

(A) where the Notes are expressed in the applicable Issue Terms to be Fixed Rate Notes (other than Fixed Rate Notes that are specified in the applicable Issue Terms to be Lookback Notes, Multi-Chance Notes or Range Accrual Notes) or Floating Rate

Notes, the amount (if any) determined as provided in Condition 3 below and in the applicable Issue Terms;

(B) where the Notes are expressed in the applicable Issue Terms to be Fixed Rate Notes that are Lookback Notes, and where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, the amount in respect of each Calculation Amount specified as the "Interest Amount" for such Interest Payment Date in the Table set out in the applicable Issue Terms plus the sum of the amounts specified as the "Interest Amount" (if any) in respect of all of the Interest Payment Dates (if any) falling prior to such Interest Payment Date on which an Interest Barrier Event did not occur and, therefore, such Interest Amount(s) had not previously been paid;

(C) where the Notes are expressed in the applicable Issue Terms to be Fixed Rate Notes that are Multi-Chance Notes, and where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, the amount in respect of each Calculation Amount specified as the "Interest Amount" for the number of Interest Barrier Underlying(s) for which an Interest Barrier Event has occurred in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms (as the Interest Amount due shall depend on the number of Interest Barrier Underlyings for which an Interest Barrier Event occurs);

(D) where the Notes are expressed in the applicable Issue Terms to be Fixed Rate Notes that are Range Accrual Notes, the amount (if any) determined as provided in Condition 3 below and in the applicable Issue Terms, which shall specify that the applicable Day Count Fraction shall be multiplied by the applicable Accrual Rate. The applicable **Accrual Rate** in respect of an Interest Period and the related Interest Payment Date shall be an amount expressed as a decimal determined in accordance with the following formula:

$$\frac{\text{Days Accrued}}{\text{Days Observed}}$$

Where:

Days Accrued means the number of Interest Barrier Observation Dates in such Interest Period on which an Interest Barrier Event occurs.

Days Observed means the number of Range Accrual Determination Dates in such Interest Period.

(E) where the Notes are expressed in the applicable Issue Terms to be Inflation Rate Notes, and where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, an amount in respect of each Calculation Amount determined by reference to either:

I where an Interest Participation Rate is not specified in the Table set out in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times \left(\left[\frac{\text{UCL Relevant Months Prior}}{\text{UCL12} + \text{Relevant Months Prior}} - 1 \right] \pm \text{Margin} \right) \times \text{DCF}$$

II where an Interest Participation Rate is specified in the Table set out in respect of such Interest Payment Date in the applicable Issue Terms, the following formula:

$$\text{Calculation Amount} \times \left(\left[\frac{\text{UCL Relevant Months Prior}}{\text{UCL12 + Relevant Months Prior}} - 1 \right] \pm \text{Margin} \right) \times \text{DCF} \times \text{IPR}$$

PROVIDED HOWEVER, in the case of each of I and II above, that if (x) a Maximum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount (a cap); (y) a Minimum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such minimum amount (a floor); or (z) a Maximum Interest Amount and a Minimum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount and a minimum amount (a collar).

Where:

DCF means the Day Count Fraction (as defined in Condition 3 below) and, for which purpose, an Interest Period and Interest Period End Date shall be as defined in Condition 3 below.

Interest Amount Inflation Index means any Underlying which is an Inflation Index and is designated as the Interest Amount Inflation Index in the applicable Issue Terms.

Margin means the percentage rate specified for such Interest Payment Date in the applicable Issue Terms, which shall be preceded with either a "+" (plus) or a "-" minus sign.

UCL Relevant Months Prior means the Underlying Closing Level of the Interest Amount Inflation Index on the date falling the number of calendar months prior to the relevant Interest Payment Date as specified in the applicable Issue Terms. Such date shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions.

UCL 12 + Relevant Months Prior means the Underlying Closing Level of the Interest Amount Inflation Index on the date falling the number of calendar months prior to the relevant Interest Payment Date as specified in the applicable Issue Terms and which shall be the month falling 12 months prior to the UCL Relevant Months Prior. Such date shall be deemed to be a Specified Valuation Date for the purpose of, and subject to adjustment as provided in, the Conditions; and

(F) where the Notes are expressed in the applicable Issue Terms to be Interim Performance Interest Notes and where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, an amount in respect of each Calculation Amount determined by reference to either:

I where an Interest Participation Rate is not specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, the following formula:

$$\text{CalculationAmount} \times \text{InterimPerformanceofInterimPerformanceUnderlying}$$; or

II where an Interest Participation Rate is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, the following formula:

$$\text{CalculationAmount} \times \text{InterimPerformanceofInterimPerformanceUnderlying} \times \text{IPR}$$

PROVIDED HOWEVER, in the case of each of I and II above, that if (x) a Maximum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount (a cap); (y) a Minimum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such minimum amount (a floor); or (z) a Maximum Interest Amount and a Minimum Interest Amount is specified in respect of such Interest Payment Date in the Table set out in the applicable Issue Terms, then such Interest Amount is subject to such maximum amount and a minimum amount (a collar).

Where Target Mandatory Early Redemption (Capped) Provisions is specified as applicable in the applicable Issue Terms, then the relevant Interest Amount shall be determined in accordance with paragraph (A), (B), (C), (D), (E) or (F) above, as applicable, but such Interest Amount so determined shall be subject to a maximum amount (a cap). Such cap shall be an amount determined to be the Target Mandatory Early Redemption Threshold Amount specified in the applicable Issue Terms less the sum of all the Interest Amount(s) (if any) paid in respect of a Calculation Amount for all the Interest Payment Date(s) (if any) falling prior to such Interest Payment Date.

Interest Participation Rate or **IPR** means, in respect of an Interest Payment Date, the percentage rate specified for such Interest Payment Date under the heading "IPR" in the Table set out in the applicable Issue Terms.

(c) Definitions relating to Mandatory Early Redemption

(i) Dates

Mandatory Early Redemption Date or **MER Date** means each date specified as such in the Table set out in the applicable Issue Terms.

Specified Mandatory Early Redemption Barrier Observation Date or Specified MER Barrier Observation Date means in respect of a Mandatory Early Redemption Date, each date or dates specified as such for such Mandatory Early Redemption Date in the Table set out in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, a **Mandatory Early Redemption Barrier Observation Date** or a **MER Barrier Observation Date**.

Specified Mandatory Early Redemption Strike Date or **Specified MER Strike Date** means, in respect of an Underlying, each date or dates specified as such in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, a **Mandatory Early Redemption Strike Date** or a **MER Strike Date**.

Specified Mandatory Early Redemption Valuation Date means, in respect of a Mandatory Early Redemption Date, each date designated as such for such Mandatory Early Redemption Date in the Table set out in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, a **Mandatory Early Redemption Valuation Date**.

Specified Mandatory Early Redemption Upper Barrier Event Valuation Date or **Specified MER Upper Barrier Event Valuation Date** means, in respect of a Mandatory Early Redemption Date, each date designated as such for such Mandatory Early Redemption Date in the Table set out in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, a **Mandatory Early Redemption Upper Barrier Event Valuation Date** or **MER Upper Barrier Event Valuation Date**.

(ii) **Definitions relating to the Mandatory Early Redemption Underlying(s), the performance of the Mandatory Early Redemption Underlying(s) and levels of the Mandatory Early Redemption Underlying(s)**

A **Mandatory Early Redemption Underlying** means the or each Underlying (as defined in Condition 2(l) below) specified as a Mandatory Early Redemption Underlying in the applicable Issue Terms.

Mandatory Early Redemption Performance or **MER Performance** means, subject as provided in sub-paragraph (G) of the definition of Mandatory Early Redemption Barrier Event below,in respect of a Mandatory Early Redemption Date and:

(A) where "Single Underlying Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, the Mandatory Early Redemption Underlying, an amount expressed as a percentage and determined by reference to the following formula:

$$\frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such maximum percentage (a cap); (y) a Minimum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such minimum percentage (a floor); or (z) a Maximum Mandatory Early Redemption Performance Percentage and a Minimum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such maximum percentage and minimum percentage (a collar);

(B) where "Weighted Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, all of the Mandatory Early Redemption Underlyings, an amount expressed as a percentage and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such maximum percentage (a cap); (y) a Minimum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such minimum percentage (a floor); or (z) a Maximum Mandatory Early Redemption Performance Percentage and a Minimum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such maximum percentage and minimum percentage (a collar);

(C) where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, each of the Mandatory Early Redemption Underlyings, an amount expressed as a percentage and determined by reference to the following formula

$$\frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such maximum percentage (a cap); (y) a Minimum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such minimum percentage (a floor); or (z) a Maximum Mandatory Early Redemption Performance Percentage and a Minimum Mandatory Early Redemption Performance Percentage is specified in the Table set out in the applicable Issue Terms, then the Mandatory Early Redemption Performance is subject to such maximum percentage and minimum percentage (a collar); or

(D) where "Outperformance Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, an amount expressed as a percentage and determined by reference to the following formula

$$[\text{Outperf A} - \text{Outperf B}] \times 100$$

For which purpose:

Outperf A means, in respect of such Mandatory Early Redemption Date

I where "Single Underlying Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance A Underlying in the applicable Issue Terms, and the Mandatory Early Redemption Outperformance A

Underlying, an amount expressed as a decimal and determined by reference to the following formula:

$$\frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Mandatory Early Redemption Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar);

II where "Weighted Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance A Underlying in the applicable Issue Terms, and all of the Mandatory Early Redemption Outperformance A Underlyings, an amount expressed as a decimal and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Mandatory Early Redemption Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar);

III where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance A Underlying, and each of the Mandatory Early Redemption Outperformance A Underlyings, an amount expressed as a decimal and determined by reference to the following formula

$$\frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Mandatory Early Redemption Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar).

Outperf B means, in respect of such Mandatory Early Redemption Date

I where "Single Underlying Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance B Underlying in the applicable Issue Terms, and the Outperformance B Underlying, an amount expressed as a decimal and determined by reference to the following formula:

$$\frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Mandatory Early Redemption Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar);

II where "Weighted Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance B Underlying in the applicable Issue Terms, and all of the Mandatory Early Redemption Outperformance B Underlyings, an amount expressed as a decimal and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Mandatory Early Redemption Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar);

III where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance B Underlying, and each of the Mandatory Early Redemption Outperformance B Underlyings, an amount expressed as a decimal and determined by reference to the following formula

$$\frac{\text{MER Reference Level for such MER Date} - \text{MER Strike Level}}{\text{MER Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Mandatory Early Redemption Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar).

Mandatory Early Redemption Outperformance A Underlying(s) means, in respect of the Mandatory Early Redemption Performance Provisions, the or each Mandatory Early Redemption Underlying specified as such in the applicable Issue Terms.

Mandatory Early Redemption Outperformance B Underlying(s) means, in respect of the Mandatory Early Redemption Performance Provisions, the or each Mandatory Early Redemption Underlying specified as such in the applicable Issue Terms.

Mandatory Early Redemption Performance Underlying(s) or **MERPU** means, subject as provided in sub-paragraph (G) of the definition of Mandatory Early Redemption Barrier Event below, either:

(A) where "Single Underlying Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, the Mandatory Early Redemption Underlying;

(B) where "Weighted Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, all of the Mandatory Early Redemption Underlyings;

(C) where "Best of Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, in respect of a Mandatory Early Redemption Date, the Mandatory Early Redemption Underlying with the highest (or equal highest) Mandatory Early Redemption Performance in respect of such Mandatory Early Redemption Date, as determined by the Calculation Agent;

(D) where "Worst of Basket Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, in respect of a Mandatory Early Redemption Date, the Mandatory Early Redemption Underlying with the lowest (or equal lowest) Mandatory Early Redemption Performance in respect of such Mandatory Early Redemption Date, as determined by the Calculation Agent; or

(E) where "Outperformance Observation" is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, all of the Mandatory Early Redemption Outperformance A Underlying(s) and Mandatory Early Redemption Outperformance B Underlying(s).

$\mathbf{W_n}$ means

(A) in respect of a Mandatory Early Redemption Underlying and a Mandatory Early Redemption Date and where Weighted Basket Observation is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, the percentage weighting specified for such Mandatory Early Redemption Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Mandatory Early Redemption Underlying depending on such Mandatory Early Redemption Underlying's performance determined in respect of the relevant Mandatory Early Redemption Date. Accordingly, in order to determine Wn for a Mandatory Early Redemption Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Mandatory Early Redemption Performance of such Mandatory Early Redemption Underlying shall first be calculated as provided in paragraph (C) of the definition of Mandatory Early Redemption Performance and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms;

(B) where Outperformance Observation and, in respect of Mandatory Early Redemption Outperformance A Underlying, Weighted Basket Observation is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, in respect of a Mandatory Early Redemption Outperformance A Underlying and a Mandatory Early Redemption Date, the percentage weighting specified for such Mandatory Early Redemption Outperformance A Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Mandatory Early Redemption Outperformance A Underlying depending on such Mandatory Early Redemption Outperformance A Underlying's performance determined in respect of the relevant Mandatory Early Redemption Date. Accordingly, in order to determine Wn for a Mandatory Early Redemption Outperformance A Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Mandatory Early Redemption Performance of such Mandatory Early Redemption Outperformance A Underlying shall first be calculated as provided in paragraph III of the definition of Outperf A and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms; or

(C) where Outperformance Observation and, in respect of Mandatory Early Redemption Outperformance B Underlying, Weighted Basket Observation is specified as applicable in respect of the Mandatory Early Redemption Performance Provisions in the applicable Issue Terms, in respect of a Mandatory Early Redemption Outperformance B Underlying and a Mandatory Early Redemption Date, the percentage weighting specified for such Mandatory Early Redemption Outperformance B Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Mandatory Early Redemption Outperformance B Underlying depending on such Mandatory Early Redemption Outperformance B Underlying's performance determined in respect of the relevant Mandatory Early Redemption Date. Accordingly, in order to determine Wn for a Mandatory Early Redemption Outperformance A Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Mandatory Early Redemption Performance of such Mandatory Early Redemption Outperformance B Underlying shall first be calculated as provided in paragraph III of the definition of Outperf B and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms.

Mandatory Early Redemption Initial Level or **MER Initial Level** means, subject as provided in sub-paragraph (G) of the definition of Mandatory Early Redemption Barrier Event below, in respect of a Mandatory Early Redemption Underlying and a Mandatory Early Redemption Date:

(A) where the Mandatory Early Redemption Initial Level is specified in the applicable Issue Terms to be "Closing Level on Mandatory Early Redemption Strike Date", the Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Strike Date, as converted by reference to the relevant FX (if any) for the Mandatory Early Redemption Strike Date;

(B) where the Mandatory Early Redemption Initial Level is specified in the applicable Issue Terms to be "Arithmetic Average Closing Level on Mandatory Early Redemption Strike Dates", the arithmetic average of the Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Strike Date, as determined by the Calculation Agent;

(C) where the Mandatory Early Redemption Initial Level is specified in the applicable Issue Terms to be "Lowest Closing Level on Mandatory Early Redemption Strike Dates", the lowest (or equal lowest) Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Strike Date, as determined by the Calculation Agent;

(D) where the Mandatory Early Redemption Initial Level is specified in the applicable Issue Terms to be "Lowest Intra-day Level on Mandatory Early Redemption Strike Dates", the lowest (or equal lowest) Underlying Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Strike Date, as determined by the Calculation Agent;

(E) where the Mandatory Early Redemption Initial Level is specified in the applicable Issue Terms to be "Highest Closing Level on Mandatory Early Redemption Strike Dates", the highest (or equal highest) Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Strike Date, as determined by the Calculation Agent;

(F) where the Mandatory Early Redemption Initial Level is specified in the applicable Issue Terms to be "Highest Intra-day Level on Mandatory Early Redemption Strike Dates", the highest (or equal highest) Underlying Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Strike Date, as determined by the Calculation Agent; or

(G) a level specified as such for the Mandatory Early Redemption Underlying in the applicable Issue Terms.

Mandatory Early Redemption Reference Level or **MER Reference Level** means, in respect of a Mandatory Early Redemption Valuation Date or, as the case may be, Mandatory Early Redemption Valuation Dates, the related Mandatory Early Redemption Date and the or each Mandatory Early Redemption Underlying, either:

(A) where the Mandatory Early Redemption Reference Level is specified in the applicable Issue Terms to be "Closing Level on Mandatory Early Redemption Valuation Date", the Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Valuation Date, as converted by reference to the relevant FX (if any) for such Mandatory Early Redemption Valuation Date;

(B) where the Mandatory Early Redemption Reference Level is specified in the applicable Issue Terms to be "Arithmetic Average Closing Level on Mandatory Early Redemption Valuation Dates", the arithmetic average of the Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Valuation Date, as determined by the Calculation Agent;

(C) where the Mandatory Early Redemption Reference Level is specified in the applicable Issue Terms to be "Lowest Closing Level on Mandatory Early Redemption Valuation Dates", the lowest (or equal lowest) Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Valuation Date, as determined by the Calculation Agent;

(D) where the Mandatory Early Redemption Reference Level is specified in the applicable Issue Terms to be "Lowest Intra-day Level on Mandatory Early Redemption Valuation Dates", the lowest (or equal lowest) Underlying Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Valuation Date, as determined by the Calculation Agent;

(D) where the Mandatory Early Redemption Reference Level is specified in the applicable Issue Terms to be "Highest Closing Level on Mandatory Early Redemption Valuation Dates", the highest (or equal highest) Underlying Closing Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Valuation Date, as determined by the Calculation Agent; or

(E) where the Mandatory Early Redemption Reference Level is specified in the applicable Issue Terms to be "Highest Intra-day Level on Mandatory Early Redemption Valuation Dates", the highest (or equal highest) Underlying Level of such Mandatory Early Redemption Underlying on the Mandatory Early Redemption Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Mandatory Early Redemption Valuation Date, as determined by the Calculation Agent.

Mandatory Early Redemption Strike Level or **MER Strike Level** means, in respect of a Mandatory Early Redemption Underlying, the Mandatory Early Redemption Strike Level specified for such Mandatory Early Redemption Underlying in the Table set out in the applicable Issue Terms which may, if so specified in the applicable Issue Terms, be such Mandatory Early Redemption Underlying's Mandatory Early Redemption Initial Level.

FX means, for the purpose of this Condition 1.2(b), where FX Provisions are specified as applicable in respect of the Mandatory Early Redemption Provisions in the applicable Issue Terms, in respect of (a) a Mandatory Early Redemption Underlying and the level or value (as provided on the applicable Electronic Page (as defined in Condition 2 below)) of which is expressed or determined to be in a currency other than the Specified Currency (being, in the case of Dual Currency Notes, the Denomination Currency) (the **Relevant Currency**), either: (i) where Quanto Provisions are specified as applicable in the applicable Issue Terms, the rate specified for such Mandatory Early Redemption Underlying in the applicable Issue Terms; or (ii) where Compo FX Provisions are specified as applicable in the applicable Issue Terms, the average of the mid Relevant Currency/Specified Currency exchange rates quoted on the Designated Page at the Designated Time on the or each relevant Valuation Date (or such other page or service that may replace the Designated Page for the purpose of displaying the mid Relevant Currency/Specified Currency exchange rate or any other page or service as the Calculation Agent may select for this purpose which displays such exchange rate) at such time(s) on the or each relevant Valuation Date as the Calculation Agent shall determine (expressed as the number of units of the Relevant Currency (or part thereof) for which one unit of the Specified Currency can be exchanged) PROVIDED THAT if any such FX cannot be determined as specified above it shall be determined by the Calculation Agent at such time(s) and by reference to such source(s) as it deems appropriate; or (b) otherwise, 1.

Designated Page means, in respect of a Mandatory Early Redemption Underlying and the FX for such Underlying, such page as is specified for such Mandatory Early Redemption Underlying in the applicable Issue Terms.

Designated Time means, in respect of a Mandatory Early Redemption Underlying and the FX for such Mandatory Early Redemption Underlying, the time specified as such in the applicable Issue Terms.

(iii) **Definitions relating to the determination of whether a Mandatory Early Redemption Barrier Event has occurred and therefore that the Mandatory Early Redemption Amount will be due on the relevant Mandatory Early Redemption Date**

A **Mandatory Early Redemption Barrier Event** will occur in respect of a Mandatory Early Redemption Date, each related MER Barrier Observation Date in the case of (G) below if:

(A) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event European Observation", in the determination of the Calculation Agent, the Underlying Closing Level of the Mandatory Early Redemption Barrier Underlying(s) satisfy the relevant Mandatory Early Redemption Barrier Level on the Mandatory Early Redemption Barrier Observation Date;

(B) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event European Performance Observation", in the determination of the Calculation Agent, the Mandatory Early Redemption Performance of the Mandatory Early Redemption Barrier Underlying(s) in respect of such Mandatory Early Redemption Date satisfy the relevant Mandatory Early Redemption Barrier Level;

(C) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event American Observation – Closing Level", in the determination of the Calculation Agent, the Underlying Closing Level of the Mandatory Early Redemption Barrier Underlying(s) satisfy the relevant Mandatory Early Redemption Barrier Level on each Mandatory Early Redemption Barrier Observation Date;

(D) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event American Observation – Intra-Day Level", in the determination of the Calculation Agent, the Underlying Level of the Mandatory Early Redemption Barrier Underlying(s) satisfy the relevant Mandatory Early Redemption Barrier Level on each Mandatory Early Redemption Barrier Observation Date;

(E) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event American One-Touch Observation – Closing Level", the Underlying Closing Level of the Mandatory Early Redemption Barrier Underlying(s) satisfy the relevant Mandatory Early Redemption Barrier Level on any Mandatory Early Redemption Barrier Observation Date;

(F) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event American One-Touch Observation – Intra-Day Level", in the determination of the Calculation Agent, the Underlying Level of the Mandatory Early Redemption Barrier Underlying(s) satisfy the relevant Mandatory Early Redemption Barrier Level on any Mandatory Early Redemption Barrier Observation Date;

(G) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event American Performance Observation", in the determination of the Calculation Agent, the Mandatory Early Redemption Performance of the Mandatory Early Redemption Barrier Underlying(s) in respect of such Mandatory Early Redemption Date and each Mandatory Early Redemption Barrier Observation Date related thereto, satisfy the relevant Mandatory Early Redemption Barrier Level and, as the Mandatory Early Redemption Performance shall be calculated in respect of each Mandatory Early Redemption Barrier Observation Date relating to the relevant Mandatory Early Redemption Date, then:

I reference in the definition of Mandatory Early Redemption Performance to “Mandatory Early Redemption Reference Level for such Mandatory Early Redemption Date” shall be construed to be to the “Underlying Closing Level for the relevant Mandatory Early Redemption Underlying for the relevant Mandatory Early Redemption Barrier Observation Date converted at the FX on such Mandatory Early Redemption Barrier Observation Date; and

II reference to Mandatory Early Redemption Performance being calculated “in respect of a Mandatory Early Redemption Date” or “for a Mandatory Early Redemption Date” shall be construed to be to “in respect of or, as the case may be, for a Mandatory Early Redemption Date and the relevant Mandatory Early Redemption Barrier Observation Date”

III the Mandatory Early Redemption Performance Underlying(s) (if any) shall be determined in respect of the relevant Mandatory Early Redemption Barrier Observation Date; or

(H) where the Mandatory Early Redemption Barrier Event is specified in the applicable Issue Terms to be "Target Mandatory Early Redemption Barrier Event", in the determination of the Calculation Agent and in respect of the Interest Payment Date scheduled to fall on such Mandatory Early Redemption Date, the sum of the aggregate Interest Amount(s) paid in respect of all of the Interest Payment Dates falling prior to such Interest Payment Date is equal to or greater than the Target Mandatory Early Redemption Threshold Amount specified in the applicable Issue Terms.

A **Mandatory Early Redemption Upper Barrier Event** or **MER Upper Barrier Event** will occur in respect of a Mandatory Early Redemption Date if:

(A) where the Mandatory Early Redemption Upper Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Barrier Event European Performance Observation", in the determination of the Calculation Agent, the Mandatory Early Redemption Performance of the Mandatory Early Redemption Barrier Underlying(s) in respect of such Mandatory Early Redemption Date satisfy the MER Upper Barrier Percentage; or

(B) where the Mandatory Early Redemption Upper Barrier Event is specified in the applicable Issue Terms to be "Mandatory Early Redemption Upper Barrier Event European Observation", in the determination of the Calculation Agent, the Underlying Closing Level of the Mandatory Early Redemption Barrier Underlying(s) satisfy the MER Upper Barrier Percentage on the Mandatory Early Redemption Barrier Observation Date.

As used in (A) and (B) above, "satisfy" means that the relevant Underlying Closing Level, Mandatory Early Redemption Performance or Underlying Level, as the case may be, are in the case of (i) below in the definition of Mandatory Early Redemption Barrier Level, greater than, greater than (or equal to), less than or less than (or equal to), as applicable, the relevant Mandatory Early Redemption Barrier Level; or in the case of (ii) below in the definition of Mandatory Early Redemption Barrier Level, are neither less than the relevant Lower Mandatory Early Redemption Barrier Level nor greater than the relevant Upper Mandatory Early Redemption Barrier Level, all as determined by the Calculation Agent; or in the case of the definition of MER Upper Barrier Percentage below, are greater than, greater than (or equal to), less than or less than (or equal to), as applicable, the relevant Mandatory Early Redemption Barrier Level.

Where:

Mandatory Early Redemption Barrier Underlying(s) or **MERBU** means the Mandatory Early Redemption Underlying(s) specified as such in the applicable Issue Terms.

Mandatory Early Redemption Barrier Level means, in respect of a Mandatory Early Redemption Date, (i) where a single Mandatory Early Redemption Barrier Level is specified in respect of a Mandatory Early Redemption Barrier Underlying or, as the case may be, all of the Mandatory Early Redemption Barrier Underlyings whichever of greater than, greater than (or equal to), less than or less than (or equal to), as is specified in the applicable Issue Terms, the percentage level specified for such Mandatory Early Redemption Barrier Underlying as such for such Mandatory Early Redemption Date in the Table set out in the applicable Issue Terms or (ii) where percentage levels are specified for such Mandatory Early Redemption Date in respect of a Mandatory Early Redemption Barrier Underlying or, as the case may be, the Mandatory Early Redemption Barrier Underlyings in the Table set out in the applicable Issue Terms one as a Lower Mandatory Early Redemption Barrier Level and one as an Upper Mandatory Early Redemption Barrier Level for such Mandatory Early Redemption Barrier Underlying, that the Mandatory Early Redemption Barrier Level shall mean any level that is greater than (or equal to) such Lower Mandatory Early Redemption Barrier Level and less than (or equal to) such Upper Mandatory Early Redemption Barrier Level.

MER Upper Barrier Percentage means, in respect of a Mandatory Early Redemption Barrier Underlying, whichever of greater than, greater than (or equal to), less than or less than (or equal to), as is specified for such Mandatory Early Redemption Barrier Underlying in the applicable Issue Terms, the percentage level specified as such in the applicable Issue Terms.

(iv) **Definitions relating to the determination of the Mandatory Early Redemption Amount due if a Mandatory Early Redemption Barrier Event has occurred**

Performance-Linked Mandatory Early Redemption Amount means, in respect of each Calculation Amount and a Mandatory Early Redemption Date, either

(A) where the relevant Performance-Linked Mandatory Early Redemption Amount is expressed in the applicable Issue Terms to be Put Option and:

I a Mandatory Early Redemption Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and the sum of 100 per cent. and the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) (MERPU) for such Mandatory Early Redemption Date, expressed as a formula:

$$\text{Calculation Amount x } (100\% + \text{MER Performance of MERPU}) \text{ ; or}$$

II a Mandatory Early Redemption Participation Rate is specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and the sum of 100 per cent. and the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) (MERPU) for such Mandatory Early Redemption Date multiplied by the Mandatory Early Redemption Participation Rate (MERPR), expressed as a formula:

$$\text{Calculation Amount x } [(100\% + \text{MER Performance of MERPU}) \times \text{MERPR}]$$

PROVIDED HOWEVER, in the case of each of (A) I and (A) II above, that if (x) a Maximum Mandatory Early Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Mandatory Early Redemption Amount is subject to such maximum amount (a cap); (y) a Minimum Mandatory Early Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Mandatory Early Redemption Amount is subject to such minimum amount (a floor); or (z) a Maximum Mandatory Early Redemption Amount and a Minimum Mandatory Early Redemption Amount is specified in respect thereof in the applicable Issue

Terms, then the Mandatory Early Redemption Amount is subject to such maximum amount and a minimum amount (a collar);

(B) where the relevant Performance-Linked Mandatory Early Redemption Amount is expressed in the applicable Issue Terms to be Call Option and:

I a Mandatory Early Redemption Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the sum of the Calculation Amount and the Calculation Amount multiplied by the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) (MERPU) for such Mandatory Early Redemption Date, expressed as a formula:

$$\text{Calculation Amount} + (\text{Calculation Amount} \times \text{MER Performance of MERPU}) \text{ ; or}$$

II a Mandatory Early Redemption Participation Rate is specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the sum of the Calculation Amount and the Calculation Amount multiplied by the Mandatory Early Redemption Performance of the Mandatory Early Mandatory Early Redemption Performance Underlying(s) (MERPU) for such Mandatory Early Redemption Date multiplied by the Mandatory Early Redemption Participation Rate (MERPR), expressed as a formula:

$$\text{Calculation Amount} + (\text{Calculation Amount} \times \text{MERPerformance of MERPU} \times \text{MERPR})$$

PROVIDED HOWEVER, in the case of each of (B) I and (B) II above, that if (x) a Maximum Mandatory Early Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Mandatory Early Redemption Amount is subject to such maximum amount (a cap); (y) a Minimum Mandatory Early Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Mandatory Early Redemption Amount is subject to such minimum amount (a floor); or (z) a Maximum Mandatory Early Redemption Amount and a Minimum Mandatory Early Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Mandatory Early Redemption Amount is subject to such maximum amount and a minimum amount (a collar);

(C) where the relevant Performance-Linked Mandatory Early Redemption Amount is expressed in the applicable Issue Terms to be Call Spread - Put Spread Option and:

I a Mandatory Early Redemption Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be (x) the Calculation Amount multiplied by (y) the "call spread amount" (being the greater of the Call Floor and the lesser of the Call Cap and the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) for such Mandatory Early Redemption Date) less the "put spread amount (being the lesser of the Put Cap and the greater of the Put Floor and the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) for such Mandatory Early Redemption Date), expressed as a formula:

$$\text{Calculation Amount} \times \left[\text{Max (CallFloor, Min (CallCap, MER Perf))} - \text{Min (PutCap, Max (PutFloor, 100\% + MERPerf))} \right]$$

Such amount is therefore subject to a Maximum Mandatory Early Redemption Amount and a Minimum Mandatory Early Redemption Amount (a collar); or

II a Mandatory Early Redemption Participation Rate Call and a Mandatory Early Redemption Participation Rate Put is specified in the applicable Issue Terms, an amount in the Specified Currency determined to be (x) the Calculation Amount multiplied by (y) the "call spread amount" (being the greater of the Call Floor and the lesser of the Call Cap and the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) for such Mandatory Early Redemption Date, multiplied by the Mandatory Early Redemption Participation Rate Call (MERPR Call)) less the "put spread amount" (being the lesser of the Put Cap and the greater of the Put Floor and the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) for such Mandatory Early Redemption Date, multiplied by the Mandatory Early Redemption Participation Rate Put (MERPR Put)), expressed as a formula:

$$\text{Calculation Amount} \times \left[[\text{Max(CallFloor, Min(CallCap, MERPerf)) x MERPR Call}] - [\text{Min(PutCap, Max(PutFloor, 100\% + MERPerf)) x MERPR Put}] \right]$$

Such amount is therefore subject to a Maximum Mandatory Early Redemption Amount and a Minimum Mandatory Early Redemption Amount (a collar); or

(D) where the relevant Performance-Linked Mandatory Early Redemption Amount is expressed in the applicable Issue Terms to be Twin Win Option and:

I a Mandatory Early Redemption Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and 100 per cent. of the Absolute Value of the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) (MERPU) for such Mandatory Early Redemption Date, expressed as a formula:

$$\text{Calculation Amount} \times (100\% + \text{Abs}[\text{MER Performance of MERPU}])$$; or

II a Mandatory Early Redemption Participation Rate is specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and 100 per cent. of the Absolute Value of the Mandatory Early Redemption Performance of the Mandatory Early Redemption Performance Underlying(s) (MERPU) for such Mandatory Early Redemption Date multiplied by the Mandatory Early Redemption Participation Rate (MERPR), expressed as a formula:

$$\text{Calculation Amount} \times (100\% + \text{Abs}[\text{MER Performance of MERPU} \times \text{MERPR}])$$; or

Such amount is therefore subject to a Minimum Mandatory Early Redemption Amount (a floor).

Where:

Absolute Value or **Abs** means the positive percentage value of the percentage without regard to its sign (thus for example the Absolute Value of -19 per cent. would be 19 per cent. and the Absolute Value of 19 per cent. would be 19 per cent.).

Call Cap means the percentage (if any) specified as such in respect of the Underlying Linked Notes Mandatory Early Redemption Provisions in the applicable Issue Terms.

Call Floor means the percentage (if any) specified as such in respect of the Underlying Linked Notes Mandatory Early Redemption Provisions in the applicable Issue Terms.

Put Cap means the percentage (if any) specified as such in respect of the Underlying Linked Notes Mandatory Early Redemption Provisions in the applicable Issue Terms.

Put Floor means the percentage (if any) specified as such in respect of the Underlying Linked Notes Mandatory Early Redemption Provisions in the applicable Issue Terms.

Maximum Mandatory Early Redemption Amount means the amount (if any) in the specified currency specified as such in the applicable Issue Terms.

Minimum Mandatory Early Redemption Amount means the amount (if any) in the specified currency specified as such in the applicable Issue Terms.

Mandatory Early Redemption Participation Rate or **MERPR** means the percentage rate (if any) specified as such in the applicable Issue Terms.

Mandatory Early Redemption Participation Rate Call or **MERPR Call** means the percentage rate (if any) specified as such in the applicable Issue Terms.

Mandatory Early Redemption Participation Rate Put or **MERPR Put** means the percentage rate (if any) specified as such in the applicable Issue Terms.

Min means the lesser of the two terms separated by a comma or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

Max means the greater (or equal greatest) of the two terms separated by a comma or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

MERPerf means, in respect of the relevant Mandatory Early Redemption Date, the MER Performance of the MER Performance Underlying for such Mandatory Early Redemption Date.

(d) Definitions relating to redemption

(i) **Dates**

Specified Final Valuation Date means the or each date designated as such in the applicable Issue Terms. The or each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and the or each such date, as so adjusted, a **Final Valuation Date**.

Specified Redemption Barrier Observation Date means each date or dates specified as such in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, a **Redemption Barrier Observation Date**.

Specified Redemption Strike Date means, in respect of an Underlying, each date or dates specified as such in the applicable Issue Terms. Each such date shall be deemed to be a Specified Valuation Date and shall be adjusted as provided in these Valuation and Settlement Conditions and the applicable Issue Terms, and each such date, as so adjusted, a **Redemption Strike Date**.

(ii) **Definitions relating to the Redemption Underlying(s), the performance of the Redemption Underlying(s) and levels of the Redemption Underlying(s)**

A **Redemption Underlying** means the or each Underlying (as defined in Condition 2(l) below) specified as a Redemption Underlying in the applicable Issue Terms.

Final Performance means, subject as provided in sub-paragraph (G) of the definition of Redemption Barrier Event below:

(A) where "Single Underlying Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms and in respect of the Redemption Underlying, an amount expressed as a percentage and determined by reference to the following formula:

$$\frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such maximum percentage (a cap); (y) a Minimum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such minimum percentage (a floor); or (z) a Maximum Final Performance Percentage and a Minimum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such maximum percentage and minimum percentage (a collar);

(B) where "Weighted Basket Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms and in respect of all of the Redemption Underlyings, an amount expressed as a percentage and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if (x) a Maximum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such maximum percentage (a cap); (y) a Minimum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such minimum percentage (a floor); or (z) a Maximum Final Performance

Percentage and a Minimum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such maximum percentage and minimum percentage (a collar);

(C) where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms and in respect of each of the Redemption Underlyings, an amount expressed as a percentage and determined by reference to the following formula

$$\frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}};$$

PROVIDED HOWEVER that if (x) a Maximum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such maximum percentage (a cap); (y) a Minimum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such minimum percentage (a floor); or (z) a Maximum Final Performance Percentage and a Minimum Final Performance Percentage is specified in the applicable Issue Terms, then the Final Performance is subject to such maximum percentage and minimum percentage (a collar); or

(D) where "Outperformance Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, an amount expressed as a percentage and determined by reference to the following formula

$$[\text{Outperf A - Outperf B}] \times 100$$

For which purpose:

Outperf A means

I where "Single Underlying Observation" is specified as applicable in respect of the Final Performance Provisions for Final Outperformance A Underlying in the applicable Issue Terms, and the Final Outperformance A Underlying, an amount expressed as a decimal and determined by reference to the following formula:

$$\frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Final Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar);

II where "Weighted Basket Observation" is specified as applicable in respect of the Final Performance Provisions for Final Outperformance A

Underlying in the applicable Issue Terms, and all of the Final Outperformance A Underlyings, an amount expressed as a decimal and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Final Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar);

III where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Final Performance Provisions for Final Outperformance A Underlying, and each of the Final Outperformance A Underlyings, an amount expressed as a decimal and determined by reference to the following formula

$$\frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Final Outperformance A Underlying (x) a Maximum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal (a cap); (y) a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such minimum decimal (a floor); or (z) a Maximum Outperf A and a Minimum Outperf A is specified in the applicable Issue Terms, then Outperf A is subject to such maximum decimal and minimum decimal (a collar).

Outperf B means

I where "Single Underlying Observation" is specified as applicable in respect of the Final Performance Provisions for Final Outperformance B Underlying in the applicable Issue Terms, and the Outperformance B Underlying, an amount expressed as a decimal and determined by reference to the following formula:

$$\frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Final Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf

B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar);

II where "Weighted Basket Observation" is specified as applicable in respect of the Final Performance Provisions for Final Outperformance B Underlying in the applicable Issue Terms, and all of the Final Outperformance B Underlyings, an amount expressed as a decimal and determined by reference to the following formula:

$$\sum_{n=1}^{n} W_n \frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Final Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar);

III where "Best of Basket Observation" or "Worst of Basket Observation" is specified as applicable in respect of the Final Performance Provisions for Final Outperformance B Underlying, and each of the Final Outperformance B Underlyings, an amount expressed as a decimal and determined by reference to the following formula

$$\frac{\text{Final Reference Level} - \text{Redemption Strike Level}}{\text{Redemption Initial Level}}$$

PROVIDED HOWEVER that if, in respect of Final Outperformance B Underlying (x) a Maximum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal (a cap); (y) a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such minimum decimal (a floor); or (z) a Maximum Outperf B and a Minimum Outperf B is specified in the applicable Issue Terms, then Outperf B is subject to such maximum decimal and minimum decimal (a collar).

Final Outperformance A Underlying(s) means, in respect of the Final Performance Provisions, the or each Redemption Underlying specified as such in the applicable Issue Terms.

Final Outperformance B Underlying(s) means, in respect of the Final Performance Provisions, the or each Redemption Underlying specified as such in the applicable Issue Terms.

Final Performance Underlying(s) or **FPU** means either:

(A) where "Single Underlying Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, the Redemption Underlying;

(B) where "Weighted Basket Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, all of the Redemption Underlyings;

(C) where "Best of Basket Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, the Redemption Underlying with the highest (or equal highest) Final, as determined by the Calculation Agent;

(D) where "Worst of Basket Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, the Redemption Underlying with the lowest (or equal lowest) Final Performance, as determined by the Calculation Agent; and

(E) where "Outperformance Observation" is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, all of the Final Outperformance A Underlying(s) and Final Outperformance B Underlying(s).

W_n means

(A) in respect of a Redemption Underlying and where Weighted Basket Observation is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, the percentage weighting specified for such Redemption Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Redemption Underlying depending on such Redemption Underlying's performance. Accordingly, in order to determine Wn for a Redemption Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Final Performance of such Redemption Underlying shall first be calculated as provided in paragraph (C) of the definition of Final Performance and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms;

(B) where Outperformance Observation and, in respect of Final Outperformance A Underlying, Weighted Basket Observation is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, in respect of an Final Outperformance A Underlying and an Interest Payment Date, the percentage weighting specified for such Final Outperformance A Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Final Outperformance A Underlying depending on such Final Outperformance A Underlying's performance. Accordingly, in order to determine Wn for an Final Outperformance A Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Final Performance of such Final Outperformance A Underlying shall first be calculated as provided in paragraph III of the definition of Outperf A and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms; or

(C) where Outperformance Observation and, in respect of Final Outperformance B Underlying, Weighted Basket Observation is specified as applicable in respect of the Final Performance Provisions in the applicable Issue Terms, in respect of an Final

Outperformance B Underlying and an Interest Payment Date, the percentage weighting specified for such Final Outperformance B Underlying in the applicable Issue Terms. Where "Rainbow Weighting" is specified as applicable in the Issue Terms, Wn will be a percentage weighting for such Final Outperformance B Underlying depending on such Final Outperformance B Underlying's performance. Accordingly, in order to determine Wn for an Final Outperformance A Underlying where "Rainbow Weighting" is specified as applicable in the applicable Issue Terms, the Final Performance of such Final Outperformance B Underlying shall first be calculated as provided in paragraph III of the definition of Outperf B and thereafter the Wn shall be assigned in accordance with the rankings set out in the applicable Issue Terms.

Redemption Initial Level means, in respect of a Redemption Underlying:

(A) where the Redemption Initial Level is specified in the applicable Issue Terms to be "Closing Level on Redemption Strike Date", the Underlying Closing Level of such Redemption Underlying on the Redemption Strike Date, as converted by reference to the relevant FX (if any) for the Redemption Strike Date;

(B) where the Redemption Initial Level is specified in the applicable Issue Terms to be "Arithmetic Average Closing Level on Redemption Strike Dates", the arithmetic average of the Underlying Closing Level of such Redemption Underlying on the Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Redemption Strike Date, as determined by the Calculation Agent;

(C) where the Redemption Initial Level is specified in the applicable Issue Terms to be "Lowest Closing Level on Redemption Strike Dates", the lowest (or equal lowest) Underlying Closing Level of such Redemption Underlying on the Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Redemption Strike Date, as determined by the Calculation Agent;

(D) where the Redemption Initial Level is specified in the applicable Issue Terms to be "Lowest Intra-day Level on Redemption Strike Dates", the lowest (or equal lowest) Underlying Level of such Redemption Underlying on the Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Redemption Strike Date, as determined by the Calculation Agent;

(E) where the Redemption Initial Level is specified in the applicable Issue Terms to be "Highest Closing Level on Redemption Strike Dates", the highest (or equal highest) Underlying Closing Level of such Redemption Underlying on the Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Redemption Strike Date, as determined by the Calculation Agent; or

(F) where the Redemption Initial Level is specified in the applicable Issue Terms to be "Highest Intra-day Level on Redemption Strike Dates", the highest (or equal highest) Underlying Level of such Redemption Underlying on the Redemption Strike Dates, as converted first in each case by reference to the relevant FX (if any) for each such Redemption Strike Date, as determined by the Calculation Agent; or

(G) a level specified as such for the Redemption Underlying in the applicable Issue Terms.

Final Reference Level means, subject as provided in sub-paragraph (G) of the definition of Redemption Barrier Event below, in respect of the or each Redemption Underlying, either:

(A) where the Final Reference Level is specified in the applicable Issue Terms to be "Closing Level on Final Valuation Date", the Underlying Closing Level of such Redemption Underlying on the Final Valuation Date, as converted by reference to the relevant FX (if any) for such Final Valuation Date;

(B) where the Final Reference Level is specified in the applicable Issue Terms to be "Arithmetic Average Closing Level on Final Valuation Dates", the arithmetic average of the Underlying Closing Level of such Redemption Underlying on the Final Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Final Valuation Date, as determined by the Calculation Agent;

(C) where the Final Reference Level is specified in the applicable Issue Terms to be "Lowest Closing Level on Final Valuation Dates", the lowest (or equal lowest) Underlying Closing Level of such Redemption Underlying on the Final Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Final Valuation Date, as determined by the Calculation Agent;

(D) where the Final Reference Level is specified in the applicable Issue Terms to be "Lowest Intra-day Level on Final Valuation Dates", the lowest (or equal lowest) Underlying Level of such Redemption Underlying on the Final Valuation Date, as converted first in each case by reference to the relevant FX (if any) for each such Final Valuation Date, as determined by the Calculation Agent;

(E) where the Final Reference Level is specified in the applicable Issue Terms to be "Highest Closing Level on Final Valuation Dates", the highest (or equal highest) Underlying Closing Level of such Redemption Underlying on the Final Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Final Valuation Date, as determined by the Calculation Agent; or

(F) where the Final Reference Level is specified in the applicable Issue Terms to be "Highest Intra-day Level on Final Valuation Dates", the highest (or equal highest) Underlying Level of such Redemption Underlying on the Final Valuation Dates, as converted first in each case by reference to the relevant FX (if any) for each such Final Valuation Date, as determined by the Calculation Agent.

Redemption Strike Level means, in respect of a Redemption Underlying, the Redemption Strike Level specified for such Redemption Underlying in the applicable Issue Terms which may, if so specified in the applicable Issue Terms, be such Redemption Underlying's Redemption Initial Level.

FX means, for the purpose of this Condition 1.1(c), where FX Provisions are specified as applicable in respect of the Underlying Linked Redemption Provisions in the applicable Issue Terms, in respect of (a) a Redemption Underlying and the level or value (as provided on the applicable Electronic Page (as defined in Condition 2 below)) of which is expressed or determined to be in a currency other than the Specified Currency (being, in the case of Dual Currency Notes, the Denomination Currency) (the **Relevant Currency**), either: (i) where Quanto Provisions are specified as applicable in the applicable Issue Terms, the rate specified for such Redemption Underlying in the applicable Issue Terms; or (ii) where Compo FX Provisions are specified as applicable in the applicable Issue Terms, the average of the mid Relevant Currency/Specified Currency exchange rates quoted on the Designated Page at the Designated Time on the or each relevant Valuation Date (or such other page or service that may replace the Designated Page for the purpose of displaying the mid Relevant

Currency/Specified Currency exchange rate or any other page or service as the Calculation Agent may select for this purpose which displays such exchange rate) at such time(s) on the or each relevant Valuation Date as the Calculation Agent shall determine (expressed as the number of units of the Relevant Currency (or part thereof) for which one unit of the Specified Currency can be exchanged) PROVIDED THAT if any such FX cannot be determined as specified above it shall be determined by the Calculation Agent at such time(s) and by reference to such source(s) as it deems appropriate; or (b) otherwise, 1.

Designated Page means, in respect of a Redemption Underlying and the FX for such Underlying, such page as is specified for such Redemption Underlying in the applicable Issue Terms.

Designated Time means, in respect of a Redemption Underlying and the FX for such Redemption Underlying, the time specified as such in the applicable Issue Terms.

(iii) **Definitions relating to the determination of the redemption amount due or assets deliverable on the Maturity Date**

A Redemption Barrier Event will occur if:

(A) where the Redemption Barrier Event is specified in the applicable Issue Terms to be "Redemption Barrier Event European Observation", in the determination of the Calculation Agent, the Underlying Closing Level of the Redemption Barrier Underlying(s) satisfy the relevant Final Barrier Level on the Redemption Barrier Observation Date;

(B) where the Redemption Barrier Event is specified in the applicable Issue Terms to be "Redemption Barrier Event European Performance Observation", in the determination of the Calculation Agent, the Final Performance of the Redemption Barrier Underlying(s) satisfy the relevant Final Barrier Level;

(C) where the Redemption Barrier Event is specified in the applicable Issue Terms to be "Redemption Barrier Event American Observation – Closing Level", in the determination of the Calculation Agent, the Underlying Closing Level of the Redemption Barrier Underlying(s) satisfy the relevant Final Barrier Level on each Redemption Barrier Observation Date;

(D) where the Redemption Barrier Event is specified in the applicable Issue Terms to be "Redemption Barrier Event American Observation – Intra-Day Level", in the determination of the Calculation Agent, the Underlying Level of the Redemption Barrier Underlying(s) satisfy the relevant Final Barrier Level on each Redemption Barrier Observation Date;

(E) where the Redemption Barrier Event is specified in the applicable Issue Terms to be "Redemption Barrier Event American One-Touch Observation – Closing Level", the Underlying Closing Level of the Redemption Barrier Underlying(s) satisfy the relevant Final Barrier Level on any Redemption Barrier Observation Date;

(F) where the Redemption Barrier Event is specified in the applicable Issue Terms to be "Redemption Barrier Event American One-Touch Observation – Intra-Day Level", in the determination of the Calculation Agent, the Underlying Level of the Redemption Barrier Underlying(s) satisfy the relevant Final Barrier Level on any Redemption Barrier Observation Date; or

(G) where the Redemption Barrier Event is specified in the applicable Issue Terms to be "Redemption Barrier Event American Performance Observation", in the determination of the Calculation Agent, the Final Performance of the Redemption Barrier Underlying(s) and each Redemption Barrier Observation Date, satisfy the relevant Final Barrier Level and, as the Final Performance shall be calculated in respect of each Redemption Barrier Observation Date, then:

I reference in the definition of Final Performance to "Final Reference Level" shall be construed to be to the "Underlying Closing Level for the relevant Redemption Underlying for the relevant Redemption Barrier Observation Date converted at the FX on such Redemption Barrier Observation Date;

II reference to the Final Performance shall be construed to be to Final Performance for the relevant Redemption Barrier Observation Date"; and

III the Final Performance Underlying(s) (if any) shall be determined in respect of the relevant Redemption Barrier Observation Date.

As used above, "satisfy" means that the relevant Underlying Closing Level, Final Performance or Underlying Level, as the case may be, are in the case of (i) below in the definition of Final Barrier Level, greater than, greater than (or equal to), less than or less than (or equal to), as applicable, the relevant Final Barrier Level; or in the case of (ii) below in the definition of Final Barrier Level, are not less than the relevant Lower Final Barrier Level nor greater than the relevant Upper Final Barrier Level, all as determined by the Calculation Agent.

Where:

Redemption Barrier Underlying(s) means the Redemption Underlyings specified as such in the applicable Issue Terms.

Final Barrier Level means (i) where a single Final Barrier Level is specified in respect of a Redemption Barrier Underlying or, as the case may be, all of the Redemption Barrier Underlyings, whichever of, greater than, greater than (or equal to), less than or less than (or equal to), the percentage level specified as such in respect of a Redemption Barrier Underlying or, as the case may be, all of the Redemption Barrier Underlyings, in the applicable Issue Terms or (ii) where percentage levels are specified in respect of a Redemption Barrier Underlying or, as the case may be, all of the Redemption Barrier Underlyings, in the applicable Issue Terms one as a Lower Final Barrier Level and one as an Upper Final Barrier Level, that the Final Barrier Level shall mean in respect of a Redemption Barrier Underlying or, as the case may be, all of the Redemption Barrier Underlyings, any level that is greater than (or equal to) such Lower Final Barrier Level and less than (or equal to) such Upper Final Barrier Level.

(iv) **Definitions relating to the determination of the Redemption Amount due, or Entitlement deliverable in relation to Physical Delivery Notes, if a Redemption Barrier Event has occurred**

Entitlement means, in relation to a Physical Delivery Note and where "Weighted Basket Observation" is not specified as applicable in respect of the Final Performance Provisions only, the quantity of the Relevant Asset, which a Noteholder is entitled to receive on the Maturity Date (subject as provided herein) in respect of each Calculation Amount (subject to payment of any Expenses as provided herein and rounded down as provided herein), as determined by the Calculation Agent, including any documents evidencing such Entitlement and, for such purpose, the quantity of the Relevant Asset shall be determined as an amount of the Final Performance Underlying or, if none, the Redemption Underlying (the **Entitlement Underlying**) determined by reference to the Calculation Amount (converted into the Specified Currency where relevant by multiplying the Calculation Amount by the applicable FX for the Final Valuation Date or, where there is more than one Final Valuation Date, the FX shall be the arithmetic mean of the FX for each such Final Valuation Date) divided by the Initial Level of such Entitlement Underlying (and rounded to the number of decimal places specified as the Entitlement Calculation Rounding Convention in the applicable Issue Terms (with halves being rounded up)):

$$\frac{\text{Calculation Amount x FX of Entitlement Underlying}}{\text{Initial Level of Entitlement Underlying}}.$$

Entitlement Ratio means the number of the Relevant Assets comprising the Entitlement.

Equivalent Amount means where the Notes are Physical Delivery Notes and for the purpose of Condition 4 below where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, an amount equal to the product of (i) the Entitlement Ratio and (ii) the Final Reference Level of the Entitlement Underlying (converted into the Specified Currency (being, in the case of Dual Currency Notes, the Denomination Currency) where relevant by multiplying the Calculation Amount by the applicable FX) (the **Entitlement Price**).

Relevant Asset means the Final Performance Underlying or, if none, the Redemption Underlying.

Performance-Linked Redemption Amount means, in respect of each Calculation Amount, either

(A) where the relevant Performance-Linked Redemption Amount is expressed in the applicable Issue Terms to be Put Option and:

I a Final Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and the sum of 100 per cent. and the Final Performance of the Final Performance Underlying(s) (FPU), expressed as a formula:

$$\text{Calculation Amount x } (100\% + \text{Final Performance of FPU}) \text{ ; or}$$

II a Final Participation Rate is specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and the sum of 100 per cent. and the Final Performance of the Final Performance Underlying(s) (FPU) multiplied by the Final Participation Rate (FPR), expressed as a formula:

$$\text{Calculation Amount x } [(100\% + \text{Final Performance of FPU}) \times \text{FPR}]$$

PROVIDED HOWEVER, in the case of each of (B) I and (B) II above, that if (x) a Maximum Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Redemption Amount is subject to such maximum amount (a cap); (y) a Minimum Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Redemption Amount is subject to such minimum amount (a floor); or (z) a Maximum Redemption Amount and a Minimum Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Redemption Amount is subject to such maximum amount and a minimum amount (a collar);

(B) where the relevant Performance-Linked Redemption Amount is expressed in the applicable Issue Terms to be Call Option and:

I a Final Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the sum of the Calculation Amount and the Calculation Amount multiplied by the Final Performance of the Final Performance Underlying(s) (FPU), expressed as a formula:

$$\text{Calculation Amount} + (\text{Calculation Amount} \times \text{Final Performance of FPU}) \text{ ; or}$$

II a Final Participation Rate is specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the sum of the Calculation Amount and the Calculation Amount multiplied by the Final Performance of the Final Performance Underlying(s) (FPU) multiplied by the Final Participation Rate (FPR), expressed as a formula:

$$\text{Calculation Amount} + (\text{Calculation Amount} \times \text{Final Performance of FPU} \times \text{FPR})$$

PROVIDED HOWEVER, in the case of each of (B) I and (B) II above, that if (x) a Maximum Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Redemption Amount is subject to such maximum amount (a cap); (y) a Minimum Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Redemption Amount is subject to such minimum amount (a floor); or (z) a Maximum Redemption Amount and a Minimum Redemption Amount is specified in respect thereof in the applicable Issue Terms, then the Redemption Amount is subject to such maximum amount and a minimum amount (a collar);

(C) where the relevant Performance-Linked Redemption Amount is expressed in the applicable Issue Terms to be Call Spread - Put Spread Option and:

I a Final Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be (x) the Calculation Amount multiplied by (y) the "call spread amount" (being the greater of the Call Floor and the lesser of the Call Cap and the Final Performance of the Final Performance Underlying(s)) less the "put spread amount (being the lesser of the Put Cap and the greater of the Put Floor and the Final Performance of the Final Performance Underlying(s)),expressed as a formula:

$$\text{Calculation Amount} \times \left[\text{Max (CallFloor, Min (CallCap, FinalPerf))} - \text{Min (PutCap, Max (PutFloor,100\% + FinalPerf))} \right]$$

Such amount is therefore subject to a Maximum Redemption Amount and a Minimum Redemption Amount (a collar); or

II a Final Participation Rate Call and a Final Participation Rate Put is specified in the applicable Issue Terms, an amount in the Specified Currency determined to be (x) the Calculation Amount multiplied by (y) the "call spread amount" (being the greater of the Call Floor and the lesser of the Call Cap and the Final Performance of the Final Performance Underlying(s), multiplied by the Final Participation Rate Call (FRR Call)) less the "put spread amount (being the lesser of the Put Cap and the greater of the Put Floor and the Final Performance of the Final Performance Underlying(s), multiplied by the Final Participation Rate Put (FPR Put)), expressed as a formula:

$$\text{Calculation Amount} \times \left[[\text{Max}(\text{CallFloor}, \text{Min}(\text{CallCap}, \text{FinalPerf})) \text{ x } \text{FPR Call}] - [\text{Min}(\text{PutCap}, \text{Max}(\text{PutFloor}, 100\% + \text{FinalPerf})) \times \text{FPR Put}] \right]$$

Such amount is therefore subject to a Maximum Redemption Amount and a Minimum Redemption Amount (a collar); or

(D) where the relevant Performance-Linked Redemption Amount is expressed in the applicable Issue Terms to be Twin Win Option and:

I a Final Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and 100 per cent. of the Absolute Value of the Final Performance of the Final Performance Underlying(s) (FPU), expressed as a formula:

$$\text{Calculation Amount} \times (100\% + \text{Abs}[\text{Final Performance of FPU}])$$; or

II a Final Participation Rate is not specified in the applicable Issue Terms, an amount in the Specified Currency determined to be the product of the Calculation Amount and 100 per cent. of the Absolute Value of the Final Performance of the Final Performance Underlying(s) (FPU) multiplied by the Final Participation Rate (FPR), expressed as a formula:

$$\text{Calculation Amount} \times (100\% + \text{Abs}[\text{Final Performance of FPU} \times \text{FPR}])$$

Such amount is therefore subject to a Minimum Redemption Amount (a floor).

Where:

Absolute Value or **Abs** means the positive percentage value of the percentage without regard to its sign (thus for example the Absolute Value of -19 per cent. would be 19 per cent. and the Absolute Value of 19 per cent. would be 19 per cent.).

Call Cap means the percentage (if any) specified as such in respect of the Performance-Linked Redemption Amount Provisions in the applicable Issue Terms.

Call Floor means the percentage (if any) specified as such in respect of the Performance-Linked Redemption Amount Provisions in the applicable Issue Terms.

Put Cap means the percentage (if any) specified as such in respect of the Performance-Linked Redemption Amount Provisions in the applicable Issue Terms.

Put Floor means the percentage (if any) specified as such in respect of the Performance-Linked Redemption Amount Provisions in the applicable Issue Terms.

Maximum Redemption Amount means the amount (if any) in the specified currency specified as such in the applicable Issue Terms.

Minimum Redemption Amount means the amount (if any) in the specified currency specified as such in the applicable Issue Terms.

Final Participation Rate or **FPR** means the percentage rate (if any) specified as such in the applicable Issue Terms.

Final Participation Rate Call or **FPR Call** means the percentage rate (if any) specified as such in the applicable Issue Terms.

Final Participation Rate Put or **FPR Put** means the percentage rate (if any) specified as such in the applicable Issue Terms.

Min means the lesser of the two terms separated by a comma or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

Max means the greater (or equal greatest) of the two terms separated by a comma or, where such terms are the same amount, that amount, all as determined by the Calculation Agent.

FinalPerf means the Final Performance of the Final Performance Underlying.

1.2 Interest Amount due if the Notes are Fixed Rate Notes, Floating Rate Notes or Inflation Rate Notes that are not Coupon Barrier Notes

If the Notes are Fixed Rate Notes, Floating Rate Notes or Inflation Rate Notes and the Coupon Barrier Notes provisions are not specified to be applicable in the applicable Issue Terms, then the Issuer will pay the relevant Interest Amount on each Interest Payment Date.

1.3 Interest Amount due if the Notes are Coupon Barrier Notes and an Interest Barrier Event occurs

If the Notes are Coupon Barrier Notes and in respect of an Interest Payment Date:

(a) an Interest Barrier Event has not occurred, no amount in respect of interest will be paid on such Interest Payment Date; OR

(b) otherwise, if an Interest Barrier Event has occurred, the relevant Interest Amount will be paid on such Interest Payment Date.

1.4 Non-Contingent Interest Amount in relation to Coupon Barrier Notes

If the Notes are Coupon Barrier Notes and the Non-Contingent Interest Provisions are specified as applicable in the applicable Issue Terms, then the Issuer will pay each Non-Contingent Interest Amount in respect of each Calculation Amount on each Non-Contingent Interest Amount Payment Date. If Non-Contingent Interest Provisions are not specified as applicable in the applicable Issue Terms, then no Non-Contingent Interest Amount shall be due in respect of the Notes.

1.5 Mandatory Early Redemption Amount due on a Mandatory Early Redemption Date if a Mandatory Early Redemption Event has occurred

Where Mandatory Early Redemption Provisions are specified as applicable in the applicable Issue Terms and if, in respect of a Mandatory Early Redemption Date, a Mandatory Early Redemption Barrier Event has occurred, the Issuer shall:

(i) where no Mandatory Early Redemption Upper Barrier Percentage is specified in the applicable Issue Terms, pay the amount specified in the applicable Issue Terms as the "Mandatory Early Redemption Amount due where MER Upper Barrier Percentage is Not Applicable" in respect of each Calculation Amount; OR

(ii) where a Mandatory Early Redemption Upper Barrier Percentage is specified in the applicable Issue Terms and:

(A) a MER Upper Barrier Event has occurred, pay the amount specified in the applicable Issue Terms as the "Upper Mandatory Early Redemption Amount" in respect of each Calculation Amount; OR

(B) a MER Upper Barrier Event has not occurred, pay the amount specified in the applicable Issue Terms as the "Lower Mandatory Early Redemption Amount" in respect of each Calculation Amount.

1.2 Redemption Amount or Entitlement deliverable on the Maturity Date

Where Redemption Barrier Event is:

(a) not specified as applicable in the applicable Issue Terms, the Issuer shall pay the amount specified in the applicable Issue Terms as the Redemption Amount (which, if so specified, shall be determined in accordance with the Underlying Linked Notes Redemption Provisions set out therein) in respect of each Calculation Amount on the Maturity Date; or

(b) specified as applicable in the applicable Issue Terms and:

(i) a Redemption Barrier Event has not occurred, the Issuer shall:

(A) where no Redemption Upper Barrier Percentage is specified in the applicable Issue Terms, pay the amount specified in the applicable Issue Terms as the "Redemption Amount due where no Redemption Barrier Event has occurred" in respect of each Calculation Amount; OR

(B) where a Redemption Upper Barrier Percentage is specified in the applicable Issue Terms and:

I. the Final Performance is equal to or greater than the percentage specified as the Redemption Upper Barrier Percentage, pay the amount specified in the applicable Issue Terms as the "Upper Redemption Amount due where no Redemption Barrier Event has occurred" in respect of each Calculation Amount; OR

II. the Final Performance is less than the percentage specified as the Redemption Upper Barrier Percentage, pay the amount specified in the applicable Issue Terms as the "Lower Redemption Amount due where no Redemption Barrier Event has occurred" in respect of each Calculation Amount;

(ii) a Redemption Barrier Event has occurred, the Issuer shall either:

(A) where the Notes are specified in the applicable Issue Terms to be Physical Delivery Notes if a Redemption Barrier Event has occurred, deliver the Entitlement in respect of each Calculation Amount; OR

(B) where the Notes are specified in the applicable Issue Terms to be Cash Settled Notes, pay the Redemption Amount due where a Redemption Barrier Event has occurred in respect of each Calculation Amount.

2. UNDERLYING VALUATION PROVISIONS

(a) The provisions applicable to valuing each Underlying and to making any adjustment to Valuation Dates or following Adjustment Events are specified in this Condition 2 of the Valuation and Settlement Conditions and in the Underlying Schedule applicable to such Underlying, as completed by the applicable Final Terms or, as the case may be, as amended and supplemented by the applicable Pricing Supplement.

(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), any Specified Valuation Date(s) specified in the applicable Issue 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 the 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 2(d) of the Valuation and Settlement Conditions below or Condition 2(f) of the Valuation and Settlement Conditions below (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), 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 Issue Terms.

If a Specified Valuation Date is not a Scheduled Trading Day for any Underlying, then the 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 2(d) of the Valuation and Settlement Conditions below or Condition 2(f) of the Valuation and Settlement Conditions below (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), 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 Issue 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 2(d) below or Condition 2(f) (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), 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 2(d) below or Condition 2(f) below (as applicable) or, as the case may be, the provisions relating to adjustment to Valuation Dates for Disrupted Days set out in the Underlying Schedules applicable to the relevant Underlying(s), 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), any Specified Valuation Date(s) (if applicable, as adjusted in accordance with the provisions of Condition 2(c) above and/or, as the case may be, the provisions of the Underlying Schedules applicable to the relevant Underlying(s)) 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 Condition 2(d)(iv) below.

If such Specified Valuation Date for such Underlying is a Disrupted Day for such Underlying, then the 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 Issue Terms, subject as provided in Condition 2(d)(iv) below.

If such Specified Valuation Date is a Disrupted Day for any Underlying, then the 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 Issue Terms, subject as provided in Condition 2(d)(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 (the **Cut-off Valuation Date**) for such Underlying prior to the date on which a relevant payment or delivery, as applicable, is scheduled to be made under the Notes, such Valuation Date shall be deemed to be the Cut-off Valuation Date (notwithstanding that such date is a Disrupted Day for such Underlying) and the provisions of Condition 2(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 2(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 2(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 an event giving rise to a Disrupted Day, then 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 or the Notes (as relevant), 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 an "Increased Cost of Hedging" occurs, the Calculation Agent may make such adjustment to the terms of the Notes as it determines necessary or appropriate to pass onto Noteholders the relevant increased cost of hedging, which adjustment may include, but is not limited to, reducing any of the amounts which would otherwise be payable under the Notes or reducing the number of any Relevant Assets which would otherwise be deliverable under the Notes.

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 necessary or appropriate in relation to such substitution.

(h) *Early Redemption Events*

If, in the determination of the Calculation Agent, any Early Redemption Event occurs in respect of an Underlying, then (subject to the provisions of the Underlying Schedule applicable to such Underlying) all (but not some only) of the Notes will or, in the case of a Hedging Disruption Early Termination Event, may 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 Barrier Events*

If "Mandatory Early Redemption Barrier Event" is specified as applicable in the applicable Issue Terms and a Mandatory Early Redemption Barrier Event (as specified in the applicable Issue 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 determined in accordance with Condition 1 above and the applicable Issue Terms on the relevant Mandatory Early Redemption Date.

(j) *Realisation Disruption*

If "Realisation Disruption" is specified as applicable in the applicable Issue Terms and a Realisation Disruption Event occurs, then the Issuer may either (i) direct the Calculation Agent to make such consequential adjustments to any of the terms of the Notes (including any payment or delivery obligations) as it determines appropriate in order to reflect the economic effect of the particular Realisation Disruption Event or (ii) redeem all (but not some only) of the Notes on a day selected by the Issuer, each Calculation Amount being redeemed by payment of an amount equal to the Early Redemption Amount.

Any such adjustments by the Calculation Agent may include (but are not limited to) (I) payments under the Notes being made in the currency (the **Local Currency**) in which the Hedging Positions are denominated or payable rather than the Specified Currency, (II) deduction of an amount equal to the applicable tax, charge or deduction from the relevant payment otherwise due under the relevant Notes or delivery of any Entitlement being subject to payment by the relevant Noteholder of an amount equal to a pro rata portion of any such tax, charge or deduction, (III) non-payment of the relevant payment or non-delivery of the relevant Entitlement otherwise due under the relevant Notes until the relevant restrictions (including but not limited to all exchange and/or conversion and/or cross-border transfer restrictions) are lifted and/or (IV) determination of any relevant exchange rate by the Calculation Agent taking into consideration all available information that it deems relevant and/or (V) (where legally permissible) in lieu of paying any cash amounts in respect of the Notes, procuring physical delivery of any Underlying(s), delivered in such manner as shall be notified to the Noteholders by the Issuer (or vice versa) PROVIDED THAT such Underlying(s) may be subject to transfer restrictions and additional certifications may be required from the Noteholders. Any such adjustments will be effective as of the date determined by the Calculation Agent.

(k) *Correction of published or announced prices or levels*

In the event that any level, price, rate or value (as applicable) of an Underlying for any time on any day which is published or 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 or delivery 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, rate 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.

(l) *Notifications*

The Calculation Agent shall notify the Issuer and each Paying Agent of any determination made by it in accordance with this Condition 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 of the General Conditions. 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.

(m) *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 or the occurrence at any time of a Section 871(m) Event or if Hedging Disruption Early Termination Event is specified as applicable in the applicable Issue Terms, a Hedging Disruption Early Termination Event.

Adjustment Event means, in respect of an Underlying, the occurrence at any time of a Change in Law, a Hedging Disruption, an Increased Cost of Hedging 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 this Condition 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 and (if applicable) any component of such Underlying (however described in the relevant Underlying Schedule), the electronic page or source specified for such Underlying or such component, as the case may be, in the applicable Issue 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 PROVIDED THAT if, in the case of (i) and (ii), the Calculation Agent determines that it is not necessary or appropriate for the Electronic Page to be any such successor electronic page or source or information vendor or provider, then the Electronic Page may be either the originally designated electronic page or source or such other electronic page or source as selected by the Calculation Agent. Where more than one Electronic Page is specified in respect of an Underlying and/or (if applicable) any component of such Underlying (however described in the relevant Underlying Schedule), then the provisions of the preceding sentence shall be construed accordingly and (i) if there is any discrepancy between any relevant price or level displayed on the relevant Electronic Pages for any Valuation Date, the relevant price or level selected by the Calculation Agent shall be used for such Valuation Date; and (ii) if any relevant price or level is not published on all of such Electronic Pages but is published on one or more of such Electronic Pages, the Calculation Agent shall use such published price or level for the purpose of determining any calculation or determination in respect of the Notes and no Disrupted Day shall be deemed to have occurred in respect of the failure to publish on the other Electronic Page(s).

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).

Hedging Disruption Early Termination Event means any action, or any announcement of the intention to take any such action, including adoption of any law, regulation or order or the amendment, elimination, reinterpretation or promulgation of an interpretation, by any regulatory, self-regulatory, legislative or judicial authority with competent jurisdiction (including, without limitation, as implemented by the United States Commodity Futures Trading Commission (**CFTC**) or any exchange or trading facility acting pursuant to CFTC authority) that (i) affects the definition of "bona fide hedging" as that term is used in CFTC regulations adopted under Section 4a(a) of the United States Commodity Exchange Act, as amended (the **Commodity Exchange Act**) (as at the Trade Date 17 CFR 150.3) or that withdraws or limits as a matter of practice or policy any "hedge exemptions" previously granted by the CFTC or any such exchange or trading facility acting under authority granted pursuant to the Commodity Exchange Act, or affects or otherwise amends such other applicable laws of any jurisdiction which has an analogous effect to any of the events specified in this sub-paragraph (i) or (ii) increases the cost of the performance of the Issuer's obligations in respect of the Notes or the cost of acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing 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, whether individually or on a portfolio basis, in each case occurring after the Trade Date and as determined by the Calculation Agent.

Hedging Party means any party which enters into any arrangement which hedges or is intended to hedge, individually or on a portfolio (or "book") basis, the Notes, which party may be the Issuer and/or any of its Affiliates and/or any other party or parties, as determined by the Calculation Agent.

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 order to hedge, individually or on a portfolio (or "book") basis, the Notes.

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 (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). 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.

Realisation Disruption Event means the Calculation Agent determines that:

(i) either any restrictions or any taxes, charges or other deductions have been imposed by any applicable governmental, taxation, judicial or regulatory body on any dealing by any Hedging Party in any Hedging Positions held by any Hedging Party such that:

(a) any Hedging Party is or would be materially restricted from continuing to purchase, sell or otherwise deal in any Hedging Positions (or to enter into, continue or otherwise complete such transactions) and/or is or would be materially restricted from exercising its rights, or performing its obligations in respect of any Hedging Positions;

(b) the Issuer is materially restricted from performing its obligations under the Notes and/or any Hedging Party is materially restricted from performing its obligations under any Hedging Positions; or

(c) the Issuer will (or is likely to) incur a materially increased cost in performing its obligations under the Notes and/or any Hedging Party will (or is likely to) incur a materially increased cost in performing its obligations under any Hedging Positions; or

(ii) an event has occurred or circumstances exist (including without limitation either any restrictions or any charges or deductions imposed by any applicable governmental, judicial or regulatory body):

(a) that materially restricts the ability of any Hedging Party to (i) exchange or convert the Local Currency for any Specified Currency or any Specified Currency for the Local Currency through the customary legal channels and/or (ii) deliver any Specified Currency or the Local Currency and/or (iii) transfer the proceeds of the Hedging Positions (or any transaction relating to a Hedging Position) (A) between, accounts in the jurisdiction of the Local Currency (the **Local Jurisdiction**) and any accounts in the jurisdiction of any Specified Currency or (B) to or from a party that is a non-resident of the Local Jurisdiction and/or to a party that is a resident of the jurisdiction of any Specified Currency; and/or

(b) such that any Hedging Party is or would be materially restricted from transferring amounts payable under any Hedging Position or in respect of the Notes between (i) the Local Jurisdiction and the jurisdiction of a Hedging Party and/or (ii) the jurisdiction of any Specified Currency and the jurisdiction of a Hedging Party; and/or

(c) such that the Calculation Agent's ability to determine a rate at which the Local Currency can be exchanged for any Specified Currency (or vice versa), for any reason becomes restricted, or such determination is otherwise impracticable or such rate is subject to material charges or deductions.

The above provisions refer to "materially restricted", "materially increased" and "material" and any determination in respect of "materially" or "material" in respect of any such provision shall be made by the Calculation Agent which shall have regard to such circumstances as it deems appropriate.

Section 871(m) Event means that the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or, in each case, any Hedging Party is (or, in the determination of the Calculation Agent, there is a reasonable likelihood that, within the next 30 Business Days, the Issuer and/or where the Issuer is CGMFL, the CGMFL Guarantor and/or, in each case, any Hedging Party will become) subject to any withholding or reporting obligations pursuant to Section 871(m) of the Code with respect to the Notes and/or where the Issuer is CGMFL, the CGMFL Deed of Guarantee, and/or, in each case, any Hedging Positions.

Specified Valuation Date means each date deemed pursuant to the Conditions to be a Specified Valuation Date or as specified as such in the applicable Issue Terms.

Trade Date means the date specified as such in the applicable Issue Terms or, if none is so specified, the Issue Date.

Underlying means each underlying reference factor specified as such and classified in the applicable Issue 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 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 Issue Terms.

Valuation Date means each Specified Valuation Date, as adjusted in accordance with Condition 2(c), Condition 2(d), Condition 2(f) above and/or, as applicable, the relevant Underlying Schedule.

Valuation Roll means the number specified as such in the applicable Issue 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.

3. FIXED RATE AND FLOATING RATE INTEREST AMOUNTS

3.1 Interest on Fixed Rate Notes

(a) If the Notes are expressed to be Fixed Rate Notes in the applicable Issue Terms and Accrual is specified as "Not Applicable" in the Issue Terms, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, then the Issuer will pay the Interest Amount specified for the relevant Interest Payment Date in the Specified Currency. For which purpose, the **Interest Amount** will be the amount specified in the applicable Issue Terms or, where more than one amount is so specified, the amount specified in respect of the relevant Interest Payment Date.

(b) If the Notes are expressed to be Fixed Rate Notes in the applicable Issue Terms and Accrual is specified to be "Applicable" in the Issue Terms, then each such 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.

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 Issue Terms, amount to the **Broken Amount** so specified.

Except where an applicable Interest Amount or Broken Amount is specified in the applicable Issue Terms in respect of an Interest Payment Date and the related Interest Period, interest shall be calculated in respect of any period by applying the relevant Interest Rate to:

(i) in the case of Fixed Rate Notes which are represented by a Global Note or Global Registered Note Certificate, the aggregate outstanding principal amount of the Fixed Rate Notes represented by such Global Note or Global Registered Note Certificate; 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.

3.2 Interest on Floating Rate Notes

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and, where interest is due in accordance with this Valuation and Settlement Schedule and the applicable Issue Terms, such interest will be payable in arrear on the Interest Payment Date(s) in each year specified in the applicable Issue Terms.

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 Issue 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 Issue Terms) the Margin (if any), and multiplied by the relevant Interest Participation Rate (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), no offered quotation appears or, in the case of (2), fewer than three offered quotations appear, in each case as at the Specified Time or by 10.30a.m. Sydney time in the case of BBSW, 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 Interest Rate for the Interest Period shall be the arithmetic mean of the offered quotations plus or minus (as appropriate) the Margin (if any), and multiplied by the Interest Participation Rate (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 Specified 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), the Euro-zone interbank market (if the Reference Rate is EURIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR), the Oslo inter-bank market (if the Reference Rate is NIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Tokyo inter-bank market (if the Reference Rate is TIBOR), the Hong Kong inter-bank market (if the Reference Rate is HIBOR), the Sydney inter-bank market (if the Reference Rate is BBSW) or the New Zealand inter-bank market (if the Reference Rate is BKBM) in each case, plus or minus (as appropriate) the Margin (if any) and multiplied by the Interest Participation Rate (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 Specified 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 Specified 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), the Euro-zone interbank market (if the Reference Rate is EURIBOR), the Stockholm inter-bank market (if the Reference Rate is STIBOR), the Oslo inter-bank market (if the Reference Rate is NIBOR), the Copenhagen inter-bank market (if the Reference Rate is CIBOR), the Tokyo inter-bank market (if the Reference Rate is TIBOR), the Hong Kong inter-bank market (if the Reference Rate is HIBOR), the Sydney inter-bank market (if the Reference Rate is BBSW) or the New Zealand inter-bank market (if the Reference Rate is BKBM) in each case, plus or minus (as appropriate) the Margin (if any) and multiplied by the Interest Participation Rate (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 and/or Interest Participation Rate is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Interest Participation Rate, as the case may be, relating to the relevant Interest Period in place of the Margin or Interest Participation Rate, as the case may be, 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 Issue Terms as being other than LIBOR, EURIBOR, STIBOR, NIBOR, CIBOR, TIBOR, HIBOR, BBSW or BKBM, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Issue Terms.

The Calculation Agent shall not be responsible to the Issuer or the CGMFL 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 Issue 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 Issue Terms) the Margin (if any) and multiplied by the Interest Participation Rate (if any). For the purposes of this subparagraph, **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 Issue Terms;

(2) the Designated Maturity is a period specified in the applicable Issue Terms; and

(3) the relevant Reset Date is as specified in the applicable Issue Terms.

For the purposes of this subparagraph, Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

(C) *Maximum/Minimum Interest Rates*

If any Maximum Interest Rate or Minimum Interest Rate is specified in the applicable Issue Terms, then any Interest Rate shall be subject to such maximum or minimum, as the case may be, and where more than one Maximum Interest Rate and/or Minimum Interest Rate is so specified, the maximum or minimum, as the case may be, shall be that which is specified in respect of the relevant Interest Payment Date in the applicable Issue Terms.

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

(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 relevant Interest Rate to:

(1) in the case of Floating Rate Notes which are represented by a Global Note or Global Registered Note Certificate, the aggregate outstanding principal amount of the Notes represented by such Global Note or Global Registered Note Certificate; 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 of the General Conditions, the interest (if any) 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 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 of the General Conditions 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.

(G) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Issue Terms, the Interest Rate for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Issue Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Issue Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period PROVIDED HOWEVER THAT if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the

Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

3.3 Definitions

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 Issue Terms in respect of Fixed Rate Notes:

(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 Issue 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:

I 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

II 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 Issue 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 Issue Terms, the actual number of days in the Calculation Period divided by 365;

(iv) if **Actual/365 (Sterling)** is specified in the applicable Issue 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 Issue Terms, the actual number of days in the Calculation Period divided by 360;

(vi) **if 30/360** is specified in the applicable Issue 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 Issue 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:

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

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 such number is 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 such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

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 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 such number would be 31, in which case D_2 will be 30;

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

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

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) **1/1** is specified in the applicable Issue Terms, 1

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).

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 Issue Terms.

Interest Determination Date means the date specified as such in the Issue Terms or if none is so specified:

(i) if the Reference Rate is LIBOR (other than Sterling or Euro LIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period;

(ii) if the Reference Rate is Sterling LIBOR, the first day of each Interest Period;

(iii) if the Reference Rate is Euro LIBOR or EURIBOR, the second TARGET Business Day prior to the start of each Interest Period;

(iv) if the Reference Rate is the Stockholm interbank offered rate (STIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Stockholm prior to the start of each Interest Period;

(v) if the Reference Rate is the Norwegian interbank offered rate (NIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Oslo prior to the start of each Interest Period;

(vi) if the Reference Rate is the Copenhagen interbank offered rate (CIBOR), the first day of each Interest Period;

(vii) if the Reference Rate is the Tokyo interbank offered rate (TIBOR), the second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in Tokyo prior to the start of each Interest Period;

(viii) if the Reference Rate is the Hong Kong interbank offered rate (HIBOR), the first day of each Interest Period;

(ix) if the Reference Rate is the Australian Bank Bill Swap Rate (BBSW), the first day of each Interest Period; or

(x) if the Reference Rate is the New Zealand Bank Bill reference rate (BKBM), the first day of each Interest Period.

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 Issue Terms or, if none is so specified, each Interest Payment Date.

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 specified in the applicable Issue Terms, and where more than one rate is so specified, the rate shall be that which is specified in respect of the relevant Interest Payment Date in the applicable Issue Terms.

Page means such display page as may be specified in the applicable Issue 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 (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; (iii) in the case of a determination of BBSW, the financial institutions authorised to quote on the Reuters Screen BBSW Page; (iv) in the case of a determination of BKBM, four major banks in the New Zealand money market and (v) in the case of a determination of a Reference Rate other than LIBOR, EURIBOR, BBSW or BKBM, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Calculation Agent or as specified in the applicable Issue Terms.

Reference Rate means: (i) LIBOR, (ii) EURIBOR, (iii) STIBOR, (iv) NIBOR, (v) CIBOR, (vi) TIBOR, (vii) HIBOR, (viii) BBSW or (ix) BKBM, in each case for the relevant period, as specified in the applicable Issue Terms.

Relevant Financial Centre means: (i) London, in the case of a determination of LIBOR, (ii) Brussels, in the case of a determination of EURIBOR, (iii) Stockholm, in the case of a determination of STIBOR, (iv) Oslo, in the case of a determination of NIBOR, (v) Copenhagen, in the case of a determination of CIBOR, (vi) Tokyo, in the case of a determination of TIBOR, (vii) Hong Kong, in the case of a determination of HIBOR, (viii) Sydney, in the case of a determination of BBSW and

(ix) Wellington, in the case of a determination of BKBM or such other centre as specified in the applicable Issue Terms.

Specified Time means: (i) in the case of LIBOR, 11.00 a.m., (ii) in the case of EURIBOR, 11.00 a.m., (iii) in the case of STIBOR, 11.00 a.m., (iv) in the case of NIBOR, 12.00 noon, (v) in the case of CIBOR, 11.00 a.m., (vi) in the case of TIBOR, 11.00 a.m., (vii) in the case of HIBOR, 11.00 a.m., (viii) in the case of BBSW, 10.00 a.m. or (ix) in the case of BKBM, 11.00 a.m., in each case in the Relevant Financial Centre, or such other time as specified in the applicable Issue Terms.

4. PHYSICAL DELIVERY NOTES

(a) This Condition will apply where the applicable Issue Terms specifies that the Notes are Physical Delivery Notes. If the applicable Issue Terms does not specify that the Notes are Physical Delivery Notes, then all references to the Entitlement in the General Conditions shall be disregarded. Where the Notes are Physical Delivery Notes and the Entitlement becomes deliverable pursuant to the Conditions:

(i) Where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms, the Issuer shall, subject to the relevant Noteholder duly submitting an Asset Transfer Notice in accordance with the provisions hereof, deliver the Entitlement in respect of each Calculation Amount through the Relevant Clearing System in accordance with the provisions hereof to the relevant Noteholder on the Maturity Date (or, if such date is not a Settlement Business Day, the immediately succeeding Settlement Business Day), subject as provided herein; or

(ii) Where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Issuer shall pay the Equivalent Amounts to the Intermediary and, subject to the relevant Noteholder duly submitting an Asset Transfer Notice in accordance with the provisions hereof, the Issuer shall procure that the Intermediary (acting as principal) shall purchase the Entitlement Ratio at the Entitlement Price and shall deliver the Entitlement in respect of each Calculation Amount through the Relevant Clearing System in accordance with the provisions hereof to the relevant Noteholder on the Maturity Date (or, if such date is not a Settlement Business Day, the immediately succeeding Settlement Business Day), subject as provided herein. **Payment by the Issuer of the Equivalent Amounts to the Intermediary and procuring delivery of the Entitlement by the Intermediary shall fully discharge the Issuer's obligations in respect of the Notes. Whenever pursuant to the Conditions, the Intermediary is expressed to be making delivery to a holder, such holder will be deemed to have instructed the Intermediary as its agent to purchase the Relevant Assets comprising the Entitlement and make such delivery to it.**

WHERE THE NOTES ARE NOTES, THIS CONDITION ONLY APPLIES TO NOTES REPRESENTED BY A GLOBAL NOTE OR GLOBAL REGISTERED NOTE CERTIFICATE HELD ON BEHALF OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG OR DTC. 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 OF THE GENERAL CONDITIONS.

(i) Asset Transfer Notices

In order to obtain delivery of the Entitlement(s) in respect of any Note, the relevant holder must deliver a duly completed asset transfer notice (an **Asset Transfer Notice**) in the form set out in the Fiscal Agency Agreement (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, to Euroclear or Clearstream, Luxembourg, as the case may be, with a copy to the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary, or (y) in respect of Notes cleared through DTC, to the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary, not later than 10.00 a.m. (local time) on the date (the **Cut-off Date**) falling three Business Days prior to the Maturity Date (as defined below), in accordance with the provisions set out in this Condition. An Asset Transfer Notice may only be delivered to a Relevant Clearing System in such manner as is acceptable to such Relevant Clearing System, which (in the case of Euroclear and Clearstream, Luxembourg) is expected to be by authenticated SWIFT message.

In order to receive the Entitlement on the Maturity Date (subject as provided in the Conditions), Noteholders should complete and deliver an Asset Transfer Notice in accordance with the Conditions in any event as it may not be known prior to the Cut-off Date whether the Notes will be cash settled or the Issuer or, as the case may be, the Intermediary will deliver the Entitlement.

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

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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) may obtain details for the delivery of the Entitlement if delivery is to be made otherwise than in the manner specified in this Valuation and Settlement Schedule;

(B) specify the Series number of the Notes and the principal amount of the Notes which are the subject of such notice;

(C) specify the number of the Noteholder's securities account at the Relevant Clearing System, as the case may be, to be debited with such Notes;

(D) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, 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 herein and either (1) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, an authority to the relevant clearing system to debit a specified account of the Noteholder with the applicable relevant clearing system in respect thereof and to pay such Expenses or (2) in respect of Notes cleared through any Relevant Clearing System, an authority to the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 Relevant Asset(s) 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 below, and a confirmation that delivery of any Entitlement is subject as provided below;

(F) include details of the Noteholder's securities account of the Relevant Clearing System to be credited with the Entitlement] 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary, (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms), 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) electing to pay the Failure to Deliver Redemption Amount or (5) as a result of the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) electing to pay the Alternate Cash Redemption Amount;

(G) certify either (i) in respect of Notes represented by a Global Note or a Regulation S Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice 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 or (ii) in respect of Notes represented by a Rule 144A Global Registered Note Certificate, that the beneficial owner of each Note the subject of the relevant Asset Transfer Notice is a QIB; and

(H) authorise the production of such certification in any applicable administrative or legal proceedings,

all as provided in the Fiscal Agency Agreement.

In respect of Notes cleared through DTC, in addition to the submission of an Asset Transfer Notice as provided above, each Noteholder (i) may irrevocably instruct DTC to debit a specified account of the Noteholder with DTC in respect of any Expenses and (ii) shall irrevocably instruct DTC to debit the relevant Noteholder's securities account with the relevant Notes on or before the Maturity Date, in each case, in accordance with applicable DTC practice.

As used above:

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).

Intermediary means the entity (if any) specified as such in the applicable Issue Terms or, if no such entity is so specified and Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Calculation Agent.

(ii) Verification of the Holder and process to be followed by the Fiscal Agent on receipt of an Asset Transfer Notice

Upon receipt of an Asset Transfer Notice, (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the relevant clearing system or (y) in respect of Notes cleared through DTC, the Fiscal Agent shall verify that the person specified therein as the accountholder is the holder of the Notes described therein according to its records. Subject thereto, in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, 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 or, in respect of Notes cleared through DTC, upon receipt of an Asset Transfer Notice, the Fiscal Agent will inform the Issuer and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary thereof. Euroclear or Clearstream, Luxembourg or DTC, as the case may be, 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 (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, by the relevant clearing system in consultation with the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary or (y) in respect of Notes cleared through DTC, by the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary, and shall be conclusive and binding on the Issuer, the Fiscal Agent, the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) and the relevant Noteholder. Subject as set out below, any Asset Transfer Notice so determined to be incomplete or not in proper form, or, in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, which is not copied to the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary immediately after being delivered or sent to the relevant clearing system, as provided in Condition 6(i)(i) above, shall be null and void.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, the relevant clearing system in consultation with the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary or (y) in respect of Notes cleared through DTC, the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, to the relevant clearing system and the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary or (y) in respect of Notes cleared through DTC, to the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary.

The Fiscal Agent or, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary shall use reasonable endeavours promptly to notify the (x) 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 CGMFL Guarantor, the Paying Agents, the Agents, the Calculation Agent, the Intermediary (where

Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 (where applicable) or the Fiscal Agent or the Intermediary, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

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 (x) in respect of Notes cleared through Euroclear or Clearstream, Luxembourg, to the relevant clearing system with a copy to the Fiscal Agent and where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary; (y) in respect of Notes cleared through DTC, to the Fiscal Agent and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary, as provided above on or prior to the Cut-off Date.

If a Noteholder fails to give an Asset Transfer Notice, as provided herein 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 or the Intermediary (if any).

If a Noteholder fails to give an Asset Transfer Notice as provided herein on or prior to the date falling 180 days after the Cut-off Date, then the Issuer's and any Intermediary'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 Intermediary (if any) shall have no further liability in respect thereof.

The Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) by the relevant Noteholder. Any such Expenses shall either be:

(A) paid to the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) by such Noteholder prior to the delivery of the Entitlement; or

(B) deducted by the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) from any cash amount owing to such Noteholder and paid by the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) on behalf of the Noteholder or paid by the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) on behalf of such Noteholder by converting such amount of the Relevant Assets due to be delivered 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) to convert and the Issuer or the Intermediary, as applicable, may convert such amount of the Relevant Assets due to be delivered into cash sufficient to cover the Expenses in respect of the relevant Note from which the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) shall deduct such Expenses. The Issuer's and, where Settlement via Intermediary is specified as applicable in the applicable Issue Terms, the Intermediary's obligations 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

Subject as provided below, 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. If the applicable Issue Terms specifies that Aggregation of Entitlements does not apply, the Entitlement in respect of each Calculation Amount will be rounded down to the nearest whole multiple of the Tradeable Amount (as specified in the applicable Issue Terms) 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 Issue Terms. If "Cash Adjustment" is specified as applicable in the applicable Issue Terms, the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 by reference to the Final Reference Level of the Entitlement Underlying (converted into the Specified Currency (being, in the case of Dual Currency Notes, the Denomination Currency) where relevant by multiplying the Calculation Amount by the applicable FX).

Following the Delivery Date in respect of a Note where the Entitlement(s) includes securities, all dividends and/or other distributions on the relevant securities to be delivered will be payable to the party that would receive such dividend or distribution according to market practice for a sale of the relevant securities executed on the Delivery Date and to be delivered in the same manner as such relevant securities. Any such dividends or distributions 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 above.

If any Entitlement is delivered later than the date on which delivery would otherwise have taken place as provided herein, the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) or any person acting on behalf such relevant entity shall continue to be the legal owner of the assets comprising the Entitlement (the **Intervening Period**). None of the Issuer, the CGMFL Guarantor, any Intermediary or 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 or the CGMFL Guarantor, any Intermediary, the Calculation Agent, the Paying Agents and the Agents shall under any circumstances be liable for any acts or defaults of any Relevant Clearing System 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 this Valuation and Settlement Schedule 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) may elect to deliver 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 (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 (where

Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) may elect, in lieu of delivering the Entitlement to pay to the relevant Noteholder 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 of the General Conditions. The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the General Conditions 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 or any Intermediary.

For the purposes hereof:

Disruption Cash Redemption Amount, in respect of any relevant Note, means the fair market value of such Note on a day selected by the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) (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 of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent;

Settlement Business Day, in respect of each Note, means a day which is a Business Day and a day on which the Relevant Clearing System is open; and

Settlement Disruption Event means, in the opinion of the Calculation Agent, an event beyond the control of the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) as a result of which the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) cannot make delivery of the Relevant Asset(s) using the Delivery Method specified in this Valuation and Settlement Schedule.

(vi) Failure to Deliver due to Illiquidity

If "Failure to Deliver due to Illiquidity" is specified as applicable in the applicable Issue 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; and

(B) in respect of any Affected Relevant Assets, *in lieu* of physical settlement and notwithstanding any other provision hereof, the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) may elect, *in lieu* of delivering the Affected Relevant Assets, to pay to the relevant Noteholder 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 of the General Conditions. 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 of the General Conditions. The Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 of the General Conditions that the provisions of this Valuation and Settlement Condition 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 Calculation Agent, less the cost of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent (acting in its sole and absolute discretion).

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

The Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) 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 securities which are not freely tradeable and deliverable, elect either (i) to substitute for the Entitlement (or part thereof), an equivalent value (as determined by the Calculation Agent) of such other securities which the Calculation Agent determines are freely tradeable (each a **Substitute Asset**) or (ii) not to deliver the Entitlement or any Substitute Asset, as the case may be, to the relevant Noteholders, but in lieu thereof to make payment to each 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 of the General Conditions.

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

(c) *Rights of Noteholders*

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.

(d) *Issuer or Intermediary Option to Vary Settlement in respect of Physical Delivery Notes*

In respect of Physical Delivery Notes, the Issuer (where Settlement via Intermediary is not specified as applicable in the applicable Issue Terms) or the Intermediary (where Settlement via Intermediary is specified as applicable in the applicable Issue Terms) may, elect not to deliver or procure delivery of the Entitlement to the relevant Noteholders but in lieu thereof to make payment on the Maturity

Date to the relevant Noteholders of an amount in respect of each Calculation Amount equal to the fair market value of the Entitlement as determined by the Calculation Agent at such time and by reference to such sources as it considers appropriate. Notification of such election will be given to Noteholders in accordance with the Condition 13 of the General Conditions.

5. DUAL CURRENCY NOTE PROVISIONS

Where the Notes are Dual Currency Notes, then in order to determine amounts payable or assets deliverable in respect of the Notes, the Calculation Agent shall:

(a) in respect of any payments in respect of the Notes, convert the relevant payment amount (as otherwise determined in accordance with the provisions of the General Conditions, this Valuation and Settlement Schedule and/or the applicable Issue Terms) from the Denomination Currency into the Relevant Currency by multiplying such amount by the Dual Currency Exchange Rate for the Valuation Date or, if more than one, the last occurring Valuation Date, relating to the date on which such payment is to be made; or

(b) in order to determine any cash amounts due in respect of Physical Delivery Notes, convert any such cash amounts due from the Denomination Currency into the Relevant Currency by multiplying such amount by the Dual Currency Exchange Rate for the Valuation Date relating to the date on which such delivery is to be made.

Where:

Denomination Currency means the currency of the Specified Denomination and the Calculation Amount, as specified in the applicable Issue Terms.

Dual Currency Exchange Rate means any Underlying which is an FX Rate and as is designated as the Dual Currency Exchange Rate for the relevant payment and/or delivery in the applicable Issue Terms.

Relevant Currency means the currency in respect of payments and/or deliveries, as specified in the applicable Issue Terms.

SECTION F.3 – PRO FORMA FINAL TERMS

Final Terms dated [●]

[Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.][1]
Issue of [*Specify Aggregate Principal Amount of Tranche*/*(specify aggregate number of Units of Tranche)*
Units of *(specify principal amount of each Unit)*] [*Title of Notes*]
[Guaranteed by Citigroup Global Markets Limited][2]
Under the U.S.$30,000,000,000 Global Medium Term Note Programme

[Any person making or intending to make an offer of the Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive may only do so[:

(a) in those Public Offer Jurisdictions mentioned in item 11 of Part B below, provided such person is one of the persons mentioned in item 11 of Part B below and that such offer is made during the Offer Period specified for such purpose therein; or

(b) or otherwise][5] 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 CGMFL Guarantor][2] and any Dealer has authorised, nor do any of them authorise, the making of any offer of Notes in any other circumstances.][3]

The expression **Prospectus Directive** means Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in the Relevant Member State).

The Notes [and the CGMFL Deed of Guarantee] [2] have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities law. [The Notes [and the CGMFL Deed of Guarantee][2] are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it is outside the United States and is not a U.S. person and will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof.][4] [The Notes are being offered and sold solely to "qualified institutional buyers" (**QIBs**) in reliance on the exemption from registration under the Securities Act provided by Rule 144A thereunder (**Rule 144A**). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it and each account for which it is purchasing (or holding) Notes is a QIB and that it will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time to any person other than (a) the Issuer or any affiliate thereof or (b) a person it reasonably believes to be a QIB purchasing the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction.]][5] The Notes [and the CGMFL Deed of Guarantee] [and any Entitlements][6] do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as

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1 Delete as applicable.
2 Delete where the Issuer is Citigroup Inc.
3 Consider including this legend where a non-exempt offer of Notes is anticipated.
4 Include for Notes offered on reliance on Regulation S.
5 Include for Notes offered in reliance on Rule 144A.
6 Include for Physical Delivery Notes.

amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. For a description of certain restrictions on offers and sales of Notes, see "*General Information relating to the Programme and the Notes - Subscription and sale and transfer and selling restrictions*" in the Base Prospectus.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

PART A – CONTRACTUAL TERMS

The Notes are English Law Notes[that are also [Swedish Notes [(and therefore the Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden)]] [and] [Finnish Notes [(and therefore the Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list)].[1]

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*" the Valuation and Settlement Schedule 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.

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 CGMFL Guarantor][2] 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 offices of the Paying Agents and on the web-site of the Central Bank of Ireland (www.centralbank.ie). [In addition, this Final Terms is available [on the web-site of the Central Bank of Ireland (www.centralbank.ie) 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 Irish Stock Exchange but are publicly offered*][1].

[*Use this paragraph if the Base Prospectus has not been supplemented*: For the purposes hereof, **Base Prospectus** means the [Citigroup Inc./CGMFL] Underlying Linked Notes 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 [Citigroup Inc./CGMFL] Underlying Linked Notes Base Prospectus relating to the Programme dated [●], as supplemented by a Supplement (No.[●]) dated [●] ([the] **Supplement** [**No.[●]**]) [and a 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]].

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 Current Base Prospectus [and the Supplement[s] thereto, 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] thereto] and are incorporated by reference into the Current Base Prospectus. Full information on the Issuer[, the CGMFL Guarantor][2] 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] thereto] and the Current Base Prospectus [and the Supplement[s] thereto].

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 offices of the Paying Agents and on the web-site of the Central Bank of Ireland (www.centralbank.ie). [In addition, this [Final Terms is available [on the web-site of the Central Bank of Ireland (www.centralbank.ie) 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 Irish 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 [Citigroup Inc./CGMFL] Underlying Linked Notes 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 [Citigroup Inc./CGMFL] Underlying Linked Notes Base Prospectus relating to the Programme dated [●], as supplemented by a Supplement (No.[●]) dated [●] ([the] **Supplement** [**to the Base Prospectus**] [**No.[●]**]) [and a 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 [Citigroup Inc./CGMFL] Underlying Linked Notes 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 [Citigroup Inc./CGMFL] Underlying Linked Notes Base Prospectus relating to the Programme dated [●], as supplemented by a Supplement (No.[●]) dated [●] ([the] **Supplement** [**to the Current Base Prospectus**] [**No.[●]**]) [and a 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/Pricing Supplement.*]

[*When completing any final terms 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 Inc./Citigroup Global Markets Funding Luxembourg S.C.A.][1]
	(ii)	Guarantor:	[Citigroup Global Markets Limited/Not Applicable] *(N.B. Only Notes issued by Citigroup Global Markets Funding Luxembourg S.C.A are guaranteed by Citigroup*

Global Markets Limited)

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*)]
	(iii)	Date on which the Notes will be consolidated and form a single Series:	[Not Applicable] [The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [●]/[the Issue Date]]
3.	Specified Currency or Currencies:		[●]/[The Notes are Dual Currency Notes. **Specified Currency** means: (i) in respect of the Specified Denomination and the Calculation Amount (the **Denomination Currency**): [●] (ii) in respect of payments and/or deliveries (the **Relevant Currency**): [●]]
4.	Aggregate Principal Amount:		
	(i)	Series:	[●][Units (each Unit being [●] in principal amount of the Notes)] [per cent. of the Aggregate Principal Amount converted into the Relevant Currency at the Initial FX Rate, being [*specify in Relevant Currency*] in respect of the Aggregate Principal Amount. **Initial FX Rate** means [●]]
	(ii)	Tranche:	[●][Units (each Unit being [●] in principal amount of the Notes)] [The Notes are issued in Units. Accordingly, references herein to Units shall be deemed to be references to [●] in principal amount of the Notes and all references in the Conditions to payments and/or deliveries being made in respect of a Calculation Amount shall be construed to such payments and/or deliveries being made in respect of a Unit]
5.	Issue Price:		[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*]](*insert for fungible issues, if applicable*)
6.	(i)	Specified Denominations:	[●][Unit] (*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*) (*The minimum Specified Denomination/principal amount represented by a Unit is EUR1,000*) (*In respect of Swedish Notes and Finnish Notes, there shall be one denomination only.*)

	(ii)	Calculation Amount:	[●][Unit] (*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:	[[●]/Issue Date/Not Applicable]
8.	Maturity Date:		[●][, subject to adjustment in accordance with the [Modified][Preceding][Following] Business Day Convention][Interest Payment Date falling on or nearest to [●]][●] *where EMTA provisions are applicable in respect of any FX Rate:* or, if later, the Number of Settlement Business Days following the [last occurring] Final Valuation Date]
9.	Type of Notes:		[Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes] [Coupon Barrier Notes [that are also [Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes//Interim Performance Interest Notes] [and Range Accrual Notes/Multi-Chance Notes/Lookback Notes]] [The Notes do not bear or pay any interest] [Mandatory Early Redemption Provisions are applicable as specified in item 14[(iii)] below] The Redemption Amount of the Notes is determined in accordance with item 14(iv) [and, as the Underlying Linked Notes Redemption Provisions are applicable, item 14(v)] below] The Notes are Cash Settled Notes [and/or may be Physical Delivery Notes] [The Notes are Dual Currency Notes] [Certificates: Applicable *(if Applicable, replace references in the Final Terms to Note(s) with Certificates)*]
10.	Put/Call Options:		[Issuer Call as specified in item 14(i) below] [Investor Put as specified in item 14(ii) below] [Not Applicable]
11.	(i)	Status of the Notes:	Senior
	(ii)	Status of the CGMFL Deed of Guarantee:	[Senior][Not Applicable] (*Not applicable for Notes issued by Citigroup Inc.*)

PROVISIONS RELATING TO UNDERLYING LINKED NOTES

12. **Underlying Linked Notes Provisions:** Applicable – the provisions in the Valuation and Settlement Schedule apply (subject as provided in any relevant Underlying Schedule)

(i) Underlying:
(the following information may be tabulated)

(A) Description of Underlying(s): [*specify each Underlying including ISIN or other identification number where available*]

(B) Classification: [Security Index/Inflation Index/Commodity Index/ Commodity/Share/Depositary Receipt/ETF Share/ Mutual Fund Interest/FX Rate (EMTA Provisions: [Applicable/Not Applicable])/Warrant/Proprietary Index/Dividend Futures Contract/Rate]

(*specify for each Underlying*)

(C) Electronic Page: [●] (*specify for each Underlying*)

(ii) Particulars in respect of each Underlying: (*Delete the sub-paragraphs which are not applicable*)
(the following information may be tabulated)

[Security Index/Indices: (*specify for each Security Index*)

(A) Type of Index: [Single Exchange Index/Multiple Exchange Index][Bond Index]

(B) Exchange(s): [●]

(*NB: Only required in relation to Single Exchange Indices*)

(C) Related Exchange(s): [[●]/All Exchanges]

(D) Single Valuation Time [Applicable/Not Applicable]]

(E) Same Day Publication: [Applicable/Not Applicable]

[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/[●]][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:

(A)	Same Day Publication:	[Applicable/Not Applicable]]

[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][●] [per [*insert unit*]] of [*insert commodity*] on [the relevant Exchange/(*specify other source*)] [of the [relevant] Futures Contract for the [relevant] Delivery Date] as made public by [the [relevant] Exchange] on [the [relevant] Price Source]] [(*specify price*)][Fallback Commodity Dealers]
(B)	Delivery Date:	[*date*] [*month and year*] [[First/Second/Third/*other*] Nearby Month][Either (i) the [First/Second/Third/*other*] Nearby Month or (ii) if the Calculation Agent determines that the relevant Valuation Date falls less than [[●]] Commodity Business Days prior to the earlier of (A) the last trading day of the relevant [First/Second/Third/*other*] Futures Contract; or (B) the first day on which notice of intent to deliver in respect of the relevant [First/Second/Third/*other*] Futures Contract may be submitted (howsoever defined in the terms of the relevant Futures Contract and/or the rules of the relevant Exchange), the [First/Second/Third/*other*] Nearby Month][*specify method*]
(C)	Exchange(s):	[●]
(D)	Price Source:	[The Electronic Page][●] (*N.B: Unless otherwise specified, Price Source shall be the Electronic Page*)
(E)	Scheduled Trading Day:	[●] (*NB: Only applicable if the definition for Bullion Commodities in the Commodity Conditions is not applicable*)]

[Share(s):	(*specify for each Share*)

(A)	Share Company:	[●]
(B)	Exchange(s):	[●]
(C)	Related Exchange(s):	[●/All Exchanges]]

[Depositary Receipt(s):	(*specify for each Depositary Receipt*)

(A)	Full Lookthrough:	[Applicable/Not Applicable]

(B) Partial Lookthrough:	[Applicable/Not Applicable]
(C) Depositary Receipt Exchange(s):	[●]
(D) Depositary Receipt Related Exchange(s):	[[●]/All Exchanges]
(E) Underlying Share Company:	[●]
(F) Underlying Share Exchange(s):	[●]
(G) Underlying Share Related Exchange(s):	[[●]/All Exchanges]]
[ETF Share(s):	(*specify for each ETF Share*)
(A) Fund:	[●]
(B) Exchange(s):	[●]
(C) Related Exchange(s)	[[●]/All Exchanges]]
[Mutual Fund Interest(s):	(*specify for each Fund Interest*)
(A) Mutual Fund:	[●]
(B) Scheduled Trading Day:	[Scheduled Interim Valuation Date/Scheduled Redemption Valuation Date]]
(C) Same Day Publication:	[Applicable/Not Applicable]
[FX Rate(s) where EMTA Provisions are Not Applicable:	(*specify for each FX Rate and each Exchange Rate comprising such FX Rate*)
(A) FX Rate:	"cross-rate/formula": [Applicable/Not Applicable] [The FX Rate is [the inverse of] [[●]] / [the product of [●] and [[●]] / [the quotient of [[●]] (as numerator) and [[●]] (as denominator)]]] (*delete or combine as applicable*)
(B) Exchange Rate:	
- Base Currency:	[●]
- Quote Currency:	[●]

		(*NB: only required if "General Inconvertibility", "General Non-Transferability", "Material Change in Circumstances", "Nationalisation", "Specific Inconvertibility" or "Specific Non-Transferability" are specified as Currency Disruption Events below*)
	- Specified Financial Centres:	[●]
(C)	Dual Currency Notes:	[Not Applicable/Applicable. The Dual Currency Exchange Rate is [*specify FX Rate*] [and for which purpose the Specified Valuation Date shall be *(specify days)* prior to (but excluding) each day on which payment is scheduled to be made under the Notes]] *(specify for Dual Currency Notes where there would otherwise be no Specified Valuation Date)*
[FX Rate(s) where EMTA Provisions are Applicable:		(*specify for each FX Rate and each Exchange Rate*)
(A)	FX Rate Source:	[●]
(B)	Valuation Time:	*(specify in respect of the Primary Rate and any fallback rates)* [●] in respect of the Primary Rate [[●] in respect of the First Fallback Reference Price] [[●] in respect of the Second Fallback Reference Price]
(C)	Reference Currency:	[●]
(D)	Settlement Currency:	[●]
(E)	Reference Currency Business Centre(s):	[●]
(F)	Settlement Currency Business Centre(s):	[●]
(G)	Number of Settlement Business Days:	[●]
(H)	Maximum Days of Postponement:	[●] consecutive calendar days
(I)	Dual Currency Notes:	[Not Applicable/Applicable. The Dual Currency Exchange Rate is [*specify FX Rate*] [and for which purpose the Specified Valuation Date shall be [*(specify days)*] prior to (but excluding) each day on which payment is scheduled to be made under the Notes]] *(specify for Dual Currency Notes where there would otherwise be no Specified Valuation Date)*

[Proprietary Index/Indices:

(A) Scheduled Trading Day: A Scheduled Trading Day shall be an "Index Business Day" as defined in the Index Conditions

(B) Same Day Publication: [Applicable/Not Applicable]

[Dividend Futures Contract(s):

(A) Exchange(s): [●]

(B) Relevant Price: ["daily settlement price"/"final settlement price"][see specified item [●]]

[Rate(s):

(A) Valuation Time: [●]

(B) Scheduled Trading Day: [A Business Day][A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in [●] *(specify each)*]

(iii) Elections in respect of each type of Underlying: (*Delete the sub-paragraphs which are not applicable*)
(*the following information may be tabulated*)

[Security Index/Indices:

(A) Additional Disruption Event(s): [Increased Cost of Stock Borrow]
[Loss of Stock Borrow]]

[Inflation Index/Indices:

(A) Reference Month(s): [In respect of a Valuation Date [●]]

(B) Manifest Error Cut-off Date: [2 Business Days prior to the [relevant] Payment Date/[●]]

(*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/[●]]

(*NB: If no Revision Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date*)

[Commodity Index/Indices:

(A)	Additional Adjustment Event:	Tax Disruption: [Applicable/Not Applicable]
(B)	Commodity Index Substitution Criteria:	[[●]/As determined by Calculation Agent]
(C)	Commodity Component Valuation:	[Applicable/Not Applicable]]

[Commodity/Commodities:

(A)	Commodity Dealers	[The definition set out in Condition 1 of the Commodity Conditions shall apply/[●]] (*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]]
(D)	Additional Early Redemption Events:	[Abandonment of Scheme *(N.B. only applicable where the Underlying is an emission)*]

[Share(s):

(A)	Additional Disruption Event(s):	[Increased Cost of Stock Borrow] [Loss of Stock Borrow]
(B)	Share Substitution Criteria:	[Reference Index/As determined by Calculation Agent]

[Depositary Receipt(s):

(A)	Additional Disruption Event(s):	[Increased Cost of Stock Borrow] [Loss of Stock Borrow]

(B)	Depositary Receipt Substitution Criteria:	Depositary Receipt: [Same Underlying Share and Currency/As determined by Calculation Agent]. Underlying Share: [Reference Index/As determined by Calculation Agent].

[ETF Share(s):

(A)	Additional Disruption Event(s):	[Increased Cost of Stock Borrow] [Loss of Stock Borrow]
(B)	ETF Share Substitution Criteria:	[Related Index. For which purpose, the Related Index is [●] *(specify for each ETF Share where there is a basket of ETF Shares)*/As determined by Calculation Agent]

[Mutual Fund Interest(s):

(A)	Additional Disruption Event(s):	[Fees or Charges Event] [Fund Adviser Event [- for which purpose the AUM Threshold is [●] *(specify AUM Threshold if different to the Conditions)*] [Holding Ratio Change] [Limitation Event] [NAV Trigger Event] [New Information Event] [Non Currency Redemption] [Related Agreement Termination [– for which purpose [●] shall be a relevant party] *(specify other relevant party (if any))*] [Asset Trigger Event] [Delisting – for which purpose the relevant Exchange is [●]]
(B)	Mutual Fund Interest Substitution Criteria:	[Equivalent Mutual Fund Interest. For which purpose, the Equivalent Mutual Fund Interest Criteria is: [Liquidity] [Similar Strategy] [Same Currency] [As determined by Calculation Agent]

[FX Rate(s) where EMTA Provisions are Not Applicable:

(A)	Currency Disruption Event(s):	[Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability] [Governmental Authority Default] [Illiquidity] [Material Change in Circumstances] [Nationalisation] [Price Materiality – for which purpose: Primary Rate: [●]

Secondary Rate: [●]
Price Materiality Percentage: [●]]]
[Specific Inconvertibility]
[Specific Non-Transferability]

[FX Rate(s) where EMTA Provisions are Applicable:

(A) Disruption Events: [Price Source Disruption]
[Price Materiality. For which purpose:

(i) Price Materiality Percentage is [[●]] per cent.

(ii) Primary Rate is [the FX Rate/[●]]

(iii) Secondary Rate is [the First Fallback Reference Rate [and the Second Fallback Reference Rate]/[●]]]

(B) Disruption Fallbacks: The following Disruption Fallbacks apply in the following order:

[First Fallback Reference Price. For the purposes of the related First Fallback Reference Rate:
(i) First Fallback Rate Source: [●]
(ii) First Fallback Valuation Time: [●]
(iii) First Fallback Electronic Page: [●]]

[Valuation Postponement]

[Second Fallback Reference Price. For the purposes of the related Second Fallback Reference Rate:
(i) Second Fallback Rate Source: [●]
(ii) Second Fallback Valuation Time: [●]
(iii) Second Fallback Electronic Page: [●]]]

[Calculation Agent Determination]

(specify relevant fallbacks for each FX Rate and the order in which they apply)

(C) Correction Provisions: [Applicable/Not Applicable] *(specify for each FX Rate where different)*

(D) Settlement Disruption: [Applicable/Not Applicable]

[Proprietary Index/Indices:

(A) Additional Adjustment Event: Tax Disruption: [Applicable/Not Applicable]

(B) Component Valuation: [Applicable/Not Applicable]

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

	(C)	[Component Valuation Roll:	[●]/[Eight]
	(D)	[Component Disrupted Day:]	[A Component Disrupted Day in respect of a Component shall be a "Disrupted Day" as defined for such Component in the Index Conditions]
	(E)	[Component Scheduled Trading Day:]	[A Component Scheduled Trading Day in respect of a Component shall be a "Scheduled Trading Day" as defined for such Component in the Index Conditions]]]
	Rate/Rates:		
	(A)	ISDA Fallback Determination:	[Applicable/Not Applicable] *(if Not Applicable, the following provisions are Not Applicable)*
		I. Floating Rate Option:	[[●]/Not Applicable]
		II. Designated Maturity:	[[●]/Not Applicable]
	(B)	Correction Provisions:	[Applicable/Not Applicable]
(iv)	Trade Date:		[●]
(v)	Realisation Disruption:		[Applicable/Not Applicable]
(vi)	Hedging Disruption Early Termination Event:		[Applicable/Not Applicable]

PROVISIONS RELATING TO ANY INTEREST AMOUNT, THE REDEMPTION AMOUNT AND ANY ENTITLEMENT DELIVERABLE

13.	**Interest Provisions:**		[Applicable/Not Applicable – the Notes do not bear or pay interest] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i)	Interest Strike Level, Specified Valuation Date(s): Interest Amount/Rate, IPR and Interest Payment Date(s) Coupon Barrier Notes: Specified Interest Valuation Date(s), Lower Interest Barrier Level, Upper Interest Barrier Level, Interest Barrier Level, Specified Interest Barrier Observation Date,	See Table below

(ii)	Coupon Barrier Notes: Non-Contingent Interest Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Non-Contingent Interest Amount:	[●] per Calculation Amount
	(B)	Non-Contingent Interest Amount Payment Dates:	[●] [subject to adjustment in accordance with the [Modified Following/Preceding/Following] Business Day Convention]
(iii)	Coupon Barrier Notes: Interest Strike Dates		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Specified Interest Strike Date:	[Not Applicable][●] [and [●]] [[●] Scheduled Trading Days prior to [●]] each Scheduled Trading Day for the relevant Interest Underlying which is not a Disrupted Day for that Interest Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] *(where a different Specified Interest Strike Date applies for any Interest Underlying, specify for each Interest Underlying)*
(iv)	Coupon Barrier Notes: Underlying(s) relevant to interest, Interim Performance Provisions and levels of the Interest Underlying(s)		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Interest Underlying:	[[●]] [and such Interest Underlying shall be an Interim Outperformance [A/B] Underlying *(specify for each Interest Underlying where Outperformance Provisions apply in respect of the Interim Performance Provisions)*]
	(B)	Interest Barrier Underlying(s):	[The Interest Underlying/All of the Interest Underlyings/Any Interest Underlying/The Interim Performance Underlying/Each Interest Underlying (subject to a minimum of [●] Interest Underlyings)]
	Interim Performance Provisions:		
	(A)	Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
		I. Maximum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]

	II. Minimum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]
(B)	Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Interest Underlying	**W_n**
[Interest Underlying with highest (or equal highest) Interim Performance for that Interest Payment Date]	[●]%
[Interest Underlying with [●]highest (or [●] equal [highest/lowest]) Interim Performance for that Interest Payment Date]	[●]%

(complete for each relevant Interest Underlying)

[Interest Underlying with lowest (or equal lowest) Interim Performance for that Interest Payment Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Interest Underlying	**W_n**
[●]	[●]%
[●]	[●]%

(complete for each relevant Interest Underlying)

[●]	[●]%]

	II. Maximum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]
	III. Minimum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]
(C)	Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

	I. Maximum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II. Minimum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
(D)	Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Maximum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II. Minimum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
(E)	Outperformance Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Interim Performance Provisions for Interim Outperformance A Underlying:	
	I. Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
	II. Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Interim Outperformance A Underlying	**Wn**
[Interim Outperformance A Underlying with highest (or equal highest) Interim	[●]%

	Performance for that Interest Payment Date]	
	[Interim Outperformance A Underlying with [●] highest (or [●] equal [highest/lowest]) Interim Performance for that Interest Payment Date]	[●]%
	(complete for each relevant Interim Outperformance A Underlying)	
	[Interim Outperformance A Underlying with lowest (or equal lowest) Interim Performance for that Interest Payment Date]	[●]%
	/Not Applicable. Therefore Wn shall be determined as set out below:	
	Interim Outperformance A Underlying	**W_n**
	[●]	[●]%
	[●]	[●]%
	(complete for each relevant Interim Outperformance A Underlying)	
	[●]	[●] %]
Maximum Outperf A:	[Applicable – [●] %/Not Applicable]	
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]	
III. Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)	
Maximum Outperf A:	[Applicable – [●] %/Not Applicable]	
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]	
IV. Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)	
Maximum Outperf A:	[Applicable – [●] %/Not Applicable]	
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]	

Interim Performance Provisions for Interim Outperformance B Underlying:	
I. Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●] %/Not Applicable]
Minimum Outperf B:	[Applicable – [●] %/Not Applicable]
II. Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Interim Outperformance B Underlying	**Wn**
[Interim Outperformance B Underlying with highest (or equal highest) Interim Performance for that Interest Payment Date]	[●]%
[Interim Outperformance B Underlying with [●] highest (or [●] equal [highest/lowest]) Interim Performance for that Interest Payment Date]	[●]%
(complete for each relevant Interim Outperformance A Underlying)	
[Interim Outperformance B Underlying with lowest (or equal lowest) Interim Performance for that Interest Payment Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Interim Outperformance A Underlying	**W_n**
[●]	[●]%
[●]	[●]%
(complete for each relevant Interim Outperformance A Underlying)	

[●]	[●]%

Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
III. Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
IV. Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]

Provisions relating to levels of the Interest Underlying(s)

(A)	Interest Initial Level:	[Closing Level on Interest Strike Date/Closing Level on Interest Re-Strike Date/Arithmetic Average Closing Level on Interest Strike Dates/Lowest Closing Level on Interest Strike Dates/Lowest Intra-day Level on Interest Strike Dates/Highest Closing Level on Interest Strike Dates/Highest Intra-day Level on Interest Strike Dates/*(specify for each Interest Underlying)*] *(if no pre-determined level is specified, then Interest Strike Dates will need to be specified)*
(B)	Interest Reference Level:	[Closing Level on Interest Valuation Date/Arithmetic Average Closing Level on Interest Valuation Dates/Lowest Closing Level on Interest Valuation Dates/Lowest Intra-day Level on Interest Valuation Dates/Highest Closing Level on Interest Valuation Dates/Highest Intra-day Level on Interest Valuation Dates]

(v) Coupon Barrier Notes: Provisions relating to an Interest Barrier Event:

(A)	Interest Barrier Event:	[Interest Barrier Event European Observation/ Interest Barrier Event European Performance Observation/Interest Barrier Event American Performance Observation/Interest Barrier Event American Observation – Closing Level/Interest Barrier Event American Observation – Intra-Day Level/Interest Barrier Event American One-Touch Observation – Closing Level/Interest Barrier Event American One-Touch Observation – Intra-Day Level]
(B)	Interest Barrier Event Lock-In:	[Applicable/Not Applicable]

(vi) Provisions relating to the rate or amount of interest due: [Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes] [Coupon Barrier Notes [that are also [Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes/Interim Performance Interest Notes] [and Range Accrual Notes/Multi-Chance Notes/Lookback Notes]]

(A) Fixed Rate Note Provisions: [Applicable/Not Applicable]

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

[EITHER:

I.	Accrual:	Not Applicable
II.	Lookback Notes:	[Applicable/Not Applicable]
III.	Multi-Chance Notes:	[Applicable/Not Applicable]]

[OR:

I. Accrual: Applicable

II. Range Accrual Notes: [Applicable. For which purpose:

Range Accrual Determination Date means [Business Day/calendar day]

Range Accrual Value What You Can Observation: [Applicable/Not Applicable]

Range Accrual Move in Block Observation: [Applicable/Not Applicable]

Cut-off Number means [●] Business Days

/Not Applicable]

III. Interest Period [Interest Payment Date(s)/[●] in each year [adjusted in

		End Date(s):	accordance with [*specify Business Day Convention*]/not adjusted]]
	IV.	Interest Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]][As set out in the Valuation and Settlement Schedule]
	V.	Broken Amount(s):	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable] (*Insert particulars of any initial or final broken interest amounts which do not correspond with the Interest Amount*)]
	VI.	Day Count Fraction:	[30/360] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [Actual/Actual (ICMA)] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [Actual/360] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [30E/360] [Eurobond Basis] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [1/1] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)*
	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))*]
(B)	Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period End Date(s):	[Interest Payment Date(s)/[●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]
	II.	Manner in which the Interest Rate(s) is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	III.	Party responsible for calculating the Interest Rate(s) and/or Interest Amount(s):	[Calculation Agent]/[●]
	IV.	Screen Rate	[Applicable/Not Applicable]

	Determination:		
	•	Reference Rate:	[●] month [(the **Designated Maturity**) (*include where Linear Interpolation is applicable)*] [*insert currency*] [EURIBOR/LIBOR/STIBOR/NIBOR/CIBOR/TIBOR/HIBOR][BBSW (being the Sydney average mid rate for AUD bills of exchange)][BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]
	•	Specified Time:	[●][Not Applicable]
	•	Relevant Financial Centre:	[●][Not Applicable]
	•	Interest Determination Date(s):	[(*Specify e.g. any relevant Valuation Date(s)*)/[[●] day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in [[●]] prior to the start of each Interest Period/First day of each Interest Period/[[●]] day on which the TARGET2 System is open prior to the start of each Interest Period]
	•	Page:	[●]
	•	Reference Banks	[●]
V.	ISDA Determination:		[Applicable/Not Applicable]
	•	Floating Rate Option:	[●]
	•	Designated Maturity:	[●]
	•	Reset Date:	[●][First day of the relevant Interest Period]
VI.	Linear Interpolation:		[Not Applicable/Applicable - the Interest Rate for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*]
VII.	Margin(s):		[Not Applicable/[+/-][●] per cent. per annum]
VIII.	Minimum Interest Rate:		[See the Table below/Not Applicable]
IX.	Maximum Interest Rate:		[See the Table below/Not Applicable]

	X.	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)]
(C)	Inflation Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Amount Inflation Index:	*(specify Underlying)*
	II.	Margin(s):	[Not Applicable/[+/-][●] per cent. per annum]
	III.	UCL Relevant Months Prior:	[●] months
	IV.	UCL 12 + Relevant Months Prior:	[●] months
	V.	DCF:	[30/360] [Actual/Actual] / [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [1/1]
(D)	Coupon Barrier Notes: Interim Performance Interest Provisions:		[Applicable/Not Applicable]

(vii) Interest Underlying Valuation Provisions:

(A)	Valuation Disruption (Scheduled Trading Days):	[Move in Block/Value What You Can/Range Accrual [Value What You Can/Move In Block] Observation is Applicable (as specified above)/Not Applicable][The provisions of Condition 2(c)(i) of the Valuation and Settlement Schedule [applies/do not apply.] [Modified Following/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of*

Condition 2(c) of the Valuation and Settlement Schedule do not apply to that Rate)

(B) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/ Range Accrual [Value What You Can/Move In Block] Observation is Applicable (as specified above)/Not Applicable] [Condition 2(d)(i) of the Valuation and Settlement Schedule applies]

(C) Valuation Roll: [●]/[Eight] [Not Applicable]

(*If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight*)

TABLE

[Interest Strike Level]	**Specified [Interest] Valuation Date(s)**	**[Lower /Upper] Interest Barrier Level (%)**	**[Specified Interest Barrier Observation Date**	**Interest [Amount/Rate] if an Interest Barrier Event occurs in respect of the relevant Interest Payment Date] [and] [Minimum Interest [Amount/Rate] [and] [Maximum Interest [Amount/Rate]**	**IPR**	**Interest Payment Date**
[[●] [Interest Initial Level] *(specify for each Interest underlying where different)*	[Not Applicable] [[●] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day for the Interest Underlying which is not a Disrupted Day for the Interest Underlying from [(and	[Not Applicable] [greater than (or equal to) [●] % and less than (or equal to) [●] % of the Interest Initial Level of [the relevant Interest Barrier Underlying][●]] [greater than] [greater than or equal to] [less than] [less than or equal to] [●]% of the Interest Initial Level of]the relevant Interest	[Not Applicable] [[●] [[●] Scheduled Trading Days prior to [●]] Each Scheduled Trading Day [for all the Interest Barrier Underlyings] which is not a Disrupted Day [for any Interest Barrier Underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] [As set out in	[Not Applicable] [[●] % [per annum payable [annually / semi-annually / quarterly / monthly / weekly / *other* (*specify*)]] in arrear if an Interest Barrier Event occurs in respect of the relevant Interest Payment Date] [Maximum Interest [Amount/Rate]: [●]] [and] [Minimum Interest [Amount/Rate]: [●]] / [●] per Calculation Amount]] [Either: (i)] if an Interest Barrier Event has occurred in respect of [●] Interest Barrier Underlying(s) [only] [or less], [●] [or (ii) if an Interest Barrier Event has occurred in respect of [●] [or more] Interest Barrier Underlying(s) [only] [or less], [●]] *(specify for the*	[Not Applic-able] [●]	[●] [adjusted in accordance with [*specify Business Day Convention*]/ not adjusted] [*where EMTA provisions are applicable in respect of any FX Rate:* or, if later, the Number of Settlement Business Days following the [last occurring] Interest Valuation Date relating to such Interest Payment Date]

including)] [(but excluding)] [●] to [(but excluding)] [(and including)][●]] [As set out in Condition 1.1 of the Valuation and Settlement Schedule (*Range Accrual Notes only*)]	Barrier Underlying][●] *(specify where different for different Interest Barrier Underlyings)*	Condition 1.1 of the Valuation and Settlement Schedule (*Range Accrual Notes only*)]	*relevant number of Interest Barrier Underlying(s) where the Notes are Multi-Chance Notes*]

(specify for each interest payment date where relevant)

14. Redemption Provisions:

(i) Issuer Call: [Applicable/Not Applicable]

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

(A) Optional Redemption Date(s): [●]

(B) Optional Redemption Amount: [● per Calculation Amount

(C) If redeemable in part:

I. Minimum Redemption Amount: [●] per Calculation Amount

II. Maximum Redemption Amount: [●] per Calculation Amount

(D) Notice period: [As set out in the General Conditions] [Not less than [●] Business Days]

(*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 (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent).
(ii)	Investor Put		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Optional Redemption Date(s):	[●]
	(B)	Optional Redemption Amount:	[●] per Calculation Amount
	(C)	Notice period:	[As set out in the General Conditions] [Not less than [●] Business Days] (*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 (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent*)
(iii)	Mandatory Early Redemption Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Mandatory Early Redemption Strike Level, Specified MER Valuation Date, Specified MER Upper Barrier Event Valuation Date, Lower MER Barrier Level, Upper MER Barrier Level, Barrier Level, Specified MER Barrier Observation Date, MER Amount, Upper Mandatory Early Redemption Amount and Lower Mandatory Early Redemption Amount, MERPR, MERPR	See Table below

	Call, MERPR Put, MER Date (as relevant):	
(B)	Specified Mandatory Early Redemption Strike Date:	[Not Applicable][●] [and [●]]] [[●] Scheduled Trading Days prior to [●]] each Scheduled Trading Day for the relevant Mandatory Early Redemption Underlying which is not a Disrupted Day for that Mandatory Early Redemption Underlying from [(and including)] [(but excluding)] [●] to [(but excluding) [(and including)] [●]] *(where a different Specified Mandatory Early Redemption Strike Date applies for any Mandatory Early Redemption Underlying, specify for each Mandatory Early Redemption Underlying)*
Underlying(s) relevant to Mandatory Early Redemption, Mandatory Early Redemption Performance Provisions and levels of the Mandatory Early Redemption Underlying(s)		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A)	Mandatory Early Redemption Underlying:	[[●]] [and such Mandatory Early Redemption Underlying shall be an Mandatory Early Redemption Outperformance [A/B] Underlying *(specify for each Mandatory Early Redemption Underlying where Outperformance Provisions apply in respect of the Mandatory Early Redemption Performance Provisions)*]
(B)	Mandatory Early Redemption Barrier Underlying(s):	[The Mandatory Early Redemption Underlying/All of the Mandatory Early Redemption Underlyings/Any Mandatory Early Redemption Underlying/The Mandatory Early Redemption Performance Underlying/Each Mandatory Early Redemption Underlying (subject to a minimum of [●] Mandatory Early Redemption Underlyings)]
Mandatory Early Redemption Performance Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A)	Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II Minimum Mandatory	[Applicable – [●]%/Not Applicable]

		Early Redemption Performance Percentage:	
(B)	Weighted Basket Observation:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Underlying	**W_n**
[Mandatory Early Redemption Underlying with highest (or equal highest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
[Mandatory Early Redemption Underlying with [●] highest (or [●] equal [highest/lowest]) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

(complete for each relevant Mandatory Early Redemption Underlying)

[Mandatory Early Redemption Underlying with lowest (or equal lowest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Underlying	**W_n**
[●]	[●]%
[●]	[●]%

(complete for each relevant Mandatory Early Redemption Underlying)

[●]	[●]%]

II	Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]

	III	Minimum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
(C)	Best of Basket Observation:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I	Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II	Minimum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
(D)	Worst of Basket Observation:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	III	Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
	IV	Minimum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
(E)	Outperformance Observation:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Mandatory Early Redemption Performance Provisions for Mandatory Early		

Redemption Outperformance A Underlying:

I. Single Underlying Observation: [Applicable/Not Applicable]

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

Maximum Outperf A: [Applicable – [●]%/Not Applicable]

Minimum Outperf A: [Applicable – [●]%/Not Applicable]

II. Weighted Basket Observation: [Applicable/Not Applicable]

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

Rainbow Weighting: [Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	$\mathbf{W_n}$
[Mandatory Early Redemption Outperformance A Underlying with highest (or equal highest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
[Mandatory Early Redemption Outperformance A Underlying with [●] highest (or [●] equal [highest/lowest]) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
(complete for each relevant Mandatory Early Redemption Outperformance A Underlying)	
[Mandatory Early Redemption Outperformance A Underlying with lowest (or equal lowest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	$\mathbf{W_n}$
[●]	[●]%

	[●]	[●]%
	(complete for each relevant Mandatory Early Redemption Outperformance A Underlying)	
	[●]	[●]%]

Maximum Outperf A: [Applicable – [●] %/Not Applicable]

Minimum Outperf A: [Applicable – [●] %/Not Applicable]

III. Best of Basket Observation: [Applicable/Not Applicable]

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

Maximum Outperf A: [Applicable – [●] %/Not Applicable]

Minimum Outperf A: [Applicable – [●] %/Not Applicable]

IV. Worst of Basket Observation: [Applicable/Not Applicable]

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

Maximum Outperf A: [Applicable – [●] %/Not Applicable]

Minimum Outperf A: [Applicable – [●] %/Not Applicable]

Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance B Underlying:

I. Single Underlying Observation: [Applicable/Not Applicable]

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

Maximum Outperf B: [Applicable – [●] %/Not Applicable]

Minimum [Applicable – [●] %/Not Applicable]

	Outperf B:	
II.	Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	**W_n**
[Mandatory Early Redemption Outperformance B Underlying with highest (or equal highest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
[Mandatory Early Redemption Outperformance B Underlying with [●] highest (or [●] equal [highest/lowest]) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
(complete for each relevant Mandatory Early Redemption Outperformance B Underlying)	
[Mandatory Early Redemption Outperformance B Underlying with lowest (or equal lowest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	**W_n**
[●]	[●]%
[●]	[●]%
(complete for each relevant Mandatory Early Redemption Outperformance B Underlying)	
[●]	[●]%]

Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum	[Applicable – [●]%/Not Applicable]

	Outperf B:	
III.	Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
IV.	Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf B:	[Applicable – [●]%/Not Applicable]

Provisions relating to levels of the Mandatory Early Redemption Underlying(s)		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A)	Mandatory Early Redemption Initial Level:	[Closing Level on Mandatory Early Redemption Strike Date/Arithmetic Average Closing Level on Mandatory Early Redemption Strike Dates/Lowest Closing Level on Mandatory Early Redemption Strike Dates/Lowest Intra-day Level on Mandatory Early Redemption Strike Dates/Highest Closing Level on Mandatory Early Redemption Strike Dates/Highest Intra-day Level on Mandatory Early Redemption Strike Dates/*(specify for each Mandatory Early Redemption Underlying)*] *(if no pre-determined level is specified, then Mandatory Early Redemption Strike Dates will need to be included)*
(B)	Mandatory Early Redemption Reference Level:	[Closing Level on Mandatory Early Redemption Valuation Date/Arithmetic Average Closing Level on Mandatory Early Redemption Valuation Dates/Lowest Closing Level on Mandatory Early Redemption Valuation Dates/Lowest Intra-day Level on Mandatory Early Redemption Valuation Dates/Highest Closing Level on Mandatory Early Redemption Valuation Dates/Highest Intra-day Level on Mandatory Early Redemption Valuation Dates]
Provisions relating to a Mandatory Early Redemption Barrier Event		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(A)	Mandatory Early Redemption Barrier Event:	[Not Applicable/Applicable – [Mandatory Early Redemption Barrier Event European Observation/Mandatory Early Redemption Barrier Event European Performance Observation/Mandatory Early Redemption Event American Performance Observation/Mandatory Early Redemption Barrier Event American Observation – Closing Level/Mandatory Early Redemption Barrier Event American Observation – Intra-Day Level/Mandatory Early Redemption Barrier Event American One-Touch Observation – Closing Level/Mandatory Early Redemption Barrier Event American One-Touch Observation – Intra-Day Level/Target Mandatory Early Redemption Barrier Event and, for which purpose: Target Mandatory Early Redemption (Capped) Provisions: [Applicable/Not Applicable] Target Mandatory Early Redemption Threshold Amount: *(specify aggregate amount in respect of all Interest Payment Dates and a Calculation Amount)*]]

Provisions relating to a Mandatory Early Redemption Upper Barrier Event:	[Applicable/Not Applicable]

(A)	Mandatory Early Redemption Upper Barrier Event:	[Mandatory Early Redemption Barrier Event European Performance Observation/Mandatory Early Redemption Upper Barrier Event European Observation]
(B)	MER Upper Barrier Percentage:	[Applicable - [greater than] [greater than or equal to] [less than] [less than or equal to] [[●]%] [of [the Mandatory Early Redemption Initial Level of the relevant Mandatory Early Redemption Barrier Underlying / [●] *(specify where different for different Mandatory Early Redemption Barrier Underlyings)*]/Not Applicable]

Provisions relating to the Mandatory Early Redemption Amount

(A)	Mandatory Early Redemption Amount due where MER Upper Barrier Percentage is Not Applicable:	[The Performance-Linked Mandatory Early Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/See MER Amount in Table below/Not Applicable]
(B)	Mandatory Early Redemption Amount due where MER Upper Barrier Percentage is Applicable:	[Applicable/Not Applicable]

I	Upper Mandatory Early Redemption Amount:	[The Performance-Linked Mandatory Early Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/See Table below/Not Applicable]
II	Lower Mandatory Early Redemption Amount:	[The Performance-Linked Mandatory Early Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/See Table below Not Applicable]

(C) Performance-Linked Mandatory Early Redemption Amount:

I	Put Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
	Maximum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
	Minimum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
II	Call Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
	Maximum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
	Minimum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
III	Call Spread – Put Spread Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
	Call Cap:	[●]
	Put Cap:	[●]

Call Floor: [●]

Put Floor: [●]

Minimum Mandatory Early Redemption Amount: [●]

Maximum Mandatory Early Redemption Amount: [●]

IV Twin Win Option: [Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]

Minimum Mandatory Early Redemption Amount: [●]

Mandatory Early Redemption Underlying Valuation Provisions

(A) Valuation Disruption (Scheduled Trading Days): [Move in Block/Value What You Can/Not Applicable][The provisions of Condition 2(c)[(i)] of the Valuation and Settlement Schedule [applies/do not apply.]

[Modified Following/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of Condition 2(c) of the Valuation and Settlement Schedule do not apply to that Rate*)

(B) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/Not Applicable/[●]] [Condition 2(d)[(i)] of the Valuation and Settlement Schedule [applies/does not apply]]

(C) Valuation Roll: [●]/[Eight] [Not Applicable]

(*If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight*)

TABLE

MER Strike Level	**Specified MER Valuation Date(s)**	**Specified MER Upper Barrier Event Valuation Date**	**[Lower / Upper] MER Barrier (%)**	**MER Level**	**Specified MER Barrier Observation Date**	**MER Amount/Upper Mandatory Early Redemption Amount And**	**MERPR (%)**	**MER Date**

					Lower Mandatory Early Redemption Amount		
[Not Applicable] [[●]]] [MER Initial Level] (*specify for each MER Underlying where different)*	[Not Applicable] [[●]]] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day for the MER Underlying which is not a Disrupted Day for the MER Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]	[Not Applicable] [[●]] [Each Scheduled Trading Day for the MER Underlying which is not a Disrupted Day for the MER Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]	[Not Applicable] [[●]]	[Not Applicable] [[●]] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day [for all the MER Barrier Underlyings] which is not a Disrupted Day [for any MER Barrier Underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●[]	[Not Applicable] [●] [(subject to a Maximum Amount (cap) of [●]] [and] [subject to a Minimum Amount (floor) of [●]]	[Not Applicable] [[●]] [[●] being the MERPR Call and [●] being the MERPR Put]	[●] [adjusted in accordance with [*specify Business Day Convention*]/ not adjusted] [*where EMTA provisions are applicable in respect of any FX Rate:* or, if later, the Number of Settlement Business Days following the [last occurring] MER Valuation Date relating to such MER Date]

(*specify for each MER date where relevant)*

(iv) Redemption Amount: [[●] per Calculation Amount/See item (v) below]

(v) Underlying Linked Notes Redemption Provisions [Applicable/Not Applicable]

(If Not Applicable, delete the remaining sub-paragraphs)]

Dates

(A) Specified Redemption Barrier Observation Date: [[●]] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day [for all the Redemption Underlyings] which is not a Disrupted Day [for any Redemption Underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)][●]]

(B) Specified Final Valuation Date: [[●]] [[●] Scheduled Trading Days prior to [●]] [Expiry Date]

(*specify "Expiry Date*" *for Notes linked to Dividend Futures*

Contracts where the Relevant Price for the Specified Final Valuation Date is specified to be the "final settlement price" in item 12(ii) above)

	(C)	Specified Redemption Strike Date:	[Not Applicable/[[●]] [[●] [and [●]] [[●] Scheduled Trading Days prior to [●]]/ Each Scheduled Trading Day for the relevant Redemption Underlying which is not a Disrupted Day for that Redemption Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] *(where a different Specified Redemption Strike Date applies for any Redemption Underlying, specify for each Redemption Underlying)*
(vi)	Underlying(s) relevant to redemption, Final Performance provisions and levels of the Redemption Underlying(s)		
	(A)	Redemption Underlying:	[●] [and such Redemption Underlying shall be A Final Outperformance [A/B] Underlying *(specify for each Redemption Underlying where Outperformance Provisions apply in respect of the Final Performance Provisions)*]
	(B)	Redemption Barrier Underlying(s):	[The Redemption Underlying/All of the Redemption Underlyings/Any Redemption Underlying/The Final Performance Underlying]
(vii)	Final Performance Provisions:		
	(A)	Single Underlying Observation:	[Applicable/Not Applicable]
		I. Maximum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
		II. Minimum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
	(B)	Weighted Basket Observation:	[Applicable/Not Applicable]
		I. Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Redemption Underlying	$\mathbf{W_n}$
[Redemption Underlying with highest (or equal highest) Final Performance]	[●] %
[Redemption Underlying with [●]highest	[●] %

(or [●] equal [highest/lowest]) Final Performance]

(complete for each relevant Redemption Underlying)

[Redemption Underlying with lowest (or [●] % equal lowest) Final Performance]

/Not Applicable. Therefore Wn shall be determined as set out below:

Redemption Underlying	W_n
[●]	[●]*)* %
[●]	[●] %

(complete for each relevant Redemption Underlying)

[●]	[●] %]

	II.	Maximum Final Performance Percentage:	[Applicable – [●] %/Not Applicable]
	III.	Minimum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
(C)	Best of Basket Observation:		[Applicable/Not Applicable]
	I.	Maximum Final Performance Percentage:	[Applicable – [●] %/Not Applicable]
	II.	Minimum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
(D)	Worst of Basket Observation:		[Applicable/Not Applicable]
	I.	Maximum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II.	Minimum Final Performance	[Applicable – [●]%/Not Applicable]

Percentage:

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

Final Performance Provisions for Final Outperformance A Underlying:

I.	Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
II.	Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Final Outperformance A Underlying	$\mathbf{W_n}$
[Final Outperformance A Underlying with highest (or equal highest) Final Performance]	[●] %
[Final Outperformance A Underlying with [●]highest (or [●] equal [highest/lowest]) Final Performance]	[●] %
(complete for each relevant Final Outperformance A Underlying)	
[Final Outperformance A Underlying with lowest (or equal lowest) Final Performance]	[●] %
(complete for each relevant Final Outperformance A Underlying)	

Final Outperformance A Underlying	$\mathbf{W_n}$
[●]	[●] %
[●]	[●] %

	(complete for each relevant Final Outperformance A Underlying) [●] %] [●]
Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
III. Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
IV. Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
Final Performance Provisions for Final Outperformance B Underlying:	
I. Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
II. Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Final Outperformance A Underlying	**W_n**
[Final Outperformance B Underlying with highest (or equal highest) Final Performance]	[●]%
[Final Outperformance B Underlying with [●] highest (or [●] equal [highest/lowest]) Final Performance]	[●]%
(complete for each relevant Final Outperformance A Underlying)	
[Final Outperformance B Underlying with lowest (or equal lowest) Final Performance]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Final Outperformance A Underlying	**W_n**
[●]	[●] %
[●]	[●] %
(complete for each relevant Final Outperformance B Underlying)	
[●]	[●] %]

	Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
III.	Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
IV.	Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining*

sub-paragraphs of this paragraph)

Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]

(viii) Provisions relating to levels of the Redemption Underlying(s)

(A)	Redemption Initial Level:	[Closing Level on Redemption Strike Date/Arithmetic Average Closing Level on Redemption Strike Dates/Lowest Closing Level on Redemption Strike Dates/Lowest Intra-day Level on Redemption Strike Dates/Highest Closing Level on Redemption Strike Dates/Highest Intra-day Level on Redemption Strike Dates/*(specify for each Redemption Underlying)*] *(if no pre-determined level is specified, then Redemption Strike Dates will need to be included)*
(B)	Final Reference Level:	[Closing Level on Final Valuation Date/Arithmetic Average Closing Level on Final Valuation Dates/Lowest Closing Level on Final Valuation Dates/Lowest Intra-day Level on Final Valuation Dates/Highest Closing Level on Final Valuation Dates/Highest Intra-day Level on Final Valuation Dates]
(C)	Redemption Strike Level:	[Redemption Initial Level/[●]/The Redemption Strike Level specified for each Redemption Underlying below:

Redemption Underlying	**Redemption Strike Level**
[●]	[●]

(specify for each Redemption Underlying)

(ix) Provisions relating to a Redemption Barrier Event

(A)	Redemption Barrier Event:	[Not Applicable/Applicable – [Redemption Barrier Event European Observation/Redemption Barrier Event European Performance Observation/Redemption Barrier Event American Performance Observation/Redemption Barrier Event American Observation – Closing Level/Redemption Barrier Event American Observation – Intra-Day Level/Redemption Barrier Event American One-Touch Observation – Closing Level/Redemption Barrier Event American One-Touch Observation – Intra-Day Level]]
(B)	Final Barrier Level:	[greater than] [greater than or equal to] [less than] [less than or equal to] [[●]%] [greater than (or equal to) [●] % being the Lower Final Barrier Level and less than (or equal to) [●]% being the Upper Final Barrier Level] [of [the

		Redemption Initial Level of the relevant Redemption Barrier Underlying / [●] *(specify where different for different Redemption Barrier Underlyings)*]]
(x)	Provisions relating to the redemption amount due or entitlement deliverable	
	Provisions applicable where Redemption Barrier Event is Not Applicable and the Redemption Amount is a Performance-Linked Redemption Amount:	
	(A) Redemption Amount:	[The Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions]/Not Applicable]
	Provisions applicable where Redemption Barrier Event is Applicable	
	(A) 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 Act of 1933, as amended and the Investment Company Act of 1940, as amended*)
	I. Settlement via Intermediary:	[Not Applicable/Applicable – For which purpose the Intermediary is [[The Calculation Agent] [[●]] [*Insert contact details for delivery of Asset Transfer Notice*]]
	II. Failure to Deliver due to Illiquidity: (Condition 4(vi) of the Valuation and Settlement Schedule)	[Applicable/Not Applicable]
	III. Aggregation of Entitlements:	[Applicable/Not Applicable]
	IV. Cash Adjustment:	[Applicable/Not Applicable]

		Tradable Amount: [Share]	[1/*specify for each Relevant Asset*]
	V.	Entitlement Calculation Rounding Convention:	[●] decimal places
(B)	Redemption Amount due where no Redemption Barrier Event has occurred and no Redemption Upper Barrier Percentage is specified:		[Applicable – [●] per Calculation Amount/the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/Not Applicable]
(C)	Redemption Upper Barrier Percentage:		[[●]%/ Not Applicable]
	I.	Upper Redemption Amount due where no Redemption Barrier Event has occurred:	[Applicable – [●] per Calculation Amount/the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/Not Applicable]
	II.	Lower Redemption Amount due where no Redemption Barrier Event has occurred:	[Applicable – [●] per Calculation Amount/ the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions /Not Applicable]
(D)	Redemption Amount due where a Redemption Barrier Event has occurred:		[Applicable – [●] per Calculation Amount/the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions] [Provisions applicable to Physical Delivery apply][Not Applicable]

Performance-Linked Redemption Amount:

(A)	Performance-Linked Redemption Amount:		
	Put Option:		[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
	I.	Maximum Redemption	[[●]/ Not Applicable]

	Amount:	
II.	Minimum Redemption Amount:	[[●]/ Not Applicable]
III.	Final Participation Rate (FPR):	[[●]%/ Not Applicable]/

Call Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]

I.	Maximum Redemption Amount:	[[●]/ Not Applicable]
II.	Minimum Redemption Amount:	[[●]/ Not Applicable]
III.	Final Participation Rate (FPR):	[[●] %/Not Applicable]]

Call Spread – Put Spread Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]

I.	Call Cap:	[●]
II.	Put Cap:	[●]
III.	Call Floor:	[●]
IV.	Put Floor:	[●]
V.	Minimum Redemption Amount:	[●]
VI.	Maximum Redemption Amount:	[●]
VII.	Final Participation Rate Call (FPR Call):	[[●] %/Not Applicable]]
VIII.	Final Participation Rate Put (FPR Put):	[[●] %/Not Applicable]]

Twin Win Option:	[Applicable/Not Applicable *(If Not Applicable, delete the*

remaining sub-paragraphs)]

		I.	Minimum Redemption Amount:	[●]
		II.	Final Participation Rate (FPR):	[[●]%/Not Applicable]]
	(xi)	Redemption Underlying Valuation Provisions		
		(A)	Valuation Disruption (Scheduled Trading Days):	[Move in Block/Value What You Can/Not Applicable][The provisions of Condition 2(c)(i) of the Valuation and Settlement Schedule [applies/do not apply.] [Modified Following/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of Condition 2(c) of the Valuation and Settlement Schedule do not apply to that Rate*)
		(B)	Valuation Disruption (Disrupted Days):	[Move in Block/Value What You Can/Not Applicable/[●]] [Condition 2(d)(i) of the Valuation and Settlement Schedule [applies/does not apply]]
		(C)	Valuation Roll:	[●]/[Eight] [Not Applicable] (*If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight*)
15.	**FX Provisions:**			[Applicable in respect of the [Interest Provisions [and][the Mandatory Early Redemption Provisions [and][the Underlying Linked Notes Redemption Provisions]/Not Applicable] *(If Not Applicable, delete the remaining sub-paragraphs)*
	(i)	Quanto Provisions:		[Applicable/Not Applicable]
		(A)	FX:	*(specify rate for each relevant Underlying)*
	(ii)	Compo FX Provisions:		[Applicable/Not Applicable]
		(A)	Designated Page:	[●]
		(B)	Designated Time:	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

16.	**Form of Notes:**	[Bearer Notes: [●]] **(*N.B. Bearer Notes will only be issued subject to such immobilisation conditions as are agreed by the Issuer, such that the Notes are treated as issued in registered***

		***form for U.S. federal income tax purposes*)**
		[Registered Notes
		Regulation S Global Registered Note Certificate (U.S.$[●] principal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Registered Note Certificate (U.S.$[●] principal amount registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])]
		[Swedish Notes - *insert details (including details of the Swedish Notes Issuing and Paying Agent and the provisions of the Fiscal Agency Agreement which apply to the Notes)*]]
		[Finnish Notes – *insert details (including details of the Finnish Notes Issuing and Paying Agent*]]
17.	New Global Note/New Safekeeping Structure:	[No/Yes – New [Global Note/Safekeeping Structure] applies] [Not Applicable]
18.	Business Centres:	[●] (*N.B. this paragraph relates to the definition of Business Day*)
19.	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)*
20.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No][Not Applicable]
21.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/Applicable: The provisions of Condition 16 of the General Conditions apply]
22.	Consolidation provisions:	[Not Applicable/The provisions of Condition 12 of the General Conditions apply]
23.	Name and address of Calculation Agent:	[Citibank, N.A./Citigroup Global Markets Limited/Citigroup Global Markets Inc.] [(acting through its [●] department/group (or any successor department/group))] at [●]]
24.	Determinations:	[Sole and Absolute Determination/Commercial Determination]

Signed on behalf of the Issuer:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Admission to trading and listing:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example, the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from on or around [●]] [Not Applicable] Tranche [●] of the Notes has been admitted to trading on [*specify relevant regulated market (for example, the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from [●]] (*Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading*)
[Estimate of total expenses related to admission to trading:	[●]]

2. RATINGS

Ratings:	The Notes are [not] rated. [The rating of the Notes is: (i) [S&P: [●]] (ii) [Moody's: [●]] (iii) [Fitch: [●]] (iv) [[*Other*]: [●]] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*]* [[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such Regulation.]] [[*Insert the legal name of the relevant non-EU credit*

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

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

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

[[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with such Regulation].]

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

The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/ Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]]]

[*If reference is made to the ratings of Citigroup Inc. then insert the legal name of the relevant credit rating agency entity and the status of its application under the CRA Regulation*]

[*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 for any fees payable to [the Dealer[s]/the Distributors/[●]]/Save as discussed in ["*Subscription and sale and transfer and selling restrictions*"]], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the Offer [. The [Dealers/Distributors] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the CGMFL Guarantor] and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]]]

(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the 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 Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here*)]
(ii)	[Estimated net proceeds:]	[●] (*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding*)
(iii)	[Estimated total expenses:]	[●] (*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses"*)

(*It is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where reasons for the offer are different from making profit and/or hedging certain risks and such reasons are included at (i) above*)]

5. [YIELD (*Fixed Rate Notes only*)

[Indication of yield/Unified Yield Rate]: [*specify rate of range of rates*]

(*specify Unified Yield Rate for non-Exempt offers in the Republic of Hungary only*)

[Calculated as [*include specific details of method of calculation in summary form*] on the Issue Date]*
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. INFORMATION ABOUT [THE PAST AND FURTHER PERFORMANCE AND VOLATILITY OF THE OR EACH UNDERLYING][AND][THE FLOATING RATE OF INTEREST]

[Information about the past and further performance of the or each Underlying is available from the applicable Electronic Page(s) specified for such Underlying in Part A above]

[Information relating to historic interest rates in the case of Floating Rate Notes is available from the relevant [Electronic Page][Page][●]]

7. DISCLAIMER

[*include disclaimer for Indicies which are not Proprietary Indicies*]

[**Proprietary Index Disclaimer**

None of the Issuer[, the CGMFL Guarantor][2], [●] (the **Index Sponsor** [and the **Index Calculation Agent**]) for the Underlying and any of their respective directors, officers, employees, representatives, delegates or agents (each a **Relevant Person**) makes any express or implied representations or warranties as to (a) the advisability of purchasing the Notes, (b) the level(s) of the Underlying at any particular time on any particular date, (c) the results to be obtained by any investor in the Notes or any other person or entity, from the use of the Underlying or any data included therein for any purpose, (d) the merchantability or fitness for a particular purpose of the Underlying or (e) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Underlying. No Relevant Person shall have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages. [The Index Sponsor is not/Neither the Index Sponsor nor the Index Calculation Agent is] under any obligation to continue the calculation, publication and dissemination of the Underlying nor shall they have any liability for any errors, omissions, interruptions or delays relating to the Underlying. The Index Sponsor [and the Index Calculation Agent] shall [each] act as principal and not as agent or fiduciary of any other person.

Past performance is not indicative of future performance. Any numbers or figures presented as past performance of the Underlying prior to its launch date (however defined in the Index Conditions) may include performances calculated from back-testing simulations. Any back-testing is illustrative only and derived from proprietary models based on certain historic data and assumptions and estimates. Such back-testing information should not be considered indicative of the actual results that might be obtained from an investment or participation in the Notes. Any scenario analysis is for illustrative purposes only and does not represent the actual performance of the Underlying nor does it purport to describe all possible performance outcomes for the Underlying.

As at the date hereof, the Underlying is described in full in the Index Conditions which are set out in the Base Prospectus. Any decision to invest in the Notes should be based upon the information contained in the Base Prospectus and this Final Terms only.

The Underlying is proprietary and confidential to the Index Sponsor. No person may use the Underlying in any way or reproduce or disseminate the information relating to the Underlying contained in the Base Prospectus relating to the Notes without the prior written consent of the Index Sponsor (save in respect of the distribution of the terms of the Notes using customary clearing and settlement procedures). The Underlying is not in any way sponsored, endorsed or promoted by the issuer or sponsor, as applicable, of any of its constituents.]

[**Bloomberg®**

Certain information contained in this Final Terms consists of extracts from or summaries of information that is publicly-available from Bloomberg L.P. (**Bloomberg®**). The Issuer **[**and the CGMFL Guarantor][2] accept[s] responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer [and the CGMFL Guarantor are][2] [is] aware and are able to ascertain from such publicly-available information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Bloomberg® makes no representation, warranty or undertaking, express or implied, as to the accuracy of the reproduction of such information, and accepts no responsibility for the reproduction of such information or for the merits of an investment in the Notes. Bloomberg® does not arrange, sponsor, endorse, sell or promote the issue of the Notes.]

8. OPERATIONAL INFORMATION

ISIN Code:	[●]
Common Code:	[●] [Not Applicable]
CUSIP:	[●] [Not Applicable]
WKN:	[●] [Not Applicable]
Valoren:	[●] [Not Applicable]
Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and DTC and the relevant identification number(s) and details relating to the relevant depositary, if applicable:	[Not Applicable/*give name(s) and number(s)* [and references to the [Relevant Clearing System/[●]] shall be deemed to be references to such clearing system] The Notes will be accepted for settlement in Euroclear UK & Ireland Limited (**CREST**) via the CREST Depositary Interest (CDI) mechanism. [Euroclear Sweden AB]/[Euroclear Finland Oy]
Delivery:	Delivery [versus/free of] payment
Names and address of the Swedish Notes Issuing and Paying Agent (if any):	[Nordea Bank AB (publ), Smålandsgatan 17, Stockholm, Sweden]/[Not Applicable]
Names and address of the Finnish Notes Issuing and Paying Agent (if any):	[Nordea Bank Finland Plc, Aleksis Kiven Katu 3-5, Helsinki, Finland]/[Not Applicable]
Names and addresses of additional Paying Agent(s) (if any):	[●][Not Applicable]

Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. 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 registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure,] [*Include this text for Registered Notes which are to be held under the New Safekeeping Structure or NSS*] 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 Bearer Notes must be issued in NGN form*).
	[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosytem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] [*include this text for Registered Notes which are to be held under the NSS*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

9. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names [and addresses of the Lead Manager and the other 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*)
(iii)	[Date of [Subscription] Agreement:	[Not Applicable][●]]

(iv)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
(vi)	[Total commission and concession:	[None/[●] per cent. of the Aggregate Principal Amount/No commissions and concessions are payable by the Issuer to the Dealer. The [*(specify type of fee or commission)*] payable by the Dealer to any distributor is [●] of the Aggregate Principal Amount. Investors can obtain more information about the fee by contacting the Dealer at the address set out herein/[up to] [●] per cent. of the Aggregate Principal Amount which comprises the *(specify type of fee or commission)* payable to the [Authorised Offeror]. Investors can obtain more information about this fee by contacting the relevant [Authorised Offeror] or the Dealer at the relevant address(es) set out herein. It is anticipated that the exact amount of the *(specify type of fee or commission)* will be published by the Issuer on the web-site of the Irish Stock Exchange on or around [●]. In addition to *(specify any relevant offer price)*, the [Authorised Offeror] may charge investors in [●] a *(specify type of fee or commission)* of [up to] [●] per cent. of the Aggregate Principal Amount. Investors can obtain more information about this fee by contacting the [Authorised Offeror] at the address(es) set out herein]
(vii)	Swiss selling restrictions:	[Not Applicable] [The Notes may be offered, sold, advertised or otherwise distributed directly or indirectly, in, into or from Switzerland except to qualified investors as defined in article 10 of the Swiss Collective Investment Schemes Act. For the avoidance of doubt, such offer in Switzerland does not constitute a Non-exempt Offer for the purposes of the Prospectus Directive] (*Include if the Notes are to be publicly offered in Switzerland*)]
(viii)	Non-exempt Offer:	[Not Applicable] [An offer [(The [●] **Offer**)] of the Notes may be made by [the Dealer(s)] [and] [●]] (the [●] **Initial Authorised Offeror(s)**) other than pursuant to Article 3(2) of the Prospectus Directive [and [●]] during the period from (and including) [●] to (and including) [●] (the [●] **Offer Period**) in [●] ([●])] [[and] any additional financial intermediaries who have or obtain the Issuer's consent to use the Base Prospectus and this Final Terms in connection with the Non-exempt Offer and who are identified on the Issuer's website at [www.[●]] as an Authorised Offeror] (together, being persons to whom the issuer has given consent, the [●] **Authorised Offeror(s)**)

		(the [●] **Offer Period**).]
		(specify for each jurisdiction in which a Non-exempt offer is being undertaken)
		Offers (if any) in any Member State other than the Public Offer Jurisdiction(s) will only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus
		[**Authorised Offeror(s)** means [●] [and [●]].]
		[**Initial Authorised Offeror(s)** means [●] [and [●]].]
		Public Offer Jurisdiction(s) means [●] [and [●]]
		See further Paragraph 10 below.
(ix)	[General Consent:	[Not Applicable][Applicable]]
(x)	[Other conditions to consent:	[Not Applicable][*Add here any other conditions to which the consent given is subject*].
		(*N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make the Offer. No such offer should be made in any relevant jurisdiction until those requirements have been met. Offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.*)]

10. TERMS AND CONDITIONS OF THE OFFER

(*Delete whole section if sub-paragraph 9(viii) above is specified to be Not Applicable*)

Offer Price:	[Issue Price][●]
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*]

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*]
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. UNITED STATES TAX CONSIDERATIONS

[For U.S. federal income tax purposes, the Issuer will treat the Notes as [fixed-rate debt/fixed-rate debt issued with OID/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [ ]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [ ]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [ ] at [ ]]/variable rate debt instruments/variable rate debt instruments issued with OID/foreign currency Notes/foreign currency Notes issued with OID/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [ ]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [ ]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [ ] at [ ]]/short-term Notes/prepaid forward contracts or options/prepaid forward contracts or options with associated periodic payments/a put and a deposit, for which purposes, the Issuer will treat [ ]% of each coupon on a Note as interest on the deposit and [ ]% as put premium.]

Notes:

* Delete if the minimum denomination is greater than or equal to EUR100,000 (or its equivalent)

** Delete if the minimum denomination is less than EUR100,000 (or its equivalent)

[ANNEX

SUMMARY OF THE NOTES

(*insert completed Summary for the Notes where the denomination of the Notes is less than EUR100,000*)][10]

SECTION F.4 –PRO FORMA PRICING SUPPLEMENT

Pricing Supplement dated [●]

Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.][1]
Issue of [*Specify Aggregate Principal Amount of Tranche*/*(specify aggregate number of Units of Tranche)*
Units of *(specify principal amount of each Unit)*] [*Title of Notes*]
[Guaranteed by Citigroup Global Markets Limited][2]
Under the U.S.$30,000,000,000 Global Medium Term Note Programme

[The Notes do not constitute a participation in a collective investment scheme in the meaning of the Federal Act on Collective Investment Schemes and are not licensed by the Swiss Financial Market Supervisory Authority (FINMA) thereunder. Accordingly, neither the Notes nor holders of the Notes benefit from protection under the Federal Act on Collective Investment Schemes or supervision by the Swiss Financial Market Supervisory Authority (FINMA) and investors are exposed to the credit risk of the Issuer [and the CGMFL Guarantor][2].][3]

No prospectus is required in accordance with the Prospectus Directive (as defined below) in relation to Notes which are the subject of this Pricing Supplement.

The Base Listing Particulars referred to below (as completed by this Pricing Supplement) 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 (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 CGMFL Guarantor][2] and any Dealer has authorised, nor does any of them authorise, the making of any offer of Notes in any other circumstances.

The expression **Prospectus Directive** means Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in the Relevant Member State).

The Notes [and the CGMFL Deed of Guarantee][2] have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or any state securities law. [The Notes [and CGMFL Deed of Guarantee] [2] are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it is outside the United States and is not a U.S. person and will not sell, pledge or otherwise transfer the Notes or any beneficial interest therein at any time within the United States or to, or for the account or benefit of, a U.S. person, other than the Issuer or any affiliate thereof.][4] [The Notes are being offered and sold solely to "qualified institutional buyers" (**QIBs**) in reliance on the exemption from registration under the Securities Act provided by Rule 144A thereunder (**Rule 144A**). Each purchaser of the Notes or any beneficial interest therein will be deemed to have represented and agreed that it and each account for which it is purchasing (or holding) Notes is a QIB and that it will not sell, pledge or otherwise transfer the Notes or any beneficial

[1] Delete as applicable.
[2] Delete where the Issuer is Citigroup Inc.
[3] Include this legend where the Notes are offered in Switzerland.
[4] Include for Notes offered in reliance on Regulation S.

interest therein at any time to any person other than (a) the Issuer or any affiliate thereof or (b) a person it reasonably believes to be a QIB purchasing the Notes for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of any State of the United States and any other jurisdiction.][5] The Notes [and the CGMFL Deed of Guarantee][2] [and any Entitlements] do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act, as amended, and trading in the Notes has not been approved by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended. For a description of certain restrictions on offers and sales of Notes, see "*General Information relating to the Programme and the Notes - Subscription and sale and transfer and selling restrictions*" in the Base Listing Particulars.

The Notes may not be offered or sold to, or acquired by, any person that is, or whose purchase and holding of the Notes is made on behalf of or with "plan assets" of, an employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), a plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or an employee benefit plan or plan subject to any laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

PART A – CONTRACTUAL TERMS

The Notes are English Law Notes [that are also [Swedish][Finnish] Notes].[1]

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*" the Valuation and Settlement Schedule and the Underlying Schedule[s] applicable to [the/each] Underlying] in the Base Listing Particulars [and the Supplement[s].

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Listing Particulars [as so supplemented]. Full information on the Issuer[, the CGMFL Guarantor] and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars [as so supplemented].

The Base Listing Particulars [and the Supplement[s]] [is] [are] available for viewing at the offices of the Paying Agents and on the web-site of the Central Bank of Ireland (www.centralbank.ie). [In addition, this Pricing Supplement is available [[●]]].

[*Use this paragraph if the Base Listing Particulars has not been supplemented*: For the purposes hereof, **Base Listing Particulars** means the [Citigroup Inc./CGMFL] Underlying Linked Notes Base Listing Particulars in relation to the Programme dated [●].]

[*Use this paragraph if the Base Listing Particulars has been supplemented*: For the purposes hereof, **Base Listing Particulars** means the [Citigroup Inc./CGMFL] Underlying Linked Notes Base Listing Particulars relating to the Programme dated [●], as supplemented by a Supplement (No.[●]) dated [●] ([the] **Supplement** [**No.[●]**]) [and a 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 Listing Particulars 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 Listing Particulars [as supplemented by the Supplement[s]].

[5] Include for Notes offered in reliance on Rule 144A.

This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Current Base Listing Particulars [and the Supplement[s] thereto, save in respect of the Conditions which are extracted from the Base Listing Particulars [as supplemented by the Supplement[s] thereto] and are incorporated by reference into the Current Base Listing Particulars. Full information on the Issuer[, the CGMFL Guarantor][2] and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Listing Particulars [and the Supplement[s] thereto] and the Current Base Listing Particulars [and the Supplement[s] thereto].

The Base Listing Particulars [and the Supplement[s] to the Base Listing Particulars and the Current Base Listing Particulars [and the Supplement[s] to the Current Base Listing Particulars are available for viewing at the offices of the Paying Agents and on the web-site of the Central Bank of Ireland (www.centralbank.ie). In addition, this Pricing Supplement is available [[●]].]

[*Use this paragraph if the Conditions have not been amended by way of a Supplement to the Base Listing Particulars*: For the purposes hereof, **Base Listing Particulars** means the [Citigroup Inc./CGMFL] Underlying Linked Notes Base Listing Particulars relating to the Programme dated [●].]

[*Use this paragraph if the Conditions have been amended by way of a Supplement to the Base Listing Particulars*: For the purposes hereof, **Base Listing Particulars** means the [Citigroup Inc./CGMFL] Underlying Linked Notes Base Listing Particulars relating to the Programme dated [●], as supplemented by a Supplement (No.[●]) dated [●] ([the] **Supplement** [**to the Base Listing Particulars**] [**No.[●]**]) [and a Supplement (No.[●]) dated [●] (**Supplement No.[●]** and, together with Supplement No.[●], the **Supplements to the Base Listing Particulars**)].]

[*Use this paragraph if the Current Base Listing Particulars has not been supplemented*: For the purposes hereof, **Current Base Listing Particulars** means the [Citigroup Inc./CGMFL] Underlying Linked Notes Base Listing Particulars relating to the Programme dated [●].]

[*Use this paragraph if the Current Base Listing Particulars has been supplemented*: For the purposes hereof, **Current Base Listing Particulars** means the [Citigroup Inc./CGMFL] Underlying Linked Notes Base Listing Particulars relating to the Programme dated [●], as supplemented by a Supplement (No.[●]) dated [●] ([the] **Supplement** [**to the Current Base Listing Particulars**] [**No.[●]**]) [and a Supplement (No.[●]) dated [●] (**Supplement No.[●]** and, together with Supplement No.[●], the **Supplements to the Current Base Listing Particulars**)].]]

[*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 Pricing Supplement.*]

1.	(i)	Issuer:	[Citigroup Inc./Citigroup Global Markets Funding Luxembourg S.C.A.][1]
	(ii)	Guarantor:	[Citigroup Global Markets Limited/Not Applicable] *(N.B. Only Notes issued by Citigroup Global Markets Funding Luxembourg S.C.A are guaranteed by Citigroup Global Markets Limited)*
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*)]
	(iii)	Date on which the Notes will	[Not Applicable] [The Notes will be consolidated and form

		be consolidated and form a single Series:	a single Series with [*identify earlier Tranches*] on [●]/[the Issue Date]]
3.	Specified Currency or Currencies:		[●]/[The Notes are Dual Currency Notes. **Specified Currency** means: (i) in respect of the Specified Denomination and the Calculation Amount (the **Denomination Currency**): [●] (ii) in respect of payments and/or deliveries (the **Relevant Currency**): [●]]
4.	Aggregate Principal Amount:		
	(i)	Series:	[●][Units (each Unit being [●] in principal amount of the Notes)] [per cent. of the Aggregate Principal Amount converted into the Relevant Currency at the Initial FX Rate, being [*specify in Relevant Currency*] in respect of the Aggregate Principal Amount. **Initial FX Rate** means [●]]
	(ii)	Tranche:	[●][Units (each Unit being [●] in principal amount of the Notes)] [The Notes are issued in Units. Accordingly, references herein to Units shall be deemed to be references to [●] in principal amount of the Notes and all references in the Conditions to payments and/or deliveries being made in respect of a Calculation Amount shall be construed to such payments and/or deliveries being made in respect of a Unit]
5.	Issue Price:		[●] per cent. of the Aggregate Principal Amount [plus accrued interest from [*insert date*]](*insert for fungible issues, if applicable*)
6.	(i)	Specified Denominations:	[●][Unit] (*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*) (*In respect of Swedish Notes and Finnish Notes, there shall be one denomination only*.)
	(ii)	Calculation Amount:	[●][Unit] (*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:	[[●]/Issue Date/Not Applicable]

8.	Maturity Date:	[●][, subject to adjustment in accordance with the [Modified][Preceding][Following] Business Day Convention][Interest Payment Date falling on or nearest to [●]][●] *where EMTA provisions are applicable in respect of any FX Rate:* or, if later, the Number of Settlement Business Days following the [last occurring] Final Valuation Date]
9.	Type of Notes:	[Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes] [Coupon Barrier Notes [that are also [Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes//Interim Performance Interest Notes] [and Range Accrual Notes/Multi-Chance Notes/Lookback Notes]] [The Notes do not bear or pay any interest] [Mandatory Early Redemption Provisions are applicable as specified in item 14[(iii)] below] The Redemption Amount of the Notes is determined in accordance with item 14(iv) [and, as the Underlying Linked Notes Redemption Provisions are applicable, item 14(v)] below] The Notes are Cash Settled Notes [and/or may be Physical Delivery Notes] [The Notes are Dual Currency Notes] [Certificates: Applicable *(if Applicable, replace references in the Final Terms to Note(s) with Certificates)*]
10.	Put/Call Options:	[Issuer Call as specified in item 14(i) below] [Investor Put as specified in item 14(ii) below] [Not Applicable]
11.	(i) Status of the Notes:	Senior
	(ii) Status of the CGMFL Deed of Guarantee:	[Senior][Not Applicable] (*Not applicable for Notes issued by Citigroup Inc.*)

PROVISIONS RELATING TO UNDERLYING LINKED NOTES

12.	**Underlying Linked Notes Provisions:**	Applicable – the provisions in the Valuation and Settlement Schedule apply (subject as provided in any relevant Underlying Schedule)
	(i) Underlying: *(the following information may be tabulated)*	
	(A) Description of Underlying(s):	[*specify each Underlying including ISIN or other identification number where available*]
	(B) Classification:	[Security Index/Inflation Index/Commodity Index/

Commodity/Share/Depositary Receipt/ETF Share/ Mutual Fund Interest/FX Rate (EMTA Provisions: [Applicable/Not Applicable])/Warrant/Proprietary Index/Dividend Futures Contract/Rate]

(*specify for each Underlying*)

(C) Electronic Page: [●] (*specify for each Underlying*)

(ii) Particulars in respect of each Underlying: (*Delete the sub-paragraphs which are not applicable*)
(the following information may be tabulated)

[Security Index/Indices: (*specify for each Security Index*)

(A) Type of Index: [Single Exchange Index/Multiple Exchange Index][Bond Index]

(B) Exchange(s): [●]

(*NB: Only required in relation to Single Exchange Indices*)

(C) Related Exchange(s): [[●]/All Exchanges]

(D) Single Valuation Time [Applicable/Not Applicable]]

(E) Same Day Publication: [Applicable/Not Applicable]

[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/[●]][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:

(A) Same Day Publication: [Applicable/Not Applicable]]

[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][●] [per [*insert unit*]] of [*insert commodity*] on [the relevant Exchange/(*specify other source*)] [of the [relevant] Futures Contract for the

		[relevant] Delivery Date] as made public by [the [relevant] Exchange] on [the [relevant] Price Source]] [(*specify price*)][Fallback Commodity Dealers]
(B)	Delivery Date:	[*date*] [*month and year*] [[First/Second/Third/*other*] Nearby Month][Either (i) the [First/Second/Third/*other*] Nearby Month or (ii) if the Calculation Agent determines that the relevant Valuation Date falls less than [[●]] Commodity Business Days prior to the earlier of (A) the last trading day of the relevant [First/Second/Third/*other*] Futures Contract; or (B) the first day on which notice of intent to deliver in respect of the relevant [First/Second/Third/*other*] Futures Contract may be submitted (howsoever defined in the terms of the relevant Futures Contract and/or the rules of the relevant Exchange), the [First/Second/Third/*other*] Nearby Month][*specify method*]
(C)	Exchange(s):	[●]
(D)	Price Source:	[The Electronic Page][●] (*N.B: Unless otherwise specified, Price Source shall be the Electronic Page*)
(E)	Scheduled Trading Day:	[●] (*NB: Only applicable if the definition for Bullion Commodities in the Commodity Conditions is not applicable*)]
[Share(s):		(*specify for each Share*)
(A)	Share Company:	[●]
(B)	Exchange(s):	[●]
(C)	Related Exchange(s):	[●/All Exchanges]]
[Depositary Receipt(s):		(*specify for each Depositary Receipt*)
(A)	Full Lookthrough:	[Applicable/Not Applicable]
(B)	Partial Lookthrough:	[Applicable/Not Applicable]
(C)	Depositary Receipt Exchange(s):	[●]
(D)	Depositary Receipt Related Exchange(s):	[[●]/All Exchanges]
(E)	Underlying Share Company:	[●]
(F)	Underlying Share	[●]

Exchange(s):	
(G) Underlying Share Related Exchange(s):	[[●]/All Exchanges]]
[ETF Share(s):	(*specify for each ETF Share*)
(A) Fund:	[●]
(B) Exchange(s):	[●]
(C) Related Exchange(s)	[[●]/All Exchanges]]
[Mutual Fund Interest(s):	(*specify for each Fund Interest*)
(A) Mutual Fund:	[●]
(B) Scheduled Trading Day:	[Scheduled Interim Valuation Date/Scheduled Redemption Valuation Date]]
(C) Same Day Publication:	[Applicable/Not Applicable]
[FX Rate(s) where EMTA Provisions are Not Applicable:	(*specify for each FX Rate and each Exchange Rate comprising such FX Rate*)
(A) FX Rate:	"cross-rate/formula": [Applicable/Not Applicable] [The FX Rate is [the inverse of] [[●*)*] / [the product of [●] and [[●]] / [the quotient of [[●]] (as numerator) and [[●]] (as denominator)]]] (*delete or combine as applicable*)
(B) Exchange Rate:	
- Base Currency:	[●]
- Quote Currency:	[●]
- Event Currency /Currencies:	[*Specify if different to the FX Rate Conditions*] (*NB: only required if "General Inconvertibility", "General Non-Transferability", "Material Change in Circumstances", "Nationalisation", "Specific Inconvertibility" or "Specific Non-Transferability" are specified as Currency Disruption Events below*)
- Specified Financial Centres:	[●]
(C) Dual Currency Notes:	[Not Applicable/Applicable. The Dual Currency Exchange Rate is [*specify FX Rate*] [and for which purpose the Specified Valuation Date shall be *(specify days)* prior to (but excluding) each day on which payment is scheduled to be made under the Notes]] *(specify for Dual Currency Notes where there would otherwise be no Specified*

Valuation Date)

[FX Rate(s) where EMTA Provisions are Applicable:		(*specify for each FX Rate and each Exchange Rate*)
(A)	FX Rate Source:	[●]
(B)	Valuation Time:	*(specify in respect of the Primary Rate and any fallback rates)* [●] in respect of the Primary Rate [[●] in respect of the First Fallback Reference Price] [[●] in respect of the Second Fallback Reference Price]
(C)	Reference Currency:	[●]
(D)	Settlement Currency:	[●]
(E)	Reference Currency Business Centre(s):	[●]
(F)	Settlement Currency Business Centre(s):	[●]
(G)	Number of Settlement Business Days:	[●]
(H)	Maximum Days of Postponement:	[●] consecutive calendar days
(I)	Dual Currency Notes:	[Not Applicable/Applicable. The Dual Currency Exchange Rate is [*specify FX Rate*] [and for which purpose the Specified Valuation Date shall be [*(specify days)*] prior to (but excluding) each day on which payment is scheduled to be made under the Notes]] *(specify for Dual Currency Notes where there would otherwise be no Specified Valuation Date)*
[Proprietary Index/Indices:		
(A)	Scheduled Trading Day:	[S*pecify if different to the Proprietary Index Conditions/*A Scheduled Trading Day shall be an "Index Business Day" as defined in the Index Conditions]]
(B)	Same Day Publication:	[Applicable/Not Applicable]
[Dividend Futures Contract(s):		
(A)	Exchange(s):	[●]
(B)	Relevant Price:	["daily settlement price"/"final settlement price"][see specified item [●]]
[Rate(s):		

[Rate(s):

(A)	Valuation Time:	[●]
(B)	Scheduled Trading Day:	[A Business Day][A day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in [●] *(specify each)]*

(iii) Elections in respect of each type of Underlying: (*Delete the sub-paragraphs which are not applicable*)

(*the following information may be tabulated*)

[Security Index/Indices:

(A)	Additional Disruption Event(s):	[Increased Cost of Stock Borrow] [Loss of Stock Borrow]]

[Inflation Index/Indices:

(A)	Reference Month(s):	[In respect of a Valuation Date [●]]
(B)	Manifest Error Cut-off Date:	[2 Business Days prior to the [relevant] Payment Date/[●]] (*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/[●]] (*NB: If no Revision Cut-off Date is specified, the cut-off date will be 2 Business Days prior to any relevant Payment Date*)

[Commodity Index/Indices:

(A)	Additional Adjustment Event:	Tax Disruption: [Applicable/Not Applicable]
(B)	Commodity Index Substitution Criteria:	[[●]/As determined by Calculation Agent]
(C)	Commodity Component Valuation:	[Applicable/Not Applicable]]

[Commodity/Commodities:

(A)	Commodity Dealers	[The definition set out in Condition 1 of the Commodity Conditions shall apply/[●]] (*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]]
(D)	Additional Early Redemption Events:	[Abandonment of Scheme *(N.B. only applicable where the Underlying is an emission)*]

[Share(s):

(A)	Additional Disruption Event(s):	[Increased Cost of Stock Borrow] [Loss of Stock Borrow]
(B)	Share Substitution Criteria:	[Reference Index/As determined by Calculation Agent]

[Depositary Receipt(s):

(A)	Additional Disruption Event(s):	[Increased Cost of Stock Borrow] [Loss of Stock Borrow]
(B)	Depositary Receipt Substitution Criteria:	Depositary Receipt: [Same Underlying Share and Currency/As determined by Calculation Agent]. Underlying Share: [Reference Index/As determined by Calculation Agent].

[ETF Share(s):

(A)	Additional Disruption Event(s):	[Increased Cost of Stock Borrow] [Loss of Stock Borrow]
(B)	ETF Share Substitution Criteria:	[Related Index. For which purpose, the Related Index is [●] *(specify for each ETF Share where there is a basket of ETF Shares)*/As determined by Calculation Agent]

[Mutual Fund Interest(s):

(A)	Additional Disruption Event(s):	[Fees or Charges Event] [Fund Adviser Event [- for which purpose the AUM Threshold is [●] *(specify AUM Threshold if different to the Conditions)*] [Holding Ratio Change] [Limitation Event] [NAV Trigger Event] [New Information Event] [Non Currency Redemption] [Related Agreement Termination [– for which purpose [●] shall be a relevant party] *(specify other relevant party (if any))*] [Asset Trigger Event] [Delisting – for which purpose the relevant Exchange is [●]]
(B)	Mutual Fund Interest Substitution Criteria:	[Equivalent Mutual Fund Interest. For which purpose, the Equivalent Mutual Fund Interest Criteria is: [Liquidity] [Similar Strategy] [Same Currency] [As determined by Calculation Agent]

[FX Rate(s) where EMTA Provisions are Not Applicable:

(A)	Currency Disruption Event(s):	[Dual Exchange Rate] [General Inconvertibility] [General Non-Transferability] [Governmental Authority Default] [Illiquidity] [Material Change in Circumstances] [Nationalisation] [Price Materiality – for which purpose: Primary Rate: [●] Secondary Rate: [●] Price Materiality Percentage: [●]]] [Specific Inconvertibility] [Specific Non-Transferability]

[FX Rate(s) where EMTA Provisions are Applicable:

(A)	Disruption Events:	[Price Source Disruption] [Price Materiality. For which purpose: (i) Price Materiality Percentage is [[●]] per cent. (ii) Primary Rate is [the FX Rate/[●]]

		(iii) Secondary Rate is [the First Fallback Reference Rate [and the Second Fallback Reference Rate]/ [●]]]
(B)	Disruption Fallbacks:	The following Disruption Fallbacks apply in the following order: [First Fallback Reference Price. For the purposes of the related First Fallback Reference Rate: (i) First Fallback Rate Source: [●] (ii) First Fallback Valuation Time: [●] (iii) First Fallback Electronic Page: [●]] [Valuation Postponement] [Second Fallback Reference Price. For the purposes of the related Second Fallback Reference Rate: (i) Second Fallback Rate Source: [●] (ii) Second Fallback Valuation Time: [●] (iii) Second Fallback Electronic Page: [●]]] [Calculation Agent Determination] *(specify relevant fallbacks for each FX Rate and the order in which they apply)*
(C)	Correction Provisions:	[Applicable/Not Applicable] *(specify for each FX Rate where different)*
(D)	Settlement Disruption:	[Applicable/Not Applicable]

[Proprietary Index/Indices:

(A)	Additional Adjustment Event:	Tax Disruption: [Applicable/Not Applicable]
(B)	Component Valuation:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(C)	[Component Valuation Roll:	[●]/[Eight]
(D)	[Component Disrupted Day:]	[A Component Disrupted Day in respect of a Component shall be a "Disrupted Day" as defined for such Component in the Index Conditions]
(E)	[Component Scheduled Trading Day:]	[A Component Scheduled Trading Day in respect of a Component shall be a "Scheduled Trading Day" as defined for such Component in the Index Conditions]]]

Rate/Rates:

	(A)	ISDA Fallback Determination:	[Applicable/Not Applicable] *(if Not Applicable, the following provisions are Not Applicable)*
		I. Floating Rate Option:	[[●]/Not Applicable]
		II. Designated Maturity:	[[●]/Not Applicable]
	(B)	Correction Provisions:	[Applicable][Not Applicable]
(iv)	Trade Date:		[●]
(v)	Realisation Disruption:		[Applicable/Not Applicable]
(vi)	Hedging Disruption Early Termination Event:		[Applicable/Not Applicable]

PROVISIONS RELATING TO ANY INTEREST AMOUNT, THE REDEMPTION AMOUNT AND ANY ENTITLEMENT DELIVERABLE

13.	**Interest Provisions:**		[Applicable/Not Applicable – the Notes do not bear or pay interest] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Interest Strike Level, Specified Valuation Date(s), Specified Interest Valuation Date(s), Lower Interest Barrier Level, Upper Interest Barrier Level, Interest Barrier Level, Specified Interest Barrier Observation Date, Interest Amount/Rate, IPR and Interest Payment Date(s)		See Table below
(ii)	Coupon Barrier Notes: Non-Contingent Interest Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Non-Contingent Interest Amount:	[●] per Calculation Amount
	(B)	Non-Contingent Interest Amount Payment Dates:	[●] [subject to adjustment in accordance with the [Modified Following/Preceding/Following] Business Day Convention]
(iii)	Coupon Barrier Notes: Interest Strike Dates		[Applicable/Not Applicable]

		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A) Specified Interest Strike Date:	[Not Applicable][[●] [and [●]][[●] Scheduled Trading Days prior to [●]][each Scheduled Trading Day for the relevant Interest Underlying which is not a Disrupted Day for that Interest Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] *(where a different Specified Interest Strike Date applies for any Interest Underlying, specify for each Interest Underlying)*
(iv)	Coupon Barrier Notes: Underlying(s) relevant to interest, Interim Performance Provisions and levels of the Interest Underlying(s)	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A) Interest Underlying:	[[●]] [and such Interest Underlying shall be an Interim Outperformance [A/B] Underlying *(specify for each Interest Underlying where Outperformance Provisions apply in respect of the Interim Performance Provisions)*]
	(B) Interest Barrier Underlying(s):	[The Interest Underlying/All of the Interest Underlyings/Any Interest Underlying/The Interim Performance Underlying/Each Interest Underlying (subject to a minimum of [●] Interest Underlyings)]
	Interim Performance Provisions:	
	(A) Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Maximum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]
	II. Minimum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]
	(B) Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Interest Underlying	**W_n**

[Interest Underlying with highest (or equal highest) Interim Performance for that Interest Payment Date]	[●]%
[Interest Underlying with [●]highest (or [●] equal [highest/lowest]) Interim Performance for that Interest Payment Date]	[●]%

(complete for each relevant Interest Underlying)

[Interest Underlying with lowest (or equal lowest) Interim Performance for that Interest Payment Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Interest Underlying	**W_n**
[●]	[●]%
[●]	[●]%

(complete for each relevant Interest Underlying)

[●]	[●]%]

	II. Maximum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]
	III. Minimum Interim Performance Percentage:	[Applicable – [●] %/Not Applicable]
(C)	Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I. Maximum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II. Minimum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
(D)	Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

	I. Maximum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II. Minimum Interim Performance Percentage:	[Applicable – [●]%/Not Applicable]
(E)	Outperformance Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Interim Performance Provisions for Interim Outperformance A Underlying:	
	I. Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
	II. Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Interim Outperformance A Underlying	**Wn**
[Interim Outperformance A Underlying with highest (or equal highest) Interim Performance for that Interest Payment Date]	[●]%
[Interim Outperformance A Underlying with [●] highest (or [●] equal [highest/lowest]) Interim Performance for that Interest Payment Date]	[●]%
(complete for each relevant Interim Outperformance A Underlying)	
[Interim Outperformance A Underlying with lowest (or equal lowest) Interim	[●]%

Performance for that Interest Payment Date]

/Not Applicable. Therefore Wn shall be determined as set out below:

Interim Outperformance A Underlying	**W_n**
[●]	[●]%
[●]	[●]%
(complete for each relevant Interim Outperformance A Underlying)	
[●]	[●] %

Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
III. Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
IV. Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
Interim Performance Provisions for Interim Outperformance B Underlying:	
I. Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum	[Applicable – [●] %/Not Applicable]

Outperf B:	
Minimum Outperf B:	[Applicable – [●] %/Not Applicable]
II. Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Interim Outperformance B Underlying	**Wn**
[Interim Outperformance B Underlying with highest (or equal highest) Interim Performance for that Interest Payment Date]	[●]%
[Interim Outperformance B Underlying with [●]highest (or [●] equal [highest/lowest]) Interim Performance for that Interest Payment Date]	[●]%
(complete for each relevant Interim Outperformance A Underlying)	
[Interim Outperformance B Underlying with lowest (or equal lowest) Interim Performance for that Interest Payment Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Interim Outperformance A Underlying	**W_n**
[●]	[●]%
[●]	[●]%
(complete for each relevant Interim Outperformance A Underlying)	
[●]	[●]%]

Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
III. Best of Basket Observation:	[Applicable/Not Applicable]

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

Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
IV. Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
Provisions relating to levels of the Interest Underlying(s)	
(A) Interest Initial Level:	[Closing Level on Interest Strike Date/Closing Level on Interest Re-Strike Date/Arithmetic Average Closing Level on Interest Strike Dates/Lowest Closing Level on Interest Strike Dates/Lowest Intra-day Level on Interest Strike Dates/Highest Closing Level on Interest Strike Dates/Highest Intra-day Level on Interest Strike Dates/*(specify for each Interest Underlying)*] *(if no pre-determined level is specified, then Interest Strike Dates will need to be specified)*
(B) Interest Reference Level:	[Closing Level on Interest Valuation Date/Arithmetic Average Closing Level on Interest Valuation Dates/Lowest Closing Level on Interest Valuation Dates/Lowest Intra-day Level on Interest Valuation Dates/Highest Closing Level on Interest Valuation Dates/Highest Intra-day Level on Interest Valuation Dates]
(v) Coupon Barrier Notes: Provisions relating to an Interest Barrier Event:	
(A) Interest Barrier Event:	[Interest Barrier Event European Observation/ Interest Barrier Event European Performance Observation/Interest Barrier Event American Performance Observation/Interest Barrier Event American Observation – Closing Level/Interest Barrier Event American Observation – Intra-Day Level/Interest Barrier Event American One-Touch Observation – Closing Level/Interest Barrier Event American One-Touch

			Observation – Intra-Day Level]
	(B)	Interest Barrier Event Lock-In:	[Applicable/Not Applicable]
(vi)	Provisions relating to the rate or amount of interest due		[Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes] [Coupon Barrier Notes [that are also [Fixed Rate Notes/Floating Rate Notes/Inflation Rate Notes/Interim Performance Interest Notes] [and Range Accrual Notes/Multi-Chance Notes/Lookback Notes]]
	(A)	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

[EITHER:

I.	Accrual:	Not Applicable
II.	Lookback Notes:	[Applicable/Not Applicable]
III.	Multi-Chance Notes:	[Applicable/Not Applicable]]

[OR:

I.	Accrual:	Applicable
II.	Range Accrual Notes:	[Applicable. For which purpose: Range Accrual Determination Date means [Business Day/calendar day] Range Accrual Value What You Can Observation: [Applicable/Not Applicable] Range Accrual Move in Block Observation: [Applicable/Not Applicable] Cut-Off Number means [●] Business Days /Not Applicable]
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) payable if an Interest Barrier Event occurs in	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]]/As set out in the Valuation and Settlement Schedule]

		respect of the relevant Interest Payment Date:	
	V.	Broken Amount(s) payable if an Interest Barrier Event occurs in respect of the relevant Interest Payment Date:	[[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]] [Not Applicable]
			(*Insert particulars of any initial or final broken interest amounts which do not correspond with the Interest Amount*)]
	VI.	Day Count Fraction:	[30/360] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [Actual/Actual (ICMA)] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [Actual/360] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [30E/360] [Eurobond Basis] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)* [1/1] [x Accrual Rate] *(Accrual Rate applies where the Notes are Range Accrual Notes)*
	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))*]]
(B)	Floating Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Period End Date(s):	[Interest Payment Date(s)/[●] in each year [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]
	II.	Manner in which the Interest Rate(s) is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	III.	Party responsible for	[Calculation Agent]/[●]

	calculating the Interest Rate(s) and/or Interest Amount(s):	
IV.	Screen Rate Determination:	[Applicable/Not Applicable]
	• Reference Rate:	[●] month [(the **Designated Maturity**) (*include where Linear Interpolation is applicable)*] [*insert currency*] [EURIBOR/LIBOR/STIBOR/NIBOR/CIBOR/TIBOR/HIBOR][BBSW (being the Sydney average mid rate for AUD bills of exchange)][BKBM (being the Wellington rate for New Zealand Dollar bills of exchange)]
	• Specified Time:	[●][Not Applicable]
	• Relevant Financial Centre:	[●][Not Applicable]
	• Interest Determination Date(s):	[(*Specify e.g. any relevant Valuation Date(s)*)/[[●] day on which commercial banks are open for business (including dealing in foreign exchange and foreign currency deposits) in [[●]] prior to the start of each Interest Period/First day of each Interest Period/[[●]] day on which the TARGET2 System is open prior to the start of each Interest Period]
	• Page:	[●]
	• Reference Banks	[●]
V.	ISDA Determination:	[Applicable/Not Applicable]
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●][First day of the relevant Interest Period]
VI.	Linear Interpolation:	[Not Applicable/Applicable - the Interest Rate for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation *(specify for each short or long interest period)*]

	VII.	Margin(s):	[Not Applicable/[+/-][●] per cent. per annum]
	VIII.	Minimum Interest Rate:	[See the Table below/Not Applicable]
	IX.	Maximum Interest Rate:	[See the Table below/Not Applicable]
	X.	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)]
(C)	Inflation Rate Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I.	Interest Amount Inflation Index:	*(specify Underlying)*
	II.	Margin(s):	[Not Applicable/[+/-][●] per cent. per annum]
	III.	UCL Relevant Months Prior:	[●] months
	IV.	UCL 12 + Relevant Months Prior:	[●] months
	V.	DCF:	[30/360] [Actual/Actual] / [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [1/1]
(D)	Coupon Barrier Notes: Interim Performance Interest Provisions:		[Applicable/Not Applicable]

(vii) Interest Underlying Valuation Provisions:

(A) Valuation Disruption [Move in Block/Value What You Can/Range Accrual

	(Scheduled Trading Days):	[Value What You Can/Move In Block] Observation is Applicable (as specified above)/Not Applicable][The provisions of Condition 2(c)(i) of the Valuation and Settlement Schedule [applies/do not apply.] [Modified Following/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of Condition 2(c) of the Valuation and Settlement Schedule do not apply to that Rate*)
(B)	Valuation Disruption (Disrupted Days):	[Move in Block/Value What You Can/ Range Accrual [Value What You Can/Move In Block] Observation is Applicable (as specified above)/Not Applicable] [Condition 2(d)(i) of the Valuation and Settlement Schedule applies]
(C)	Valuation Roll:	[●]/[Eight] [Not Applicable] (*If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight*)

TABLE

[Interest Strike Level]	**Specified Interest Valuation Date(s)**	**[Lower /Upper] Interest Barrier Level (%)**	**[Specified Interest Barrier Observation Date**	**Interest [Amount/Rate] if an Interest Barrier Event occurs in respect of the relevant Interest Payment Date] [and] [Minimum Interest [Amount/Rate] [and] [Maximum Interest [Amount/Rate]**	**IPR**	**Interest Payment Date**
[[●] [MER Initial Level] *(specify for each Interest Underlying where different)*	[Not Applicable] [[●] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day for the Interest Underlying which is not a Disrupted Day for the Interest Underlying	[Not Applicable] [greater than (or equal to) [●]% and less than (or equal to) [●] % of the Interest Initial Level of [the relevant Interest Barrier Underlying][●]] [greater than] [greater than or equal to] [less than] [less than or equal to] [●]% of [the Interest Initial Level of	[Not Applicable] [[●] [[●] Scheduled Trading Days prior to [●]] Each Scheduled Trading Day [for all the Interest Barrier Underlyings] which is not a Disrupted Day [for any Interest Barrier Underlying] from [(and including)] [(but	[Not Applicable] [[●]% [per annum payable [annually / semi-annually / quarterly / monthly / weekly / *other* (*specify*)]] in arrear if an Interest Barrier Event occurs in respect of the relevant Interest Payment Date] [Maximum Interest [Amount/Rate]: [●]] [and] [Minimum Interest [Amount/Rate]: [●]] / [●] per Calculation Amount]] [Either: (i)] if an Interest Barrier Event has occurred in respect of [●] Interest Barrier	[Not Applic-able] [●]	[●] [adjusted in accordance with [*specify Business Day Convention*]/ not adjusted] [*where EMTA provisions are applicable in respect of any FX Rate:* or, if later, the Number of Settlement Business Days following the [last occurring] Interest Valuation Date

from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]] [As set out in Condition 1.1 of the Valuation and Settlement Schedule (Range AccrualNotes Only)]	the relevant Interest Barrier Underlying][●]] *(specify where different for different Interest Barrier Underlyings)*	excluding)] [●] to [(but excluding)] [(and including) [●]] [As set out in Condition 1.1 of the Valuation and Settlement Schedule (*Range Accrual Notes only*)]	Underlying(s) [only] [or less], [●] [or (ii) if an Interest Barrier Event has occurred in respect of [●] [or more] Interest Barrier Underlying(s) [only] [or less], [●]] *(specify for the relevant number of Interest Barrier Underlying(s) where the Notes are Multi-Chance Notes*]		relating to such Interest Payment Date]

(specify for each interest payment date where relevant)

14. Redemption Provisions:

(i)	Issuer Call		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Optional Redemption Date(s):	[●]
	(B)	Optional Redemption Amount:	[● per Calculation Amount
	(C)	If redeemable in part:	
		I. Minimum Redemption Amount:	[●] per Calculation Amount
		II. Maximum Redemption Amount:	[●] per Calculation Amount
	(D)	Notice period:	[As set out in the General Conditions] [Not less than [●] Business Days] (*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 (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice*

			requirements which may apply, for example, as between the Issuer and the Fiscal Agent).
(ii)	Investor Put		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Optional Redemption Date(s):	[●]
	(B)	Optional Redemption Amount:	[●] per Calculation Amount
	(C)	Notice period:	[As set out in the General Conditions] [Not less than [●] Business Days] (*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 (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent*)
(iii)	Mandatory Early Redemption Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(A)	Mandatory Early Redemption Strike Level, Specified MER Valuation Date, Specified MER Upper Barrier Event Valuation Date, Lower MER Barrier Level, Upper MER Barrier Level, Barrier Level, Specified MER Barrier Observation Date, MER Amount, Upper Mandatory Early Redemption Amount and Lower Mandatory Early Redemption Amount, MERPR, MERPR Call, MERPR Put, MER Date (as relevant):	See Table below

(B)	Specified Mandatory Early Redemption Strike Date:	[Not Applicable][●] [and [●]]][[●] Scheduled Trading Days prior to [●]] each Scheduled Trading Day for the relevant Mandatory Early Redemption Underlying which is not a Disrupted Day for that Mandatory Early Redemption Underlying from (and including) [●] to (but excluding) [●]] *(where a different Specified Mandatory Early Redemption Strike Date applies for any Mandatory Early Redemption Underlying, specify for each Mandatory Early Redemption Underlying)*
Underlying(s) relevant to Mandatory Early Redemption, Mandatory Early Redemption Performance Provisions and levels of the Mandatory Early Redemption Underlying(s)		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A)	Mandatory Early Redemption Underlying:	[[●]] [and such Mandatory Early Redemption Underlying shall be an Mandatory Early Redemption Outperformance [A/B] Underlying *(specify for each Mandatory Early Redemption Underlying where Outperformance Provisions apply in respect of the Mandatory Early Redemption Performance Provisions)*]
(B)	Mandatory Early Redemption Barrier Underlying(s):	[The Mandatory Early Redemption Underlying/All of the Mandatory Early Redemption Underlyings/Any Mandatory Early Redemption Underlying/The Mandatory Early Redemption Performance Underlying/Each Mandatory Early Redemption Underlying (subject to a minimum of [●] Mandatory Early Redemption Underlyings)]
Mandatory Early Redemption Performance Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A)	Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II Minimum Mandatory Early Redemption Performance	[Applicable – [●]%/Not Applicable]

Percentage:

(B)	Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
I	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Underlying	**W_n**
[Mandatory Early Redemption Underlying with highest (or equal highest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
[Mandatory Early Redemption Underlying with [●] highest (or [●] equal [highest/lowest]) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

(complete for each relevant Mandatory Early Redemption Underlying)

[Mandatory Early Redemption Underlying with lowest (or equal lowest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Underlying	**W_n**
[●]	[●]%
[●]	[●]%

(complete for each relevant Mandatory Early Redemption Underlying)

[●]	[●]%]

II	Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
III	Minimum Mandatory Early	[Applicable – [●]%/Not Applicable]

	Redemption Performance Percentage:	
(C)	Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II Minimum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
(D)	Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	I Maximum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II Minimum Mandatory Early Redemption Performance Percentage:	[Applicable – [●]%/Not Applicable]
(E)	Outperformance Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance A Underlying:	

I.	Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
II.	Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	**W_n**
[Mandatory Early Redemption Outperformance A Underlying with highest (or equal highest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
[Mandatory Early Redemption Outperformance A Underlying with [●] highest (or [●] equal [highest/lowest]) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
(complete for each relevant Mandatory Early Redemption Outperformance A Underlying)	
[Mandatory Early Redemption Outperformance A Underlying with lowest (or equal lowest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	**W_n**
[●]	[●]%
[●]	[●]%

(complete for each relevant Mandatory Early

		Redemption Outperformance A Underlying)
		[●] [●]%
	Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
	Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
III.	Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
	Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
IV.	Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
	Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
Mandatory Early Redemption Performance Provisions for Mandatory Early Redemption Outperformance B Underlying:		
I.	Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Maximum Outperf B:	[Applicable – [●] %/Not Applicable]
	Minimum Outperf B:	[Applicable – [●] %/Not Applicable]

II.	Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	**W_n**
[Mandatory Early Redemption Outperformance B Underlying with highest (or equal highest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
[Mandatory Early Redemption Outperformance B Underlying with [●] highest (or [●] equal [highest/lowest]) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%
(complete for each relevant Mandatory Early Redemption Outperformance B Underlying)	
[Mandatory Early Redemption Outperformance B Underlying with lowest (or equal lowest) Mandatory Early Redemption Performance for that Mandatory Early Redemption Date]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Mandatory Early Redemption Outperformance A Underlying	**W_n**
[●]	[●]%
[●]	[●]%
(complete for each relevant Mandatory Early Redemption Outperformance B Underlying)	
[●]	[●]%]

	Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
	Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
III.	Best of Basket	[Applicable/Not Applicable]

Observation:	(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
IV. Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
Provisions relating to levels of the Mandatory Early Redemption Underlying(s)	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A) Mandatory Early Redemption Initial Level:	[Closing Level on Mandatory Early Redemption Strike Date/Arithmetic Average Closing Level on Mandatory Early Redemption Strike Dates/Lowest Closing Level on Mandatory Early Redemption Strike Dates/Lowest Intra-day Level on Mandatory Early Redemption Strike Dates/Highest Closing Level on Mandatory Early Redemption Strike Dates/Highest Intra-day Level on Mandatory Early Redemption Strike Dates/*(specify for each Mandatory Early Redemption Underlying)*] *(if no pre-determined level is specified, then Mandatory Early Redemption Strike Dates will need to be included)*
(B) Mandatory Early Redemption Reference Level:	[Closing Level on Mandatory Early Redemption Valuation Date/Arithmetic Average Closing Level on Mandatory Early Redemption Valuation Dates/Lowest Closing Level on Mandatory Early Redemption Valuation Dates/Lowest Intra-day Level on Mandatory Early Redemption Valuation Dates/Highest Closing Level on Mandatory Early Redemption Valuation Dates/Highest Intra-day Level on Mandatory Early Redemption Valuation Dates]
Provisions relating to a Mandatory Early Redemption Barrier Event	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(A) Mandatory Early Redemption Barrier	[Not Applicable/Applicable – [Mandatory Early Redemption Barrier Event European

Event:	Observation/Mandatory Early Redemption Barrier Event European Performance Observation/Mandatory Early Redemption Event American Performance Observation/Mandatory Early Redemption Barrier Event American Observation – Closing Level/Mandatory Early Redemption Barrier Event American Observation – Intra-Day Level/Mandatory Early Redemption Barrier Event American One-Touch Observation – Closing Level/Mandatory Early Redemption Barrier Event American One-Touch Observation – Intra-Day Level/Target Mandatory Early Redemption Barrier Event and, for which purpose: Target Mandatory Early Redemption (Capped) Provisions: [Applicable/Not Applicable] Target Mandatory Early Redemption Threshold Amount: *(specify aggregate amount in respect of all Interest Payment Dates and a Calculation Amount)*]]
Provisions relating to a Mandatory Early Redemption Upper Barrier Event:	[Applicable/Not Applicable]
(A) Mandatory Early Redemption Upper Barrier Event:	[Mandatory Early Redemption Barrier Event European Performance Observation/Mandatory Early Redemption Upper Barrier Event European Observation]
(B) MER Upper Barrier Percentage:	[Applicable - [greater than] [greater than or equal to] [less than] [less than or equal to] [[●]%] [of [the Mandatory Early Redemption Initial Level of the relevant Mandatory Early Redemption Barrier Underlying / [●] *(specify for each Mandatory Early Redemption Barrier Underlying where different)*]/Not Applicable]
Provisions relating to the Mandatory Early Redemption Amount	
(A) Mandatory Early Redemption Amount due where MER Upper Barrier Percentage is Not Applicable:	[The Performance-Linked Mandatory Early Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/See Table below/Not Applicable]
(B) Mandatory Early Redemption Amount due where MER Upper Barrier Percentage is Applicable:	[Applicable/Not Applicable]
I Upper Mandatory	[The Performance-Linked Mandatory Early Redemption Amount determined in accordance with the [Put] [Call]

		Early Redemption Amount:	[Call Spread – Put Spread] [Twin Win] Option Provisions/See Table below/Not Applicable]
	II	Lower Mandatory Early Redemption Amount:	[The Performance-Linked Mandatory Early Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/See Table below Not Applicable]
(C)	Performance-Linked Mandatory Early Redemption Amount:		
	I	Put Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
		Maximum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
		Minimum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
	II	Call Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
		Maximum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
		Minimum Mandatory Early Redemption Amount:	[[●]/ Not Applicable]
	III	Call Spread – Put Spread Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
		Call Cap:	[●]
		Put Cap:	[●]
		Call Floor:	[●]
		Put Floor:	[●]

		Minimum Mandatory Early Redemption Amount:	[●]
		Maximum Mandatory Early Redemption Amount:	[●]
	IV	Twin Win Option:	[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
		Minimum Mandatory Early Redemption Amount:	[●]

Mandatory Early Redemption Underlying Valuation Provisions

(A)	Valuation Disruption (Scheduled Trading Days):	[Move in Block/Value What You Can/Not Applicable][The provisions of Condition 2(c)(i) of the Valuation and Settlement Schedule [applies/do not apply.] [Modified Following/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of Condition 2(c) of the Valuation and Settlement Schedule do not apply to that Rate*)
(B)	Valuation Disruption (Disrupted Days):	[Move in Block/Value What You Can/Not Applicable/[●]] [Condition 2(d)(i) of the Valuation and Settlement Schedule [applies/does not apply]]
(C)	Valuation Roll:	[●]/[Eight] [Not Applicable] (*If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight*)

TABLE

MER Strike Level	**Specified MER Valuation Date(s)**	**Specified MER Upper Barrier Event Valuation Date**	**[Lower / Upper] MER Barrier Level (%)**	**Specified MER Barrier Observation Date**	**MER Amount/Upper Mandatory Early Redemption Amount And Lower Mandatory Early Redemption**	**MERPR (%)**	**MER Date**

					Amount		
[Not Applicable] [[●]]] [MER Initial Level] (*specify for each MER Underlying where different*)	[Not Applicable] [[●]]] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day for the MER Underlying which is not a Disrupted Day for the MER Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]	[Not Applicable] [[●]] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day for the MER Underlying which is not a Disrupted Day for the MER Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]	[Not Applicable] [[●]]	[Not Applicable] [[●]] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day [for all the MER Barrier Underlyings] which is not a Disrupted Day [for any MER Barrier Underlying] from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and including)] [●]]	[Not Applicable] [●] [(subject to a Maximum Amount (cap) of [●]] [and] [subject to a Minimum Amount (floor) of [●]]	[Not Applicable] [[●]] [[●] being the MERPR Call and [●] being the MERPR Put]	[●] [adjusted in accordance with [*specify Business Day Convention*]/ not adjusted] [*where EMTA provisions are applicable in respect of any FX Rate:* or, if later, the Number of Settlement Business Days following the [last occurring] MER Valuation Date relating to such MER Date]

(*specify for each MER date where relevant)*

(iv) Redemption Amount: [[●] per Calculation Amount/See item [(v)] below]

(v) Underlying Linked Notes Redemption Provisions [Applicable/Not Applicable]

(If Not Applicable, delete the remaining sub-paragraphs)]

Dates

(A) Specified Redemption Barrier Observation Date: [[●]] [[●] Scheduled Trading Days prior to [●]] [Each Scheduled Trading Day [for all the Redemption Underlyings] which is not a Disrupted Day [for any Redemption Underlying] [from (and including)] [(but excluding)] [●] to [(but excluding)] [(but excluding)] [●]]

(B) Specified Final Valuation Date: [[●]] [[●] Scheduled Trading Days prior to [●]] [Expiry Date] (*specify "Expiry Date" for Notes linked to Dividend Futures Contracts where the Relevant Price for the Specified Final Valuation Date is specified to be the "final settlement price" in item 12(ii) above*)

	(C)	Specified Redemption Strike Date:	[Not Applicable/[[●]] [[●] [and [●]] [[●] Scheduled Trading Days prior to [●]]/ Each Scheduled Trading Day for the relevant Redemption Underlying which is not a Disrupted Day for that Redemption Underlying from [(and including)] [(but excluding)] [●] to [(but excluding)] [(and excluding)] [●]] *(where a different Specified Redemption Strike Date applies for any Redemption Underlying, specify for each Redemption Underlying)*
(vi)	Underlying(s) relevant to redemption, Final Performance provisions and levels of the Redemption Underlying(s)		
	(A)	Redemption Underlying:	[●] [and such Redemption Underlying shall be A Final Outperformance [A/B] Underlying *(specify for each Redemption Underlying where Outperformance Provisions apply in respect of the Final Performance Provisions)*]
	(B)	Redemption Barrier Underlying(s):	[The Redemption Underlying/All of the Redemption Underlyings/Any Redemption Underlying/The Final Performance Underlying]
(vii)	Final Performance Provisions:		
	(A)	Single Underlying Observation:	[Applicable/Not Applicable]
		I. Maximum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
		II. Minimum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
	(B)	Weighted Basket Observation:	[Applicable/Not Applicable]
		I. Rainbow Weighting:	[Applicable. Therefore Wn shall be determined as set out below:

Redemption Underlying	**W_n**
[Redemption Underlying with highest (or equal highest) Final Performance]	[●] %

[Redemption Underlying with [●]highest (or [●] equal [highest/lowest]) Final Performance]	[●] %

(complete for each relevant Redemption Underlying)

[Redemption Underlying with lowest (or equal lowest) Final Performance]	[●] %

/Not Applicable. Therefore Wn shall be determined as set out below:

Redemption Underlying	$\mathbf{W_n}$
[●]	[●] %
[●]	[●] %
(complete for each relevant Redemption Underlying)	
[●]	[●] %]

	II.	Maximum Final Performance Percentage:	[Applicable – [●] %/Not Applicable]
	III.	Minimum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
(C)	Best of Basket Observation:		[Applicable/Not Applicable]
	I.	Maximum Final Performance Percentage:	[Applicable – [●] %/Not Applicable]
	II.	Minimum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
(D)	Worst of Basket Observation:		[Applicable/Not Applicable]
	I.	Maximum Final Performance Percentage:	[Applicable – [●]%/Not Applicable]
	II.	Minimum	[Applicable – [●]%/Not Applicable]

Final Performance Percentage:

(E) Outperformance Observation: [Applicable/Not Applicable]

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

Final Performance Provisions for Final Outperformance A Underlying:

I. Single Underlying Observation: [Applicable/Not Applicable]

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

Maximum Outperf A: [Applicable – [●]%/Not Applicable]

Minimum Outperf A: [Applicable – [●]%/Not Applicable]

II. Weighted Basket Observation: [Applicable/Not Applicable]

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

Rainbow Weighting: [Applicable. Therefore Wn shall be determined as set out below:

Final Outperformance A Underlying	**W_n**
[Final Outperformance A Underlying with highest (or equal highest) Final Performance]	[●] %
[Final Outperformance A Underlying with [●] highest (or [●] equal [highest/lowest]) Final Performance]	[●] %
(complete for each relevant Final Outperformance A Underlying)	
[Final Outperformance A Underlying with lowest (or equal lowest) Final Performance]	[●] %

/Not Applicable. Therefore Wn shall be determined as set out below:

Final Outperformance A Underlying	**W_n**
[●]	[●] %

	[●] %
	[●]
	(complete for each relevant Final Outperformance A Underlying) [●] %]
	[●]
Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
III. Best of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf A:	[Applicable – [●]%/Not Applicable]
Minimum Outperf A:	[Applicable – [●]%/Not Applicable]
IV. Worst of Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf A:	[Applicable – [●] %/Not Applicable]
Minimum Outperf A:	[Applicable – [●] %/Not Applicable]
Final Performance Provisions for Final Outperformance B Underlying:	
V. Single Underlying Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
Maximum Outperf B:	[Applicable – [●]%/Not Applicable]
Minimum Outperf B:	[Applicable – [●]%/Not Applicable]
VI. Weighted Basket Observation:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of*

this paragraph)

Rainbow Weighting: [Applicable. Therefore Wn shall be determined as set out below:

Final Outperformance A Underlying	**W_n**
[Final Outperformance B Underlying with highest (or equal highest) Final Performance]	[●]%
[Final Outperformance B Underlying with [●] highest (or [●] equal [highest/lowest]) Final Performance]	[●]%
(complete for each relevant Final Outperformance A Underlying)	
[Final Outperformance B Underlying with lowest (or equal lowest) Final Performance]	[●]%

/Not Applicable. Therefore Wn shall be determined as set out below:

Final Outperformance A Underlying	**W_n**
[●]	[●] %
[●]	[●] %
(complete for each relevant Final Outperformance B Underlying)	
[●]	[●] %]

Maximum Outperf B: [Applicable – [●]%/Not Applicable]

Minimum Outperf B: [Applicable – [●]%/Not Applicable]

VII. Best of Basket Observation: [Applicable/Not Applicable]

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

Maximum Outperf B: [Applicable – [●]%/Not Applicable]

Minimum Outperf B: [Applicable – [●]%/Not Applicable]

VIII. Worst of Basket Observation: [Applicable/Not Applicable]

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

Maximum Outperf B: [Applicable – [●]%/Not Applicable]

Minimum Outperf B: [Applicable – [●]%/Not Applicable]

(viii) Provisions relating to levels of the Redemption Underlying(s)

(A) Redemption Initial Level: [Closing Level on Redemption Strike Date/Arithmetic Average Closing Level on Redemption Strike Dates/Lowest Closing Level on Redemption Strike Dates/Lowest Intra-day Level on Redemption Strike Dates/Highest Closing Level on Redemption Strike Dates/Highest Intra-day Level on Redemption Strike Dates/*(specify for each Redemption Underlying)*]

(if no pre-determined level is specified, then Redemption Strike Dates will need to be included)

(B) Final Reference Level: [Closing Level on Final Valuation Date/Arithmetic Average Closing Level on Final Valuation Dates/Lowest Closing Level on Final Valuation Dates/Lowest Intra-day Level on Final Valuation Dates/Highest Closing Level on Final Valuation Dates/Highest Intra-day Level on Final Valuation Dates]

(C) Redemption Strike Level: [Redemption Initial Level/[●]/The Redemption Strike Level specified for each Redemption Underlying below:

Redemption Underlying	**Redemption Strike Level**
[●]	[●]

(specify for each Redemption Underlying)

(ix) Provisions relating to a Redemption Barrier Event

(A) Redemption Barrier Event: [Not Applicable/Applicable – [Redemption Barrier Event European Observation/Redemption Barrier Event European Performance Observation/Redemption Barrier Event American Performance Observation/Redemption Barrier Event American Observation – Closing Level/Redemption Barrier Event American Observation – Intra-Day Level/Redemption Barrier Event American One-Touch Observation – Closing Level/Redemption Barrier Event American One-Touch Observation – Intra-Day Level]]

(B) Final Barrier Level: [greater than] [greater than or equal to] [less than] [less than or equal to] [[●]%] [greater than (or equal to) [●] %

being the Lower Final Barrier Level and less than (or equal to) [●]% being the Upper Final Barrier Level] [of [the Redemption Initial Level of the relevant Redemption Barrier Underlying / [●] *(specify for each Redemption Barrier Underlyings where different)*]]

(x) Provisions relating to the redemption amount due or entitlement deliverable

Provisions applicable where Redemption Barrier Event is Not Applicable and the Redemption Amount is a Performance-Linked Redemption Amount:

(A) Redemption Amount: [The Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions]/Not Applicable]

Provisions applicable where Redemption Barrier Event is Applicable

(B) 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 Act of 1933, as amended and the Investment Company Act of 1940, as amended*)

I. Settlement via Intermediary: [Not Applicable/Applicable – For which purpose the Intermediary is [[The Calculation Agent] [[●]] [*Insert contact details for delivery of Asset Transfer Notice*]]

II. Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]

(Condition 4[(vi)] of the Valuation and Settlement Schedule)

III. Aggregation of Entitlements: [Applicable/Not Applicable]

	IV.	Cash Adjustment:	[Applicable/Not Applicable]
			Tradable Amount: [1/*specify for each Relevant Asset*] [Share]
	V.	Entitlement Calculation Rounding Convention:	[●] decimal places
(C)	Redemption Amount due where no Redemption Barrier Event has occurred:		[Applicable - [●] per Calculation Amount/the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/Not Applicable]
(D)	Redemption Upper Barrier Percentage:		[[●]%/ Not Applicable]
	I.	Upper Redemption Amount due where no Redemption Barrier Event has occurred:	[Applicable – [●] per Calculation Amount/the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/Not Applicable]
	II.	Lower Redemption Amount due where no Redemption Barrier Event has occurred:	[Applicable – [●] per Calculation Amount/ the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions /Not Applicable]
(E)	Redemption Amount due where a Redemption Barrier Event has occurred:		[Applicable – [●] per Calculation Amount/the Performance-Linked Redemption Amount determined in accordance with the [Put] [Call] [Call Spread – Put Spread] [Twin Win] Option Provisions/Not Applicable]
Performance-Linked Redemption Amount:			
(F)	Performance-Linked Redemption Amount:		
	Put Option:		[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
	I.	Maximum Redemption Amount:	[[●]/ Not Applicable]
	II.	Minimum	[[●]/ Not Applicable]

	Redemption Amount:	
III.	Final Participation Rate (FPR):	[[●]%/ Not Applicable]/
Call Option:		[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
IV.	Maximum Redemption Amount:	[[●]/ Not Applicable]
V.	Minimum Redemption Amount:	[[●]/ Not Applicable]
VI.	Final Participation Rate (FPR):	[[●] %/Not Applicable]]
Call Spread – Put Spread Option:		[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
VII.	Call Cap:	[●]
VIII.	Put Cap:	[●]
IX.	Call Floor:	[●]
X.	Put Floor:	[●]
XI.	Minimum Redemption Amount:	[●]
XII.	Maximum Redemption Amount:	[●]
XIII.	Final Participation Rate Call (FPR Call):	[[●] %/Not Applicable]]
XIV.	Final Participation Rate Put (FPR Put):	[[●] %/Not Applicable]]
Twin Win Option:		[Applicable/Not Applicable *(If Not Applicable, delete the remaining sub-paragraphs)*]
I.	Minimum	[●]

Redemption Amount:

II. Final Participation Rate (FPR): [[●]%/Not Applicable]]

(xi) Redemption Underlying Valuation Provisions

(A) Valuation Disruption (Scheduled Trading Days): [Move in Block/Value What You Can/Not Applicable][The provisions of Condition 2(c)[(i)] of the Valuation and Settlement Schedule [applies/do not apply.]

[Modified Following/Preceding Scheduled Trading Day] (*specify for a Rate only and where the provisions of Condition 2(c) of the Valuation and Settlement Schedule do not apply to that Rate*)

(B) Valuation Disruption (Disrupted Days): [Move in Block/Value What You Can/Not Applicable/[●]] [Condition 2(d)[(i)] of the Valuation and Settlement Schedule [applies/does not apply]]

(C) Valuation Roll: [●]/[Eight] [Not Applicable]

(*If no Valuation Roll is stated, Specified Maximum Days of Disruption will be equal to eight*)

15. **FX Provisions:** [Applicable in respect of the [Interest Provisions [and][the Mandatory Early Redemption Provisions [and][the Underlying Linked Notes Redemption Provisions]/Not Applicable]

(If Not Applicable, delete the remaining sub-paragraphs)

(i) Quanto Provisions: [Applicable/Not Applicable]

(A) FX: *(specify rate for each relevant Underlying)*

(ii) Compo FX Provisions: [Applicable/Not Applicable]

(A) Designated Page: [●]

(B) Designated Time: [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

16. **Form of Notes:** [Bearer Notes: [●]]

(*N.B. Bearer Notes will only be issued subject to such immobilisation conditions as are agreed by the Issuer, such that the Notes are treated as issued in registered form for U.S. federal income tax purposes*)

[Registered Notes

Regulation S Global Registered Note Certificate (U.S.$[●] principal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Registered Note Certificate (U.S.$[●] principal amount registered in the name of a nominee for [DTC/ a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg])]

[Swedish Notes - *insert details (including details of the Swedish Notes Issuing and Paying Agent and the provisions of the Fiscal Agency Agreement which apply to the Notes)*]]

[Finnish Notes – *insert details (including details of the Finnish Notes Issuing and Paying Agent*]]

17.	New Global Note/New Safekeeping Structure:	[No/Yes – New [Global Note/Safekeeping Structure] applies] [Not Applicable]
18.	Business Centres:	[●] (*N.B. this paragraph relates to the definition of Business Day*)
19.	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)*
20.	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No][Not Applicable]
21.	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/Applicable: The provisions of Condition 16 of the General Conditions apply]
22.	Consolidation provisions:	[Not Applicable/The provisions of Condition 12 of the General Conditions apply]
23.	Name and address of Calculation Agent:	[Citibank, N.A./Citigroup Global Markets Limited/Citigroup Global Markets Inc.] [(acting through its [●] department/group (or any successor department/group))] at [●]]
24.	Determinations:	[Sole and Absolute Determination/Commercial Determination]
25.	[Additional selling restrictions:	[Not Applicable/*give details*] [The Notes may be offered, sold, advertised or otherwise distributed directly or indirectly, in, into or from

		Switzerland except to qualified investors as defined in article 10 of the Swiss Collective Investment Schemes Act] (*Include if the Notes are to be publicly offered in Switzerland*)]
26.	Other final terms:	[Not Applicable/*give details*] [The Issuer shall have the right to obtain extracts from the register of creditors (*Sw.skuldbok*) from Euroclear Sweden - *only applicable in case of Swedish Notes*] The Issuer shall, subject to regulations of Euroclear Finland and applicable laws, be entitled to acquire from Euroclear Finland a list of the holders of Finnish Notes, provided that it is technically possible for Euroclear Finland to maintain such a list.]

Signed on behalf of the Issuer:

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Admission to trading and listing:	[Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant non-EEA regulated market (for example, the Global Exchange Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from on or around [ ]] [Not Applicable] Tranche [ ] of the Notes has been admitted to trading on [*specify relevant non-EEA regulated market (for example, the Global Exchange Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the official list of the Irish Stock Exchange)*] with effect from [ ]] (*Where documenting a fungible issue, need to indicate that original Notes are already admitted to trading*)
Estimated expenses relating to admission to trading:	[●]

2. RATINGS

Ratings:	The Notes are [not] rated. The Notes are rated: (i) [S&P: [●]] (ii) [Moody's: [●]] (iii) [Fitch: [●]] (iv) [[*Other*]: [●]] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*]* [[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [*insert the legal name of the relevant credit rating agency entity*] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with such Regulation.]] [[*Insert the legal name of the relevant non-EU credit*

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

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

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

[[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [and [*insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with such Regulation].]

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

The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/ Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]]]

[*If reference is made to the ratings of Citigroup Inc. then insert the legal name of the relevant credit rating agency entity and the status of its application under the CRA Regulation*]

[*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. DISCLAIMER

[*include disclaimer for Indicies which are not Proprietary Indicies*]

[**Proprietary Index Disclaimer**

None of the Issuer[, the CGMFL Guarantor][2], [●] (the **Index Sponsor** [and the **Index Calculation Agent**]) for the Underlying and any of their respective directors, officers, employees, representatives, delegates or agents (each a **Relevant Person**) makes any express or implied representations or warranties as to (a) the advisability of purchasing the Notes, (b) the level(s) of the Underlying at any particular time on any particular date, (c) the results to be obtained by any investor in the Notes or any other person or entity, from the use of the Underlying or any data included therein for any purpose, (d) the merchantability or fitness for a particular purpose of the Underlying or (e) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Underlying. No Relevant Person shall have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages. [The Index Sponsor is not/Neither the Index Sponsor nor the Index Calculation Agent is] under any obligation to continue the calculation, publication and dissemination of the Underlying nor shall they have any liability for any errors, omissions, interruptions or delays relating to the Underlying. The Index Sponsor [and the Index Calculation Agent] shall [each] act as principal and not as agent or fiduciary of any other person.

Past performance is not indicative of future performance. Any numbers or figures presented as past performance of the Underlying prior to its launch date (however defined in the Index Conditions) may include performances calculated from back-testing simulations. Any back-testing is illustrative only and derived from proprietary models based on certain historic data and assumptions and estimates. Such back-testing information should not be considered indicative of the actual results that might be obtained from an investment or participation in the Notes. Any scenario analysis is for illustrative purposes only and does not represent the actual performance of the Underlying nor does it purport to describe all possible performance outcomes for the Underlying.

As at the date hereof, the Underlying is described in full in the Index Conditions which are set out at [the Schedule attached hereto][in the Base Listing Particulars]. Any decision to invest in the Notes should be based upon the information contained in the Base Listing Particulars and this Pricing Supplement only.

The Underlying is proprietary and confidential to the Index Sponsor. No person may use the Underlying in any way or reproduce or disseminate the information relating to the Underlying contained in the Base Prospectus relating to the Notes without the prior written consent of the Index Sponsor (save in respect of the distribution of the terms of the Notes using customary clearing and settlement procedures). The Underlying is not in any way sponsored, endorsed or promoted by the issuer or sponsor, as applicable, of any of its constituents.]

[**Bloomberg®**

Certain information contained in this Pricing Supplement consists of extracts from or summaries of information that is publicly-available from Bloomberg L.P. (**Bloomberg®**). The Issuer **[**and the CGMFL Guarantor][2] accept[s] responsibility for accurately reproducing such extracts or summaries and, as far as the Issuer [and the CGMFL Guarantor are][2] [is] aware and are able to ascertain from such publicly-available information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Bloomberg® makes no representation, warranty or undertaking, express or implied, as to the accuracy of the reproduction of such information, and accepts no responsibility for the reproduction of such information or for the merits of an investment in the Notes. Bloomberg® does not arrange, sponsor, endorse, sell or promote the issue of the Notes.]

4. OPERATIONAL INFORMATION

ISIN Code:	[●]
Common Code:	[●] [Not Applicable]
CUSIP:	[●] [Not Applicable]
WKN:	[●] [Not Applicable]
Valoren:	[●] [Not Applicable]
Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, société anonyme and DTC and the relevant identification number(s) and details relating to the relevant depositary, if applicable:	[Not Applicable/*give name(s) and number(s)* [and references to the [Relevant Clearing System/[●]] shall be deemed to be references to such clearing system] The Notes will be accepted for settlement in Euroclear UK & Ireland (**CREST**) via the CREST Depositary Interest (CDI) mechanism. [Euroclear Sweden AB]/[Euroclear Finland Oy]
Delivery:	Delivery [versus/free of] payment
Names and address of the Swedish Notes Issuing and Paying Agent (if any):	[Nordea Bank AB (publ), Smålandsgatan 17, 105 71 Stockholm, Sweden]/[Not Applicable]
Names and address of the Finnish Notes Issuing and Paying Agent (if any):	[Nordea Bank Finland Plc, Aleksis Kiven Katu 3-5, Helsinki, Finland]/[Not Applicable]
Names and addresses of additional Paying Agent(s) (if any):	[●][Not Applicable]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. 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 registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the New Safekeeping Structure,] [*Include this text for Registered Notes which are to be held under the New Safekeeping Structure or NSS*] 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 Bearer Notes must be issued in NGN form*).

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosytem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] [*include this text for Registered Notes which are to be held under the NSS*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

5. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names [and addresses of the Lead Manager and the other 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*)
(iii)	[Date of [Subscription] Agreement:	[Not Applicable][●]]
(iv)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
(v)	If non-syndicated, name and address of Dealer:	[Not Applicable/*give name and address*]
(vi)	[Total commission and concession:	[None/[●] per cent. of the Aggregate Principal Amount/No commissions and concessions are payable by the Issuer to the Dealer. The [*(specify type of fee or commission)*] payable by the Dealer to any distributor is [●] of the Aggregate Principal Amount. Investors can obtain more information about the fee by contacting the Dealer at the address set out herein

6. UNITED STATES TAX CONSIDERATIONS

[For U.S. federal income tax purposes, the Issuer will treat the Notes as [fixed-rate debt/fixed-rate debt issued with OID/contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [ ]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [ ]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [ ] at [ ]]/variable rate debt instruments/variable rate debt instruments issued with OID/foreign currency Notes/foreign currency Notes issued with OID/foreign currency contingent payment debt instruments, [for which purpose, the comparable yield relating to the Notes will be [ ]% compounded [semi-annually/quarterly/monthly], and that the projected payment schedule with respect to a Note consists of the following payments: [ ]/for which purpose, the comparable yield and the projected payment schedule are available by contacting [ ] at [ ]]/short-term Notes/prepaid forward contracts or options/prepaid forward contracts or options with associated periodic payments/a put and a deposit, for which purposes, the Issuer will treat [ ]% of each coupon on a Note as interest on the deposit and [ ]% as put premium/[*specify other*].]

SECTION G – NAMES, ADDRESSES AND ROLES

THE ISSUERS

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THE GUARANTOR IN RESPECT OF NOTES ISSUED BY CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A

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SECTION H – PROPRIETARY INDEX DISCLOSURE

Citi Volatility Balanced Beta (VIBE) Equity Eurozone Price Return Index

Index Methodology

Citi Investment Strategies

04 January 2012

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Part A: Introduction

Introduction

This document constitutes the "**Index Methodology**" in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology and the Index General Conditions dated 24 October 2011 (as amended from time to time, the "**Index General Conditions**") together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.

Part B: Key Information

Key Information

Index:	Citi Volatility Balanced Beta (VIBE) Equity Eurozone Price Return Index (the "**Index**")
Summary of strategy:	The Index tracks the weighted performance of 75 Eurozone-listed stocks selected from the S&P Euro 75[1]. The percentage weight of each stock within the Index is determined on a quarterly basis such that the contribution of each stock to the overall volatility of the Index is equal in accordance with the Citi Volatility Balanced Beta ("**VIBE**") methodology developed by Citigroup Global Markets Limited. A review of the Index is carried out quarterly. On each quarterly selection day, the stocks are reselected by reference to the stocks in the S&P Euro 75 at the time and the percentage weight of each stock to be included in the Index is determined in accordance with the Citi VIBE methodology. These new stocks are given effect in their respective weights as of the related quarterly rebalancing date.
Index Sponsor:	Citigroup Global Markets Limited
Index Calculation Agent:	Standard & Poor's Financial Services LLC
Index Base Currency:	euro (EUR)
Index Launch Date:	15 July 2011
Index Start Date:	5 January 2001
Index Start Level:	100
Total Return Index Start Date:	5 January 2001
Total Return Index Start Level:	100
Index Fee:	Not applicable.
Frequency of calculation of the Index Level:	Daily, on each Index Business Day.
Frequency of rebalancing:	Quarterly, on each Rebalancing Date.
Index Electronic Page:	Bloomberg page CIISRLEP <Index>

The Index was launched by the Index Sponsor on the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

[1] The Index will potentially exclude a limited number of stocks in the circumstances described in this Index Methodology

Part C: Overview of the Index

Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (*Calculation of the Index Level*) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a notional rules-based proprietary index developed by the Index Sponsor.

Generally, constituents of financial indices may be weighted according to different methodologies based on different theories of portfolio diversification, optimization and market representation. Market capitalization weighting, equal-weighting, and more recently, portfolio optimization weighting techniques are frequently used.

The Index assigns weights to its Constituents (as defined in Section D (*Definitions*) of the Index General Conditions) using the Citi Volatility Balanced Beta methodology, a proprietary risk-weighting model developed by Citigroup Global Markets Limited which is described in detail in Part D (*Calculation of the Index Level*) below. The Citi Volatility Balanced Beta methodology determines the Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) of each Constituent on a quarterly basis such that the risk contribution of each Constituent is equal. In determining the risk contribution of each Constituent, the methodology relies exclusively on market price volatility (both historic and implied) as a measure of risk. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry or geographic region.

The Index tracks the weighted performance of 75 Eurozone-listed stocks[2] selected from the constituents of the S&P Euro 75 (the "**Eligible Universe**" or the "**Eligible Universe Index**"). As outlined above, the Percentage Weight of each Constituent within the Index is determined on a quarterly basis such that the risk contribution of each Constituent is equal in accordance with the Citi Volatility Balanced Beta methodology. On each quarterly Selection Day (as defined in Part F (*Data*) below), the Constituents which will be included in the Index on the related Rebalancing Date (as defined in Part F (*Data*) below) are reselected by reference to the stocks in the Eligible Universe on that Selection Day and the Percentage Weight of each selected Constituent to be included in the Index is determined in accordance with the Citi Volatility Balanced Beta methodology. The Index is rebalanced to replicate notional positions in the selected Constituents in their respective Percentage Weights as of the Rebalancing Date following the relevant Selection Day.

Whenever a stock that is a Constituent of the Index is removed from the Eligible Universe, such Constituent is removed from the Index on the same day and the percentage weights of the remaining Constituents are scaled up such that the percentage weight of the removed Constituent is proportionally redistributed to the remaining Constituents. The introduction of a new stock into the Eligible Universe will not result in an adjustment to the Index until the next Rebalancing Date. Changes to the composition of the Eligible Universe are normally announced by the sponsor of the Eligible Universe in advance of the effective date of such changes.

The Citi Volatility Balanced Beta methodology is used to determine weights for the Constituents on a quarterly basis such that the risk contribution of the Constituents in the Index is equal or neutral with respect to the other Constituents and the Index as a whole. This does not mean that the Index is risk-free. The Index is subject to equity market risks. The methodology on which the Index is based may not be successful and may not outperform any alternative strategy that might be employed in respect of the stocks in the Eligible Universe.

[2] The Index will potentially exclude a limited number of stocks in the circumstances described in this Index Methodology

The Index is a price return index which seeks to exclude the effect of regular Dividends notionally received by the stocks tracked by the Index. Although certain adjustments will be made in respect of regular Dividends and Extraordinary Dividends (each as defined and explained more fully below in Part E (*Dividends, Stock Splits and Right Issues*) as if the Index was a total return index and the Index Level itself is first calculated on a total return basis as a preliminary step, the Index Level as of each Index Business Day will take into account the Dividend Drag applicable as of such Index Business Day. This Dividend Drag is a fixed parameter which has been incorporated into the Index Methodology with the intention of modeling the effect that regular Dividends notionally received by the stocks tracked by the Index will be ignored in the calculation of the Index Level.

The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor's Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (*Definitions*) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (*Calculation of the Index Level*) below.

4. QUARTERLY REBALANCING

The Index is rebalanced on a quarterly basis. On each Selection Day, the Index Calculation Agent will select the Constituents from the Eligible Universe that will be included in the Index with effect from the Rebalancing Date following the relevant Selection Day. The Index Calculation Agent will also perform the calculations required to determine the Percentage Weight of each Constituent according to the Citi Volatility Balanced Beta methodology. These Percentage Weights will then be applied to the current Index Level and the Constituent Closing Levels (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of the Constituents on the relevant Rebalancing Date to determine their Weights (as defined in Part D (*Calculation of the Index Level*) below), so that the Index Level, using the new Weights, can then be calculated in the same way as every other Index Business Day.

5. SELECTION OF CONSTITUENTS

The Constituents selected on each Selection Day, from and including the first Selection Day prior to the Index Start Date, will comprise all of the stocks in the Eligible Universe as of such date, other than (i) stocks issued by the Index Sponsor or its Affiliates (as defined in Section D (*Definitions*) of the Index General Conditions), including Citigroup Inc., (ii) any stocks included on the Index Sponsor's Restricted List (being a list of stocks in which the Index Sponsor or any of its Affiliates is not permitted to deal for a particular period due to laws and regulations), and (iii) any stocks for which there is insufficient publicly available historic market data in order to determine historic volatility and exponential moving average statistics in accordance with the Index methodology set out in detail in Part D (*Calculation of the Index Level*) below.

6. CHANGES IN THE ELIGIBLE UNIVERSE

The Constituents comprising the Index will also be adjusted between Rebalancing Dates to take account of the removal of stocks from the Eligible Universe. Stocks which are introduced into the Eligible Universe between Rebalancing Dates will not be included in the Index solely as a result of such introduction, but stocks may be introduced into the Index between Rebalancing Dates in accordance with the Index Conditions as a result of certain corporate action events such as mergers.

7. DETERMINATION OF PERCENTAGE WEIGHTS

On each Selection Day, the Index methodology requires the Index Calculation Agent to determine the Percentage Weights of the individual Constituents which will be included within the Index on the related Rebalancing Date. The methodology adopts a four-step process to determine these Percentage Weights.

The first two steps compute variances and correlation parameters with reference to two distinct approaches: implied volatilities (to create a notional implied risk portfolio) and exponential moving average returns (to create a notional trend-following risk portfolio). In the third step, these two notional portfolios are subject to an optimization model that computes percentage weights that aim to achieve an equal contribution to risk for each selected Constituent in each notional portfolio. The final step blends the results of the previous step to obtain an average percentage weight, and also applies a cap to the percentage weight of each selected Constituent.

In the first step, the methodology compares the 120-day implied volatility of each selected Constituent to the 120-day implied volatility of all the other selected Constituents. This process creates a covariance matrix (the "forward-looking covariance matrix"). Covariance establishes the extent to which one variable (in this case, one selected Constituent) reacts similarly to another variable or set of variables (in this case, each other selected Constituent).

In the second step, a covariance matrix comparing the historic 40-day exponential moving average of the returns of each selected Constituent to the historic 40-day exponential moving average of the returns of all other selected Constituents is established (the "trend-following covariance matrix"). The 40-day exponential moving average is observed for each of the selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day. The exponential moving average is a type of moving average in which greater emphasis is given to the more recent history. In the Index, this means that the 40-day exponential moving average applies greater weight to more recent returns of the selected Constituents than their returns at the (oldest) end of the 40-day period.

In the third step, the Index methodology applies a proprietary optimization algorithm to determine percentage weights for each selected Constituent. The optimization algorithm is applied to each covariance matrix separately. The optimization algorithm aims to find percentage weights for each selected Constituent such that each selected Constituent's contribution to index volatility is the same as every other selected Constituent's volatility contribution.

In the final step, the optimal percentage weights obtained in the third step are added together and an average obtained, so that the forward-looking covariance matrix and the trend-following covariance matrix are equally important in the determination of the final percentage weights of the selected Constituents. The average percentage weights for all of the selected Constituents are then added together and normalized to ensure they add to 100%.

The individual selected Constituent percentage weights resulting from this step are subject to a 10% individual maximum percentage weight cap. The purpose of the cap is to avoid concentration risk within the Index, where sudden changes in the value of one Constituent can have a large impact on the Index as a whole.

Percentage weights in excess of 10% are reallocated proportionately to the remaining selected Constituents, subject to the same 10% maximum percentage weight. The result of this calculation fixes the percentage weights for each of the selected Constituents which will be applied on the relevant Rebalancing Date (and is the "Percentage Weight" used in the Index Level calculations).

8. DETERMINATION OF WEIGHTS

On each Rebalancing Date following a Selection Day, the Index Calculation Agent determines the Weight of each selected Constituent within the Index.

The difference between "weight" and "percentage weight" can be understood as the difference between the notional number of stocks of a constituent in an index (the weight) and the proportion that each constituent has to the overall level of the index (the percentage weight). The weight of a constituent is determined in respect of a rebalancing date by reference to the designated percentage weight of the constituent, the level of the index and the price of the constituent on the rebalancing date. The weight of each constituent remains fixed between rebalancing dates save for adjustments as a result of dividends, corporate actions and extraordinary events. Unlike percentage weight, which is a snapshot of the proportion that a certain stock has within the index as a whole, weight assesses the synthetic investment value of that stock within the index. Because stock prices fluctuate, the proportion that each stock contributes to the index on any day depends on the relative performance of that stock compared with the performance of the index as a whole. As such, the percentage weight of a stock in an index can vary from day to day. On the other hand, a constituent included within an index on a certain rebalancing day, and having a certain percentage weight on that day, will be represented by a weight which is fixed until the next rebalancing day.

In the Index, the Index Calculation Agent shall, as of each Rebalancing Date following the Index Start Date, determine the Current Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) of each selected Constituent in the Index on such Rebalancing Date. The Current Percentage Weight is the proportion that the relevant selected Constituent has in the Index as a whole prior to the rebalancing, expressed as a percentage. For the avoidance of doubt, any selected Constituent that is not an existing Constituent in the Index will have a Current Percentage Weight of zero on the Rebalancing Date.

The Weight of each selected Constituent will then be determined as a function of its Percentage Weight and the Index Level (i.e. the Index Level is split into that proportion attributable to the Percentage Weight of each selected Constituent), which is then divided by the price of the relevant selected Constituent.

The Weights of the Constituents will remain constant between Rebalancing Dates, save for adjustments to take account of the economic effect of dividends, corporate actions and certain extraordinary events, as described in detail in Part D (*Calculation of the Index Level*) and Part E (*Dividends, Stocks Splits and Rights Issues*) of this Index Methodology, and Section B (*Valuations and Adjustments*) of the Index General Conditions.

Part D: Calculation of the Index Level

Calculation of the Index Level

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor's Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Calculation Agent's calculations of the Index Level shall be final in the absence of manifest error. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events (as described in Part E (*Dividends, Stock Splits and Rights Issues*) below), Disrupted Days and Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule: Share*) of the Index General Conditions).

1. DAILY INDEX CALCULATION

1.1 Index Level

The "**Index Level**" on the Index Start Date shall be the Index Start Level.

The "**Index Level**" on each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of each Constituent's Constituent Closing Level and its prevailing Weight (each as defined below).

$$\text{Index Level}_t = \text{IndexLevel}_{t-1} \times \frac{\text{TotalReturnIndexLevel}_t}{\text{TotalReturnIndexLevel}_{t-1}} \text{ x Dividend Drag}_t$$

where:

Index Level_t	=	Index Level on Index Business Day t
Index Level_{t-1}	=	Index Level on the Index Business Day immediately preceding Index Business Day t
Total Return Index Level_t	=	Total Return Index Level (as defined below) on Index Business Day t

Total Return Index Level$_{t-1}$ = Total Return Index Level (as defined below) on the Index Business Day immediately preceding Index Business Day t

Dividend Drag$_t$ = The Dividend Drag (as defined in Part F (*Data*)) applicable to the Index on Index Business Day t, calculated according to the following formula:

$$1 - \text{Dividend Drag} \times \frac{t_t - t_{t-1}}{365}$$

$(t_t - t_{t-1})$ = The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

1.2 Total Return Index Level

The "**Total Return Index Level**" on the Total Return Index Start Date shall be the Total Return Index Start Level.

The "**Total Return Index Level**" on each Index Business Day t (following the Total Return Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of each Constituent's Constituent Closing Level and its prevailing Weight (each as defined below).

$$\text{Total Return Index Level}_t = \sum_{i=1}^{n} \left(\text{Constituent Closing Level}_{i,t} \times \text{Weight}_{i,r} \right) + \text{Div}_{EX}$$

where:

Total Return Index Level$_t$ = Total Return Index Level on Index Business Day t

Constituent Closing Level$_{i,t}$ = Constituent Closing Level of Constituent i on Index Business Day t (as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions

Weight$_{i,r}$ = Weight of Constituent i on the Rebalancing Date r (or the Index Start Date, as applicable) immediately preceding Index Business Day t

n = The number of Constituents included in the Index on Index Business Day t

Div_{Ex} = $\sum_{i=1}^{n} \left(\text{Net Dividend}_{i,t} \times \text{Weight}_{i,r} \right)$

Net Dividend$_{i,t}$ = Means, in respect of Constituent i:

(i) if Index Business Day t is an Ex-Dividend Date in respect of a Dividend (each as defined in Part E (*Dividends, Stock Splits and Rights Issues*) below) for Constituent i, an amount equal to

$\text{Dividend Amount}_i \times \text{Dividend Percentage}_i$

(ii) otherwise, zero (0)

Dividend Amount_i	=	As defined in Part E (*Dividends, Stock Splits and Rights Issues*) below
$\text{Dividend Percentage}_i$	=	As defined in Part E (*Dividends, Stock Splits and Rights Issues*) below

On Rebalancing Date r, the Total Return Index Level is calculated using the respective Weights (as determined on Rebalancing Date r-1) of each Constituent (as selected on the Selection Day immediately preceding Rebalancing Date r-1), subject to any subsequent adjustment of any Constituent's Weight as a result of any Additional Rebalancing Event, Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event. Beginning with the first Index Business Day following Rebalancing Date r, up to and including Rebalancing Date r+1 (but prior to the rebalancing of the Index on such Rebalancing Date r+1), the Total Return Index Level is calculated using the Constituents selected on the Selection Day immediately preceding Rebalancing Date r and their respective Weights (as determined on Rebalancing Date r).

1.2 Weight

The Index Calculation Agent shall determine the Weight of each of the Selected Constituents on the Index Start Date and on each Rebalancing Date, and such Weights shall remain in effect until the end of the following Rebalancing Date, subject to the occurrence of any Additional Rebalancing Event, Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event.

The Weight for each Selected Constituent in respect of a Rebalancing Date will be calculated by the Index Calculation Agent as the product of the Percentage Weight of the relevant Selected Constituent and the Total Return Index Level on such Rebalancing Date (giving the proportion of the Index attributable to that Selected Constituent), which is then divided by the Constituent Closing Level of that Selected Constituent on such Rebalancing Date. The calculation formula is set out in detail below.

The "**Weight**" of each Selected Constituent on the Total Return Index Start Date and each Rebalancing Date shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. For this purpose, the Index Start Date shall be deemed to be a Rebalancing Date.

$$\text{Weight}_{i,r} = \frac{\text{Percentage Weight}_{i,r} \times \text{TotalReturnIndex Level}_r}{\text{Constituent Closing Level}_{i,r}}$$

where:

$\text{Weight}_{i,r}$	=	Weight of Selected Constituent i on Rebalancing Date r
$\text{Percentage Weight}_{i,r}$	=	Percentage Weight of Selected Constituent i on Rebalancing Date r
$\text{Total Return Index Level}_r$	=	Total Return Index Level on Rebalancing Date r

Constituent Closing Level$_{i,r}$ = Constituent Closing Level of Selected Constituent i on Rebalancing Date r

1.3 Current Percentage Weight

The Current Percentage Weight of a Constituent on any Index Business Day is calculated as the Weight which such Constituent had in the Index from, but excluding, the immediately preceding Rebalancing Date r (or the Index Start Date, as the case may be), multiplied by its Constituent Closing Level on such Index Business Day, divided by the Total Return Index Level in respect of such Index Business Day.

On each Index Business Day t, the Index Calculation Agent shall calculate the "**Current Percentage Weight**" in respect of each Constituent i in accordance with the following formula:

$$\text{CurrentPercentageWeight}_{i,t} = \frac{\text{Weight}_{i,r} \times \text{ConstituentClosingLevel}_{i,t}}{\text{TotalReturnIndexLevel}_t}$$

where:

Current Percentage Weight$_{i,t}$ = Current Percentage Weight of Constituent i on Index Business Day t

Weight$_{i,r}$ = Weight of Selected Constituent i on the Rebalancing Date r (or the Index Start Date, as the case may be) immediately preceding Index Business Day t

Constituent Closing Level$_{i,t}$ = Constituent Closing Level of Constituent i on Index Business Day t

Total Return Index Level$_t$ = Total Return Index Level on Index Business Day t

Where Index Business Day t is itself a Rebalancing Date, Weight$_{i,r}$ and Constituent Closing Level$_{i,t}$ are determined prior to the rebalancing taking place.

2. CONSTITUENT SELECTION AND INDEX REBALANCING PROCESS

2.1 Selection of Constituents

On each Selection Day, the Index Calculation Agent will determine the stocks within the Eligible Universe on such day (the "**Eligible Constituents**"). The Index Calculation Agent shall then exclude from such list of Eligible Constituents any stocks:

(1) which are issued by the Index Sponsor or its Affiliates, including Citigroup Inc.; or

(2) which, as at the relevant Selection Day, are included on the Index Sponsor's Restricted List (being a list of stocks which the Index Sponsor and/or any of its Affiliates are not permitted to hold, buy, sell or otherwise deal in for a particular period of time due to laws, regulations or internal policies); or

(3) for which, as at the relevant Selection Day, there is less than 159 Index Business Days of publicly available historic market data, as required to determine the historic volatility and/or exponential moving average statistics in accordance with the Index methodology described below.

The stocks which remain in the list of Eligible Constituents following any such exclusions will be the "**Selected Constituents**" in respect of the relevant Selection Day and will become the "**Constituents**" of the Index after the rebalancing process on the immediately following Rebalancing Date.

2.2 Determination of Percentage Weights – Application of the Citi Volatility Balanced Beta methodology

The Percentage Weights of each Selected Constituent are determined by the Index Calculation Agent on each Selection Day. In order to determine the applicable Percentage Weights, the Index Calculation Agent follows a four-step process. The first two steps each create a covariance matrix, referred to below as the Forward-Looking (or Implied) Covariance Matrix and the Trend-Following (or Historic) Covariance Matrix respectively, each representing the marginal contributions of the Selected Constituents to the overall volatility of the Index.

In the third step, an optimization model is used to find an optimum percentage weight for each Selected Constituent within each covariance matrix.

The fourth step is to determine the average of the two covariance matrix percentage weights for each Selected Constituent, normalize these to a combined aggregate percentage weight of 100%, and then apply an individual maximum percentage weight of 10% to each Selected Constituent, redistributing any excess percentage weight proportionately to the remaining Selected Constituents. This will then determine the respective Percentage Weights for all the Selected Constituents.

This determination process, including the relevant formulae used by the Index Calculation Agent to determine the "**Percentage Weight**" of each Selected Constituent, is set out in detail below:

(1) Construction of the Forward-Looking (or Implied) Covariance Matrix ("FCov") of the Selected Constituents

The covariance matrix can be visualized as a grid in which all the Selected Constituents are represented in rows and columns. The points of intersection in this grid indicate the correlation between each Selected Constituent and every other Selected Constituent. There will be a diagonal line bisecting the grid where a row representing that Selected Constituent intersects with the column representing that same Selected Constituent, and therefore the variance of that Selected Constituent (as the covariance of a Selected Constituent with itself is its variance).

A covariance matrix typically assesses the degree to which two or more stocks covary, or move in tandem. A positive covariance means that the two variables move together (in the same direction), while a negative covariance means that the variables move in opposite directions. Two stocks with positive covariance means that those stocks react to market events in a similar way; if they have negative covariance, it means that they react inversely. The lower the covariance between a number of stocks, the more they can be said to represent diversified stocks.

In the Citi Volatility Balanced Beta model, the Forward-Looking Covariance Matrix is computed as follows:

a. On each Selection Day, the Index Calculation Agent determines an implied volatility value ("**Implied Volatility**") for each Selected Constituent, using the 3-month implied spot volatility of the Reference Vol Index and the beta of the relevant Selected Constituent with respect to the Reference Vol Index measured over the previous 120 Index Business Days. The Implied Volatility calculation is designed such that the Implied Volatility of a Selected Constituent will always be positive.

This can be described formulaically as follows:

$$\mathrm{FVol}_{i,k} = \sqrt{\left(\beta_{i,k} \times \frac{\mathrm{IV}_k}{100}\right)^2}$$

Where:

$FVol_{i,k}$	=	The Implied Volatility of Selected Constituent i in respect of Selection Day k
IV_k	=	The 3-month implied spot volatility of at-the-money listed options on the Reference Vol Index on Selection Day k, as observed at the Index Valuation Time on the Bloomberg page <SX5E Index GV> with the <type ATM> function, or any successor or alternative screen page, as may be determined by the Index Calculation Agent
$\beta_{i,k}$	=	The regression coefficient between the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{Cov(Y_i, B)}{Var(B)}$
$Cov(Y_i,B)$	=	The covariance between the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{\sum_{s=t-N+1}^{t}(Y_{i,s}-\overline{Y_i})\times(B_s-\overline{B})}{N-1}$; where t=k and N=120
$Var(B)$	=	$Cov(B,B)$
$Cov(B,B)$	=	The covariance between the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{\sum_{s=t-N+1}^{t}(B_s-\overline{B})\times(B_s-\overline{B})}{N-1}$; where t=k and N=120
$\overline{Y_i}$	=	The arithmetic average of the N daily log-returns "Y_i"
$\overline{B}$	=	The arithmetic average of the N daily log-returns "B"
$Y_{i,t}$	=	$\ln\frac{\text{Constituent Closing Level}_{i,t}}{\text{Constituent Closing Level}_{i,t-1}}$

Constituent Closing $Level_{i,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent i, then Constituent Closing $Level_{i,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
Constituent Closing $Level_{i,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent i, then Constituent Closing $Level_{i,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
B_t	=	$\ln \frac{I_t}{I_{t-1}}$
I_t	=	Closing level of the Reference Vol Index on Index Business Day t, as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor does not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day t, then I_t shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor
I_{t-1}	=	Closing level of the Reference Vol Index on the Index Business Day immediately preceding Index Business Day t, as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor did not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day t-1, then I_{t-1} shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor
Reference Vol Index	=	Euro Stoxx 50® Index
Reference Vol Index Sponsor	=	STOXX Limited, including its successors and assigns
s	=	The series of 120 Index Business Days ending on Selection Day k

$Y_{i,s}$	=	The 120 daily log-returns of Selected Constituent i "$Y_{i,t}$" for the 120 Index Business Days ending on Selection Day k
B_s	=	The 120 daily log-returns of the Reference Vol Index "B_t" for the 120 Index Business Days ending on Selection Day k
Y_i	=	A vector representing the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i
B	=	A vector representing the 120 daily log-returns "B_s" of the Reference Vol Index
N	=	120

b. Calculate each element FCov(n, m) of the Forward-Looking Covariance Matrix, as follows:

$$\mathrm{FCov(n,\ m)} = \rho_{\mathrm{n,m}} \times \mathrm{FVol}_{\mathrm{n,k}} \times \mathrm{FVol}_{\mathrm{m,k}}$$

Where:

n, m	=	Each possible combination of two Selected Constituents (i.e. n = 1, …, M; m = 1, …, M; including combinations where n=m)
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above
$\rho_{n,m}$	=	The correlation coefficient between the 120 daily log-returns "$X_{n,\ s}$" of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "$X_{m,\ s}$" of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{Cov(X_n, X_m)}{\sqrt{Var(X_n) \times Var(X_n)}}$$
$Cov(X_n,X_m)$	=	The covariance between the 120 daily log-returns "$X_{n,\ s}$" of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "$X_{m,\ s}$" of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows:

		$\frac{\sum_{s=t-N+1}^{t}\left(X_{n,s}-\overline{X_n}\right)\times\left(X_{m,s}-\overline{X_m}\right)}{N-1}$; where t=k and N=120
$Var(X_n)$	=	$Cov(X_n, X_n)$

$Cov(X_n, X_n)$	=	The covariance between the 120 daily log-returns "$X_{n,s}$" of the Selected Constituent n for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{\sum_{s=t-N+1}^{t}\left(X_{n,s}-\overline{X_n}\right)\times\left(X_{n,s}-\overline{X_n}\right)}{N-1}$; where t=k and N=120
$\overline{X_n}$	=	The arithmetic average of the N daily log-returns "X_n"
$\overline{X_m}$	=	The arithmetic average of the N daily log-returns "X_m"
$X_{n,t}$	=	$\ln\frac{\text{Constituent Closing Level}_{n,t}}{\text{Constituent Closing Level}_{n,t-1}}$
Constituent Closing Level $_{n,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent n on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent n, then Constituent Closing Level$_{n,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent n on the preceding Scheduled Trading Day for Selected Constituent n that was not a Disrupted Day for Selected Constituent n)
Constituent Closing Level $_{n,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent n on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent n, then Constituent Closing Level$_{n,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent n on the preceding Scheduled Trading Day for Selected Constituent n that was not a Disrupted Day for Selected Constituent n)
$X_{m,t}$	=	$\ln\frac{\text{Constituent Closing Level}_{m,t}}{\text{Constituent Closing Level}_{m,t-1}}$

Constituent Closing Level $_{m, t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent m on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent m, then Constituent Closing Level$_{m,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent m on the preceding Scheduled Trading Day for Selected Constituent m that was not a Disrupted Day for Selected Constituent m)
Constituent Closing Level $_{m,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent m on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent m, then Constituent Closing Level$_{m,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent m on the preceding Scheduled Trading Day for Selected Constituent m that was not a Disrupted Day for Selected Constituent m)
s	=	The series of 120 Index Business Days ending on Selection Day k
$X_{n, s}$	=	The 120 daily log-returns of Selected Constituent n "$X_{n, t}$" for the 120 Index Business Days ending on Selection Day k
$X_{m, s}$	=	The 120 daily log-returns of Selected Constituent m "$X_{m, t}$" for the 120 Index Business Days ending on Selection Day k
X_n	=	A vector representing the 120 daily log-returns "$X_{n, s}$" of Selected Constituent n
X_m	=	A vector representing the 120 daily log-returns "$X_{m, s}$" of Selected Constituent m
N	=	120
FVol $_{n, k}$	=	The Implied Volatility for Selected Constituent n on Selection Day k, determined in the same manner as FVol$_{i, k}$ above
FVol $_{m, k}$	=	The Implied Volatility for Selected Constituent m on Selection Day k, determined in the same manner as FVol$_{i, k}$ above

(2) Constructing the Trend-Following Covariance Matrix ("HCov") of the Selected Constituents

In this step, a second set of percentage weights is determined in respect of the Selected Constituents. As in the first step above, a covariance matrix is established to represent all of the Selected Constituents.

In order to compute the Trend-Following Covariance Matrix, instead of creating a covariance matrix based on the correlation and variance of the Selected Constituents with respect to historic volatility, a covariance matrix comparing the historic 40-day exponential moving average of the return of each Selected Constituent to the historic 40-day exponential moving average of the returns of all other Selected Constituents is established. The 40-day exponential moving average is observed for each of the Selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day.

The exponential moving average ("**EMA**") is a type of moving average in which greater emphasis is given to the more recent history. Moving average itself is a concept in which an average value is obtained for a value observed at a specific frequency during a specific period (in this case the daily return of a Selected Constituent over the preceding 40 Index Business Days), and this average "moves" every day to record the average daily return of a Selected Constituent for the most recent 40 Index Business Days. In the calculations below, the "Decay Factor" is applied to the moving average, which results in the daily returns from more recent Index Business Days affecting the EMA to a greater extent than the daily returns from earlier Index Business Days (i.e. recent data are given more weight than older data). The EMA for a Selected Constituent will react more quickly to recent changes in daily returns than a simple moving average.

a. The Covariance Matrix for the Trend-Following Covariance Matrix is calculated as follows:

On each Selection Day k, the Index Calculation Agent determines for each Selected Constituent i an historic exponential moving average return ("**Exponential Moving Average Return**") for each of the 159 Index Business Days ending on Selection Day k, in accordance with the following formula:

$$EMA_{i,s} = X_{i,s} \times \alpha + EMA_{i,s-1} \times (1-\alpha)$$

i = 1, …M
s = t-H+1, …t; where t = Selection Day k

Where:

$EMA_{i,\, t-1}$	=	The Exponential Moving Average Return of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t
$EMA_{i,\, t-H+1}$	=	The first Exponential Moving Average Return in the series for Selected Constituent i (i.e., $EMA_{i,\, t-H+1}$) shall be equal to the log-return $X_{i,\, ,t-H+1}$
α	=	2/(K+1)
K	=	40 (the "Decay Factor")

$X_{i,t}$	=	$\ln \frac{\text{Constituent Closing Level}_{i,t}}{\text{Constituent Closing Level}_{i,t-1}}$
Constituent Closing Level $_{i,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent i, then Constituent Closing Level$_{i,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
Constituent Closing Level $_{i,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent i, then Constituent Closing Level$_{i,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
H	=	159

b. Calculate each element HCov(n, m) of the Trend-Following Covariance Matrix, as follows:

$$\text{HCov(n, m)} = \text{cov}(\text{EMA}_n, \text{EMA}_m) \times 252$$

Where the Exponential Moving Average Returns for each of the 120 Index Business Days preceding the relevant Selection Day are used in the Trend-Following Covariance Matrix:

n, m	=	Each possible combination of two Selected Constituents (i.e. n = 1, …, M; m = 1, …, M; including combinations where n=m)
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above

$cov(EMA_n, EMA_m)$	=	The covariance between the 120 Exponential Moving Average Returns "$EMA_{n,s}$" of Selected Constituent n for each of the 120 Index Business Days ending on Selection Day k and the 120 Exponential Moving Average Returns "$EMA_{m,s}$" of Selected Constituent m for each of the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{\sum_{s=t-N+1}^{t}\left(EMA_{n,s}-\overline{EMA_n}\right)\times\left(EMA_{m,s}-\overline{EMA_m}\right)}{N-1}$$ where t=k and N=120
$EMA_{n,s}$	=	The 120 Exponential Moving Average Returns of Selected Constituent n "$EMA_{n,t}$" for the 120 Index Business Days ending on Selection Day k
$EMA_{m,s}$	=	The 120 Exponential Moving Average Returns of Selected Constituent m "$EMA_{m,t}$" for the 120 Index Business Days ending on Selection Day k
$\overline{EMA_n}$	=	The arithmetic average of the N Exponential Moving Average Returns "$EMA_{n,s}$"
$\overline{EMA_m}$	=	The arithmetic average of the N Exponential Moving Average Returns "$EMA_{m,s}$"
N	=	120
s	=	The series of 120 Index Business Days ending on Selection Day k

(3) Optimization routine to find Equal-Contribution Weights of the Selected Constituents

Once the covariance matrices are populated in accordance with the formulae in Steps 1 and 2 above, a vector of percentage weights is determined for each covariance matrix, using an optimization model.

The optimization model is used to find the combination of percentage weights for the Selected Constituents that results in the risk contribution of each Selected Constituent being equal. Within the optimization model, the risk contribution of a Selected Constituent is defined as the sensitivity of the volatility of the Selected Constituents collectively to a change in the relative value of the Percentage Weight of the individual Selected Constituent.

To equalize the risk contribution of the Selected Constituents, the model compares the change in the risk contribution of the portfolio of Selected Constituents to a relative change in the Percentage Weight of a Selected Constituent (the "**Constituent Risk Sensitivity**") with the Constituent Risk Sensitivity of each other Selected Constituent, on a pair by pair basis. For example, if there are three Selected Constituents A, B and C, this means there are three pairs: A paired with B, A paired with C and B paired with C. The model finds Percentage Weights for the Selected Constituents in which the pair by pair comparison for all of the Selected Constituents delivers a result in which the Constituent Risk Sensitivity of each Selected Constituent is equal to the Constituent Risk Sensitivity of each other Selected Constituent.

Each vector of weights “w” (and in relation to each covariance matrix, w_1 and w_2) is computed by the same optimization routine, which aims at solving the following non-linear optimization problem under constraints:

$$w_{OPT} = \arg\min f(w)$$

$$f(w) = \sum_{n=1}^{M} \sum_{m=n+1}^{M} \left(w_n \times \left(\sum_{i=1}^{M} \sigma_{n,i} \times w_i \right) - w_m \times \left(\sum_{i=1}^{M} \sigma_{m,i} \times w_i \right) \right)^2$$

subject to:

$$\sum_{i=1}^{M} w_i = 1$$

$$0 \le w_i \le 1; i = 1,..., M$$

where σ_n and σ_m represent the elements (n,m) of Selected Constituent i in the relevant covariance matrix.

The first set of percentage weights w_1 is computed using the Forward-Looking (or Implied) Covariance Matrix in the optimization problem.

The second set of percentage weights w_2 is computed using the Trend-Following (or Historic) Covariance Matrix in the optimization problem.

The percentage weights determined according to this process are carried to step four below

(4) Blending the two sets of percentage weights: determination of the Selected Constituent Percentage Weights

The final Percentage Weights for each Selected Constituent (vector W) is determined as follows:

a. *computation of the uncapped percentage weights (W_{Ui})*

The percentage weights computed for each Selected Constituent as part of the Forward-Looking Covariance Matrix and the Trend-Following Covariance Matrix are then combined and divided by two in accordance with the following formula, so that each Selected Constituent has a blended (average) uncapped percentage weight (W_{Ui}):

$$W_{Ui} = \frac{(w_{1i} + w_{2i})}{2}$$

b. *computation of the normalized uncapped percentage weights (W_{UNi})*

Although the sum of the percentage weights calculated in respect of each covariance matrix should individually equal 100%, the percentage weights attributed to each Selected Constituent may mean that when they are combined and the average calculated as described above, the sum of the average percentage weights may deviate slightly from 100%. A further calculation is therefore made to normalize the uncapped percentage weights. This is achieved by calculating the percentage weight of each Selected Constituent as the quotient of each Selected Constituent's uncapped percentage weight divided by the sum of the uncapped percentage weights for all of the Selected Constituents.

$$W_{UNi} = \frac{W_{Ui}}{\sum_{i=1}^{M} W_{Ui}}$$

c. *determination of capped percentage weights – the Selected Constituent Percentage Weights (W_i)*

Once normalized, the Selected Constituent percentage weights are subjected to an individual percentage weight cap of 10%. The excess percentage weight (the aggregate percentage weight in excess of 10% for all the Selected Constituents) is distributed among the remaining uncapped Selected Constituents in a ratio proportional to their uncapped percentage weights, subject to the same individual percentage weight cap of 10%.

The resulting percentage weights are the Percentage Weights of the Selected Constituents (a vector "W") that will be applied in respect of the Index on the Rebalancing Date following the Selection Day on which these Percentage Weights are determined.

The normalized and uncapped percentage weights are ranked in decreasing percentage weight order, then the following rules are applied to each such percentage weight (for Selected Constituents i=1,… M where M is the number of Selected Constituents in respect of the relevant Selection Day) starting from the highest ranked such percentage weight (i=1, where $E_0 = 0$):

(1) If $W_{UNi} \geq 10\%$ then $W_i = 10\%$ and $E_i = E_{i-1} + W_{UNi} - W_i$

(2) If $W_{UNi} < 10\%$ then $W_i = \mathrm{Min}\left\{10\%; W_{UNi} + \left(E_{i-1} \times \frac{W_{UNi}}{\sum_{j=1}^{M} W_{UNj}}\right)\right\}$

and $E_i = \mathrm{Max}(E_{i-1} - (W_i - W_{UNi})\ ;\ 0)$

Where:

W_i	=	The Percentage Weight of Selected Constituent i
W_{UNi}	=	The normalized uncapped percentage weight of Selected Constituent i

W_{UNj}	=	The normalized uncapped percentage weight of Selected Constituent j, where Selected Constituent j is a member of the subset of Selected Constituents for which W_i has not yet been determined and W_{UNi} is less than the individual weight cap of 10%. For example, if M=75, i=40 (being the Selected Constituent which is ranked 40^{th} by normalized uncapped percentage weight, in decreasing order) and W_{UN40} < 10%, then j is each Selected Constituent i (where i=40,…M)
E_i	=	The excess percentage weight in respect of Selected Constituent i
$\frac{W_{UNi}}{\sum_{j=1}^{n} W_{UNj}}$	=	The proportionate rate to distribute the excess percentage weight to Selected Constituent i
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above
Max	=	Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the greater of such amounts
Min	=	Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the lesser of such amounts

3. ADDITIONAL REBALANCING EVENTS

3.1 Eligible Universe Removals

If a stock which is a Constituent of the Index is removed from the Eligible Universe (an "**Eligible Universe Removal Event**"), then such Constituent (a "**Removed Constituent**") will be removed from the Index on the same day (an "**Additional Rebalancing Date**").

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (*Determining the Percentage Weights of the remaining Constituents*) below.

3.2 Regulatory Events

If either:

(a) the Index Sponsor or any of its Affiliates is required (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will be required) by any applicable law or regulation or policy to unwind positions in a stock which is a Constituent of the Index, or is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to establish or increase positions in such a stock; and/or

(b) due to any applicable law or regulation or policy, the Index Sponsor or the Index Calculation Agent is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to continue to sponsor or calculate, as applicable, an index comprising a stock which is a Constituent of the Index,

(each, a "**Regulatory Event**" and together with an Eligible Universe Removal Event, each an "**Additional Rebalancing Event**"), then such Constituent (a "**Removed Constituent**") will be removed from the Index on the date (an "**Additional Rebalancing Date**") designated by the Index Calculation Agent or the Index Sponsor (in which case the Index Sponsor will notify the relevant date to the Index Calculation Agent).

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (*Determining the Percentage Weights of the remaining Constituents*) below.

3.3 Determining the Percentage Weights of the remaining Constituents

Upon the removal of one or more Removed Constituents from the Index on an Additional Rebalancing Date, the Percentage Weights of the remaining Constituents are scaled up such that the Percentage Weight of the Removed Constituent(s) is proportionally redistributed to the remaining Constituents in accordance with the following formula:

$$W_{i,rA} = \frac{CPW_{i,rA}}{\sum_{i=1}^{n} CPW_{i,rA}}$$

where:

$W_{i,rA}$	=	The Percentage Weight of remaining Constituent i which is applied upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date rA;
$CPW_{i,rA}$	=	The Current Percentage Weight of remaining Constituent i in the Index on Additional Rebalancing Date rA prior to the removal of the Removed Constituent(s); and
n	=	The number of Constituents remaining in the Index after the removal of the relevant Removed Constituent(s),

provided however that the Percentage Weight applied to a remaining Constituent i on an Additional Rebalancing Date shall not be greater than 10%. In the event that any such Percentage Weight determined in accordance with the formula above would be greater than 10%, then the Index Calculation Agent shall determine the Percentage Weights to be applied to each remaining Constituent i upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date rA, in accordance with the formula set out in paragraph 2.2(4)c.(*determination of capped percentage weights – the Selected Constituent Percentage Weights (W_i)*) of this Part D that is used in the final step of determining the capped Percentage Weights of Selected Constituents on each Selection Day, as if the relevant Additional Rebalancing Date was a Selection Day and the remaining Constituents i were ranked in decreasing Current Percentage $\text{Weight}_{i,rA}$ order.

4. REFERENCE INDEX ADJUSTMENTS

4.1 Successor Reference Index and Successor Reference Index Sponsor

If a Reference Index is (i) not calculated and announced by the relevant Reference Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Reference Index, then in each case that index (the "**Successor Reference Index**") will be deemed to be the relevant Reference Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

4.2 Reference Index Modification and Reference Index Cancellation

If a Reference Index Sponsor announces that it will make a material change in the formula for or method of calculating a Reference Index or in any other way materially modifies that Reference Index (other than a modification prescribed in that formula or method to maintain that Reference Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Reference Index Modification**") or permanently cancels that Reference Index and no Successor Reference Index exists (a "**Reference Index Cancellation**" and, together with a Reference Index Modification, each a "**Reference Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

4.3 Cancellation of Reference Index license

If, in respect of a Reference Index, a license granted (if required) to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Reference Index in connection with the Index is terminated, or any such entity's right to use such Reference Index in connection with calculating the Index is otherwise disputed, impaired or ceases for any reason, then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

4.4 Corrections of published levels, prices, rates or values in respect of a Reference Index

If, in respect of a Reference Index, any level, price, rate or value (as applicable) in respect of such Reference Index or any related derivative or other related instrument, 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 in respect of the Index, is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within two Index Business Days after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Reference Index, related derivative or other related instrument (as the case may be) for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, make appropriate adjustments to the Index and the Index Level for the relevant Index Business Day(s).

4.5 Reference Index Definitions

"**Reference Index**" means each of the Eligible Universe Index and the Reference Vol Index.

"**Reference Index Sponsor**" means, in respect of a Reference Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Reference Index and (b) announces (directly or through an agent) the level of such Reference Index.

Part E: Dividends, Stock Splits and Rights Issues

Dividends, Stock Splits and Rights Issues

Upon the occurrence of a Dividend Adjustment Event, a Stock Split Adjustment Event or a Rights Issue Adjustment Event (each as defined below), the Index Calculation Agent will make the appropriate adjustments to the composition of the Index including, in particular, the Weights of the Constituents, in accordance with the methodology set out in this Part E (*Dividends, Stock Splits and Rights Issues*).

For the avoidance of doubt, Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events shall be treated in the manner described in this Part E (*Dividends, Stock Splits and Rights Issues*) and shall not constitute Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule: Share*) of the Index General Conditions) for the purpose of the Index Conditions.

1. DIVIDEND ADJUSTMENTS (REGULAR DIVIDENDS: CASH AND/OR STOCK DIVIDENDS)

Following the declaration by the issuer of any Constituent of a Dividend (as defined below) (a "**Dividend Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Index Business Day following the Ex-Dividend Date (as defined below) in relation to such Dividend in accordance with the formula set out below.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex+1} = \text{Weight}_{i,ex} \times \left(1 + \frac{\text{Dividend Percentage}_i \times \text{Dividend Amount}_i}{\text{Constituent Closing Level}_{i,ex\text{-}1} - \text{Dividend Amount}_i}\right)$$

where:

$\text{Weight}_{i,ex+1}$	=	Weight of Constituent i on the Index Business Day immediately following the applicable Ex-Dividend Date.
$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Dividend Date (or, if such day is not an Index Business Day, on the immediately preceding Index Business Day).
Dividend Percentage_i	=	The applicable Dividend Percentage (as defined below).
Dividend Amount_i	=	The applicable Dividend Amount (as defined below).
Constituent Closing $\text{Level}_{i,ex\text{-}1}$	=	Constituent Closing Level of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend Date.

"**Dividend**" means, in respect of a Constituent, any regular dividend (in the form of a cash dividend and/or a scrip (stock) dividend) declared by the issuer of such Constituent for which the Ex-Dividend Date falls on any day after the Index Start Date (excluding any Extraordinary Dividend).

"**Dividend Amount**" means, in respect of a Dividend:

(1) if such Dividend is a cash dividend, 100% of the gross cash dividend per one stock as declared by the issuer of the relevant Constituent, before the withholding or deduction of taxes at source by or on behalf of any applicable authority having power to tax in respect of such a dividend (an "**Applicable Authority**"), and shall exclude (a) any imputation or other credits, refunds or deductions granted by an Applicable Authority (together, the "**Credits**"), and (b) any taxes, credits, refunds or benefits imposed, withheld, assessed or levied on the Credits referred to in (a) above (converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published).

(2) if such Dividend is a non-cash dividend, an amount per one stock equal to the cash value declared by the issuer of the relevant Constituent (whether or not such non-cash dividend includes stock that are the Constituent) or, if no cash value is declared by the issuer of the relevant Constituent, the cash value of such non-cash dividend as determined by the Index Calculation Agent, calculated by reference, where available, to the closing price of any stocks or the Constituent Closing Level (as the case may be) comprising such non-cash dividend on the last trading day immediately preceding the relevant Ex-Dividend Date, taking into account (where such non-cash dividend consists of the stock of the Constituent) any diluting effect on the theoretical value of the Constituent stock resulting from such non-cash dividend. The cash value of a non-cash dividend shall be converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published.

"**Dividend Percentage**" means, in respect of a Dividend Amount, the Dividend Percentage specified by the Index Sponsor from time to time in respect of the country or jurisdiction ("**Country**") in which the issuer of the relevant Constituent is domiciled for tax purposes. As of the date of this Index Methodology, the Dividend Percentage in respect of each relevant Country is set out in Table 1 below. The Index Sponsor shall notify the Index Calculation Agent of any change in the Dividend Percentage applicable to any Country, in which case the current Dividend Percentage will be published by the Index Calculation Agent on the Index Electronic Page and available from the Index Sponsor.

Country	Dividend Percentage
Austria	75%
Belgium	75%
Finland	72%
France	75%
Germany	75%
Greece	79%
Ireland	80%
Italy	73%
Luxembourg	85%
Netherlands	85%
Portugal	80%
Spain	81%

Table 1

"**Ex-Dividend Date**" means, in respect of a stock and a dividend payment which has been announced by the issuer of such stock, the first day on which a purchaser of such stock will not be entitled to receive the relevant dividend payment, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

"**Extraordinary Dividend**" has the meaning given to such term in the Index General Conditions and will generally include any dividend which is described as "special", "extra", "irregular" or a "return of capital".

"**FX Rate**" means, in respect of the notional exchange of one currency to another currency, the applicable WM/Reuters "Closing Spot Rate" as published by The World Markets Company plc in conjunction with Reuters at approximately 4.00 p.m. (London time) on the Ex-Dividend Date or, if such rate is discontinued or unavailable on the relevant day for any reason, such other exchange rate for the relevant currency conversion as the Index Calculation Agent shall determine appropriate by reference to an alternative foreign exchange rate service.

2. DIVIDEND ADJUSTMENTS (EXTRAORDINARY DIVIDENDS, BONUS SHARES)

Following the declaration by the issuer of any Constituent of an Extraordinary Dividend (as defined below) (a "**Dividend Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Dividend Date (as defined below) in relation to such Extraordinary Dividend in accordance with the formula set out below. If such Ex-Dividend Date is not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex-1} \times \left(1 + \frac{\text{Dividend Percentage}_i \times \text{Extra Dividend Amount}_i}{\text{Constituent Closing Level}_{i,ex-1} - \text{Extra Dividend Amount}_i}\right)$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Dividend Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\text{Weight}_{i,ex-1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend Date.
Dividend Percentage_i	=	The applicable Dividend Percentage (as defined below).
Extra Dividend Amount_i	=	The applicable Extraordinary Dividend Amount (as defined below).
Constituent Closing $\text{Level}_{i,ex-1}$	=	Constituent Closing Level of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend Date.

"**Extraordinary Dividend**" means (i) an "Extraordinary Dividend", as such term is defined in the Index General Conditions and will generally include any dividend (in the form of a cash dividend and/or a scrip (stock) dividend) which is described as "special", "extra", "irregular" or a "return of capital"; or (ii) a free distribution or dividend of stock of such Constituent to existing holders by way of bonus, capitalization or similar issue, for which in each case the applicable Ex-Dividend Date falls on any day after the Index Start Date.

"**Extraordinary Dividend Amount**" means, in respect of an Extraordinary Dividend:

(1) if such Extraordinary Dividend is a cash dividend, 100% of the gross cash dividend per one stock as declared by the issuer of the relevant Constituent, before the withholding or deduction of taxes at source by or on behalf of any applicable authority having power to tax in respect of such a dividend (an "**Applicable Authority**"), and shall exclude (a) any imputation or other credits, refunds or deductions granted by an Applicable Authority (together, the "**Credits**"), and (b) any taxes, credits, refunds or benefits imposed, withheld, assessed or levied on the Credits referred to in (a) above (converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published).

(2) if such Extraordinary Dividend is a non-cash dividend, an amount per one stock equal to the cash value declared by the issuer of the relevant Constituent (whether or not such non-cash dividend includes stock that are the Constituent) or, if no cash value is declared by the issuer of the relevant Constituent, the cash value of such non-cash dividend as determined by the Index Calculation Agent, calculated by reference, where available, to the closing price of any stocks or the Constituent Closing Level (as the case may be) comprising such non-cash dividend on the last trading day immediately preceding the relevant Ex-Dividend Date, taking into account (where such non-cash dividend consists of the stock of the Constituent) any diluting effect on the theoretical value of the Constituent stock resulting from such non-cash dividend. The cash value of a non-cash dividend shall be converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published.

"**Dividend Percentage**" means, in respect of an Extraordinary Dividend Amount, the Dividend Percentage specified by the Index Sponsor from time to time in respect of the Country in which the issuer of the relevant Constituent is domiciled for tax purposes. As of the date of this Index Methodology, the Dividend Percentage in respect of each relevant Country is set out in Table 1 above. The Index Sponsor shall notify the Index Calculation Agent of any change in the Dividend Percentage applicable to any Country, in which case the current Dividend Percentage will be published by the Index Calculation Agent on the Index Electronic Page and available from the Index Sponsor.

"**Ex-Dividend Date**" means, in respect of a stock and an Extraordinary Dividend, the first day on which a purchaser of such stock will not be entitled to receive the relevant Extraordinary Dividend Amount, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

"**FX Rate**" means, in respect of the notional exchange of one currency to another currency, the applicable WM/Reuters "Closing Spot Rate" as published by The World Markets Company plc in conjunction with Reuters at approximately 4.00 p.m. (London time) on the Ex-Dividend Date or, if such rate is discontinued or unavailable on the relevant day for any reason, such other exchange rate for the relevant currency conversion as the Index Calculation Agent shall determine appropriate by reference to an alternative foreign exchange rate service.

3. DIVIDEND RECOVERY

If, in respect of a Dividend or an Extraordinary Dividend, (a) the gross cash or non-cash dividend declared or estimated by the issuer of the relevant Constituent (a "**Declared Dividend**") to holders of record of the stock in the Constituent is not equal to the gross amount deemed to be paid by the issuer of such Constituent (notwithstanding that such payment is made to either any relevant taxing authority or holders of record) in respect of such Dividend (a "**Dividend Mismatch Event**") or (b) the issuer of the relevant Constituent fails to make any payment or delivery in respect of that Declared Dividend by the third Index Business Day following the relevant due date, then in either case the Index Calculation Agent may (but shall not be obliged to) determine:

(i) any appropriate adjustment to be made to the Index, including the Weight of any Constituent, to account for that Dividend Mismatch Event or non-payment or non-delivery, as the case may be; and

(ii) the effective date of any such adjustment.

In the event that an issuer of a Constituent makes a payment or delivery in respect of a Dividend or an Extraordinary Dividend that has already been the subject of an adjustment in accordance with this paragraph 3 (*Dividend Recovery*), the Index Calculation Agent shall determine any appropriate adjustment(s) to be made in respect of the Index in order to account for the economic effect of such subsequent payment or delivery.

4. STOCK SPLIT ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Stock Split (as defined below) (a "**Stock Split Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Date (as defined below) in relation to such Stock Split in accordance with the formula set out below. If such Ex-Date is not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex\text{-}1} \times \text{Split Ratio}_i$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\text{Weight}_{i,ex-1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Date.
Split Ratio_i	=	In respect of the applicable Stock Split, the ratio of the new total number of shares (B) for the old total number of shares (A) (e.g., split ratio=B/A) in respect of the Constituent i.

"**Ex- Date**" means, in respect of a Stock Split in respect of a Constituent, the effective date of such Stock Split, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

"**Stock Split**" means, in respect of a Constituent, a stock split, subdivision, reverse stock split, consolidation or similar reclassification of the stock of such Constituent, for which the Ex-Date falls on any day after the Index Start Date.

5. RIGHTS ISSUE ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Rights Issue (as defined below) (a "**Rights Issue Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Rights Date (as defined below) in relation to such Rights Issue in accordance with the formula set out below. If such Ex-Rights Date is not an Index Business Day, the adjustment shall be made on the following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex\text{-}1} \times \frac{1 + N_i}{1 + \left(\dfrac{S_i}{\text{Constituent Closing Level}_{i,ex\text{-}1}}\right) \times N_i}$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Rights Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\text{Weight}_{i,ex\text{-}1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Rights Date.
N_i	=	In respect of the applicable Rights Issue, the rights ratio in respect of such Rights Issue of Constituent i, N = B/A where A is the number of existing stocks and B is the number of new stocks entitlement.
S_i	=	In respect of the applicable Rights Issue, the subscription price per stock in Constituent i.
Constituent Closing $\text{Level}_{i,ex\text{-}1}$	=	Constituent Closing Level of Constituent i on the Index Business Day for Constituent i immediately preceding the Ex-Rights Date.

"**Ex-Rights Date**" means, in respect of a Rights Issue in respect of a Constituent, the first day on which a purchaser of such stock would not be entitled to participate in such Rights Issue, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

"**Rights Issue**" means, in respect of a Constituent, a distribution to existing holders of such Constituent of any stock, rights or warrants to purchase shares of such Constituent, in any case for payment (whether in cash or otherwise) at less than their prevailing market price or any other similar event as determined by the Index Calculation Agent and for which the Ex-Rights Date falls on any day after the Index Start Date.

Part F: Data

Data

(As at the Index Launch Date)

The Index shall operate with reference to an Eligible Universe. This Part F sets out the classification and particulars of each Eligible Constituent.

1. Eligible Universe

Eligible Universe	Bloomberg Ticker	Eligible Universe Sponsor
S&P Euro 75	SPEL75EP <Index>	Standard & Poor's

2. Eligible Constituents

Eligible Constituents	Classification
Each constituent of the Eligible Universe from time to time (subject to paragraph 2.1 (*Selection of Constituents*) in Part D (*Calculation of the Index Level*) above)	Share

3. Particulars in respect of each Eligible Constituent

Exchange(s)	Related Exchange(s)	Constituent Schedule
As defined in Section F (*Constituent Schedule: Share*) of the Index General Conditions	All Exchanges	Share

4. Additional Data

Maximum Percentage Weight (as at each Selection Day)	Notional Replication Cost	Notional Spread
10%	Not Applicable	Not Applicable

5. Adjustment Elections

	Scheduled Valuation Date		
	Rebalancing Date	Selection Day	Other
Adjustments (Scheduled Trading Days: "holidays"):	Move In Block	Look Back	Look Back
Adjustments (Disrupted Days):	Value What You Can	Move In Block	Look Back
Valuation Roll (Disrupted Days):	5	5	5

In cases where a scheduled Selection Day is postponed due to the occurrence or existence of a Disrupted Day, an Index Level for the day which was originally scheduled to be the Selection Day will be determined in accordance with the methodology set out in the column headed "Other".

6. Defined Terms

Dividend Drag:	Means an amount equal to 3.5 per cent. per annum.
Index Business Day:	Each day which is (1) a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London; and (2) a day on which Xetra (or any successor or substitute exchange or quotation system) is scheduled to be open for trading for its regular trading session.
Index Valuation Time:	In respect of an Index Business Day, 11.00 p.m. (London time) on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.
Rebalancing Date:	The third Index Business Day following each Selection Day, subject to adjustment in accordance with section 5 (*Adjustment Elections*) above.
Selection Day:	The first Index Business Day of each January, April, July and October, commencing on the first Index Business Day of January 2001, subject to adjustment in accordance with section 5 (*Adjustment Elections*) above.
Scheduled Valuation Date:	Each Index Business Day.

Part G: Specific Risks

Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (*General Risks*) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

STRATEGY RISK

The Citi Volatility Balanced Beta methodology used by the Index employs a quantitative risk-weighting strategy that determines the percentage weights of the Constituents on a quarterly basis such that the risk contribution of each Constituent is equal. This strategy is designed with the aim of providing diversification among the selected Constituents, with lower volatility, when compared to an equivalent equal-weighted or market capitalization-weighted index. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the Index strategy may only become apparent over a long period and may underperform market capitalization-weighted indices during an upward trend in the investment cycle.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision.

VOLATILITY AS A MEASURE FOR RISK

In determining the risk contribution of each Constituent, the methodology used by the Index relies exclusively on market price volatility as a measure of risk. Although market prices may in theory reflect all available public information, this may not always be the case. Furthermore, there are many types of risk inherent in an equity investment. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry, country or region, such as commercial, operational, credit, financing, macro, political, regulatory or legal risks. The reliance of the Index solely on volatility as a measure of risk may fail to accurately identify and account for specific risks or fail to adjust for overall risk in line with the objectives of the Index.

INDEX METHODOLOGY LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Conditions. There is no assurance that other methodologies for calculating equal risk-contribution would not result in better performance than the Citi Volatility Balanced Beta methodology.

The Index weights assigned to the Constituents are equally dependent on the percentage weights which the optimization model used by the Index determines would achieve (a) an equal implied risk contribution for each Constituent, and (b) an equal trend-following risk contribution for each Constituent. There can be no assurance that this particular blend of implied and historic volatilities and correlations will be successful over any particular period of time.

CONCENTRATION RISK

The Citi Volatility Balanced Beta methodology used by the Index to identify weights for the Constituents on a quarterly basis will not necessarily result in a less concentrated equity market exposure that the Eligible Universe Index. The Index may be more or less concentrated than the Eligible Universe Index or any benchmark equity index.

The Index methodology limits the maximum weight of each Constituent to 10%, with a resulting reallocation to the other Constituents in the event that the Citi Volatility Balanced Beta methodology would allocate a weight in excess of 10% for any Constituent. While this individual weight constraint is designed to limit a concentration of exposures, it remains possible that a number of Constituents could all be assigned a weight of 10%.

PERFORMANCE RISK

The Index may underperform other indices with the same constituents, where those other indices employ a different weighting scheme. The Citi Volatility Balanced Beta methodology uses a risk-contribution weighting methodology with the aim of improving risk-adjusted returns. The methodology does not seek to outperform the Eligible Universe Index or any other equity benchmark in absolute terms.

REBALANCING FREQUENCY LIMITATIONS

The frequency of rebalancing of the Index is quarterly. The Citi Volatility Balanced Beta optimization model only evaluates the Constituents on the quarterly Selection Days which precede the Rebalancing Dates, which means that new weights are only determined on these days.

As the Constituent Closing Level, historic volatility and exponential moving average of each Constituent and the Index Level itself all move daily, the equal contribution to risk that is determined on a Selection Day may no longer be accurate or valid on any other Index Business Day. As a result, the weights of the Constituents between Rebalancing Dates may deviate significantly from the weights which would be required for the Constituents to contribute equally to risk on an ongoing basis. In particular, the Index may not achieve its objectives during periods of significant change in the volatilities of individual stocks and/or the correlations between stocks. For example, (i) if a group of Constituents which have historically exhibited lower than average volatilities (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in volatility; or (ii) if a group of Constituents which have historically exhibited a lower than average correlation with other Constituents (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in correlation, the Index may deviate substantially from the theoretical equal risk-contribution weighting scheme.

FIXED ALGORITHMIC MODEL PARAMETERS

In common with all algorithmic strategies, the Index uses a rules-based methodology which contains fixed parameters. For example, (i) implied volatilities are calculated by reference to 120 daily log-return observations of the Constituents and the 3-month implied spot volatility of a benchmark equity index, and (ii) historic volatilities are calculated by reference to 120 daily exponential moving average observations where each exponential moving average is calculated for a period of 40 Index Business Days. The Index methodology assumes that these observation periods and other fixed parameters are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index.

OPTIMIZATION MODEL PRECISION

The Citi Volatility Balanced Beta methodology employs an optimization algorithm to determine the weights to be applied to the Constituents on each Rebalancing Date. The optimization algorithm is a complex calculation model which is sensitive to the precision of both the original inputs and the interim calculations. Each of these are in turn dependent on the rounding conventions used in the financial market for the primary data and the rounding conventions determined appropriate by the Index Calculation Agent at each stage of the calculation process.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor on the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

DERIVING A PRICE RETURN INDEX USING THE DIVIDEND DRAG

The Index Methodology incorporates the Dividend Drag into the calculation of the Index Level on a daily basis. The intention behind this is to model the effect of excluding regular Dividends notionally received by the stocks tracked by the Index. The Index is first calculated on a total return basis before being scaled down by the Dividend Drag to obtain the Index Level on a price return basis. The Dividend Drag is a fixed parameter which attempts to estimate the drag on the Index Level if such regular Dividends are excluded from the calculation of the Index Level. While this might represent a valid way of calculating an index on a price return basis, it is not the only way of doing so and there is no guarantee that other methods of calculating the Index on a price return basis might not yield higher Index Levels over time. As with other fixed parameters stipulated as part of the Index Methodology, there is also no guarantee that stipulating a higher or lower Dividend Drag may not also have a positive effect on the performance of the Index.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.

Part H : Index Specific Disclaimers

Index Specific Disclaimers

Products linked to the Citi Volatility Balanced Beta (VIBE) Equity Eurozone Price Return Index (“**Products**”) are not sponsored, endorsed, sold or promoted by Standard & Poor's Financial Services LLC (“**S&P**”), its affiliates or its third party licensors. Neither S&P, its affiliates nor their third party licensors make any representation or warranty, express or implied, to the owners of the Products or any member of the public regarding the advisability of investing in securities generally or in the Products particularly or the ability of the Citi Volatility Balanced Beta (VIBE) Equity Eurozone Price Return Index (the “**Index**”) to track general stock market performance. S&P’s and its third party licensor’s only relationship to Citigroup Global Markets Limited is the licensing of certain trademarks, service marks and trade names of S&P and/or its third party licensors and for the providing of calculation and maintenance services related to the Index. Neither S&P, its affiliates nor their third party licensors is responsible for and has not participated in the determination of the prices and amount of any Product or the timing of the issuance or sale of any Product or in the determination or calculation of the equation by which the Products is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the Products.

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Index General Conditions

24 October 2011

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Section A: Introduction

Introduction

This document constitutes the Index General Conditions applicable to each index (each, an "**Index**") for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (*General Risks*) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).

Standard detailed rules govern "valuation", that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the "relevant markets"). Other standard rules apply to Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (*Valuations and Adjustments*) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (*Valuations and Adjustments*) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (*General Risks*) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.

Section B: Valuations and Adjustments

Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: "HOLIDAYS")

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move In Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(d) *Not postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move in Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) *Postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent 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 in respect of the Index is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.

For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the "**Affected Constituent**"), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(b) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

"**Replacement**" shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

"**Reweighting**" shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.

Section C: General Risks

General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be “investable”, but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) *Commodity*

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.

Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option 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 commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts 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 commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

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

(b) *Commodity Index*

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading “Commodity” above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) *Depositary Receipt*

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) *ETF Share (exchange-traded fund)*

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) *FX Rate*

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) *Inflation Index*

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) 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.

(g) *Mutual Fund Interest*

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.

A mutual fund 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 contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) *Share*

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) *Share Index*

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share 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 financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) *Process following the occurrence of an Adjustment Event*

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) No rights

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) *No offer*

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) *Reinvestment*

Whether or not the Index is a "total return index" and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a "total return index", it will not include any such notional reinvestment.

4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a "**Relevant Person**"), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and *Adjustments*);

(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;

(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;

(d) the Index Sponsor making a modification or change to the Index Conditions; and

(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.

9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.

Section D: Definitions

Definitions

References to the "**applicable Index Methodology**" are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a "Section" shall be references to a section of these Index General Conditions.

References to a "Part" shall be references to a part of the applicable Index Methodology.

"**Adjustment Event**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Affected Constituent**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Affiliate**" shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, "control" of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

"**Amount**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Calculations**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Citi**" shall mean Citigroup Inc. and its Affiliates.

"**Classification**" shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

"**Constituent**" shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as "i" (and the total number of Constituents shall be denoted as "n"), unless specified otherwise.

"**Constituent Closing Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Inclusion Date**" shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

"**Constituent Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Schedule**" shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

"**Corrected Level**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Correction Period**" shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

"**Disrupted Day**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Electronic Page**" shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

"**Eligible Constituent**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

"**Eligible Universe**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

"**Index Base Currency**" shall mean the currency specified as such in the applicable Index Methodology.

"**Index Business Day**" shall have the meaning given to it in the applicable Index Methodology.

"**Index Calculation Agent**" shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

"**Index Conditions**" shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

"**Index Electronic Page**" shall mean (1) the electronic page or source specified as such in Part B (*Key Information*) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

"**Index Launch Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Level**" shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

"**Index Linked Product**" shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

"**Index Sponsor**" shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

"**Index Start Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Start Level**" shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

"**Index Valuation Time**" have the meaning given to it in the applicable Index Methodology.

"**Information**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Rebalancing Date**" shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.

"**Replacement**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Replacement Criteria**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Reweighting**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Scheduled Valuation Date**" shall mean each date specified as such in the applicable Index Methodology.

"**Selection Day**" shall mean each date specified as such in the applicable Index Methodology.

"**Valuation Date**" shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (*Valuations and Adjustments*).

"**Valuation Roll**" shall mean the number specified as such in the applicable Index Methodology.

"**Weight**" shall have the meaning given to it in the applicable Index Methodology.

Section E: Miscellaneous

Miscellaneous

1. CALCULATIONS AND DETERMINATIONS

(a) General

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, "**Calculations**") in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index Linked Product.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) Rounding

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value ("**Amount**") calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) Use of estimates

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, "**Information**") and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) *No verification of Information*

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) *Corrections*

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) *Reliance*

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) *Not acting as fiduciary or agent*

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) *Dates and times of calculations*

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be “on” or “as at” a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. CONFLICTS OF INTEREST

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents (each, for the purposes of this Section E, a "**Relevant Person**") may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading "Risk Factors", "Investment Considerations" or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor's proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

Section F: Constituent Schedule

Constituent Schedule

SHARE

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Share".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Shares.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) *Closing valuations*

"**Constituent Closing Level**" shall mean, in respect of a Share and a Valuation Date for such Share and unless otherwise specified in the applicable Index Methodology, the official closing price of such Share on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day.

(b) *Intraday valuations*

"**Constituent Level**" shall mean, in respect of a Share and a Valuation Time on a Valuation Date for such Share, the price of such Share at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the time when the price of such Share is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Share, any Scheduled Trading Day for such 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 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 (i) any relevant Exchange of such Share; or (ii) any relevant Related Exchange of futures contracts or options contracts relating to such Share; or

(c) the occurrence or existence 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 (d) or Sub-paragraph (e) of this definition) which disrupts or impairs the ability of market participants in general (i) (on any relevant Exchange) to effect transactions in or to obtain market values for such Share; or (ii) (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

(d) the closure 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

(e) the closure on any Exchange Business Day of any relevant 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 Valuation Time on such Exchange Business Day).

3. ADJUSTMENT EVENTS

"**Adjustment Event**" shall mean, in respect of a Share, the occurrence of any of the events set out below:

(a) a Corporate Action; or

(b) a Delisting; or

(c) an Insolvency; or

(d) a Merger Event; or

(e) a Nationalization; or

(f) a Tender Offer.

(a) Corporate Action

"**Corporate Action**" shall mean, in respect of relevant Shares, any of the following events (provided that, in each case, the relevant event has a diluting or concentrative effect on the theoretical value of the relevant Shares):

(i) a subdivision, consolidation or reclassification of such Shares, unless resulting in a Merger Event; or

(ii) a free distribution or dividend of such Shares to existing holders by way of bonus, capitalization or similar issue; or

(iii) a distribution, issue or dividend to existing holders of such 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 its Shares; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by such 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; or

(iv) an Extraordinary Dividend; or

(v) a call by the relevant Share Company in respect of such Shares which are not fully paid; or

(vi) a repurchase by the relevant Share Company or any of its subsidiaries of such Shares, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or

(vii) in respect of the relevant 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 (PROVIDED THAT any adjustment effected as a result of such an event may be readjusted upon any redemption of such rights); or

(viii) any other event which may have a diluting or concentrative effect on the theoretical value of such Shares.

(b) *Delisting*

“**Delisting**” shall mean, in respect of relevant Shares, that any 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 such Exchange (or, where such Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is acceptable to the Index Calculation Agent) located in another country (that is acceptable to the Index Calculation Agent). In addition, it will also constitute a Delisting if the relevant Exchange is located in the United States and the relevant Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the NASDAQ Global Select Market and the NASDAQ Global Market (or their respective successors).

(c) *Insolvency*

“**Insolvency**” shall mean, 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 such Shares become legally prohibited from transferring or redeeming such Shares; or (ii) an Insolvency Event occurs in respect of such Share Company.

“**Insolvency Officer**” shall mean an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official.

"**Insolvency Event**" shall mean, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up or 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) either (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking an Insolvency Judgment, 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 an Insolvency Judgment, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person not described in (A) above and either (1) results in an Insolvency Judgment or the entry of an order for relief or the making of an order for its winding up or liquidation; or (2) is not dismissed, discharged, stayed or restrained, in each case within 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 of its assets; or (v) has a secured party take possession of all or substantially all of 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 of its assets (and such process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) the holders of securities issued by such entity become legally prohibited from transferring such securities; or (viii) 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**" shall mean, in respect of such entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or in the jurisdiction of its head office or home office; "**Insolvency Law**" shall mean any bankruptcy law, insolvency law or other similar law affecting creditors' rights; and "**Insolvency Judgment**" shall mean any judgment of insolvency or bankruptcy or any other relief under any Insolvency Law.

(d) *Merger Event*

"**Merger Event**" shall mean, in respect of 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 it is the continuing entity and which does not result in a reclassification 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 for the relevant Share Company, which results in a transfer of or an irrevocable commitment to transfer all such Shares (other than those owned or controlled by such 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 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.

(e) *Nationalization*

"**Nationalization**" shall mean, in respect of a Share Company, that all the Shares or all the assets or substantially all the assets of such Share Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(f) *Tender Offer*

"**Tender Offer**" shall mean, 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 assessed with reference to the filings made with governmental or self-regulatory agencies or such other reasonably relevant information.

4. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Share, two Index Business Days.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Share, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Exchange**" shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, the primary exchange, trading system or quotation system in respect of such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such Share has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Share on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system).

"**Exchange Business Day**" shall mean, in respect of a Share, any Scheduled Trading Day for such Share on which each relevant Exchange and each relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such Related Exchange closing prior to its Scheduled Closing Time.

"**Extraordinary Dividend**" shall mean, in respect of a Share, a dividend or a distribution or portion thereof which is determined by the Index Calculation Agent to be an extraordinary dividend relating to such Share having regard to general market consensus.

"**Related Exchange**" shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such futures contracts or options contracts has temporarily relocated (PROVIDED THAT that there is comparable liquidity relative to such futures contracts or options contracts on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share.

"**Scheduled Closing Time**" shall mean, 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**" shall mean, in respect of a Share, any day on which each relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading session.

"**Share**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Share Company**" shall mean, in respect of a Share, the issuer of such Share.

Citi Volatility Balanced Beta (VIBE) Equity US Price Return Index

Index Methodology

Citi Investment Strategies

29 December 2011

Table of Contents

Part A: Introduction

Introduction

This document constitutes the "**Index Methodology**" in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology and the Index General Conditions dated 18 November 2011 (as amended from time to time, the "**Index General Conditions**") together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.

Part B: Key Information

Key Information

Index:	Citi Volatility Balanced Beta (VIBE) Equity US Price Return Index (the "**Index**")
Summary of strategy:	The Index tracks the weighted performance of 100 US-listed stocks selected from the S&P 100[3]. The percentage weight of each stock within the Index is determined on a quarterly basis such that the contribution of each stock to the overall volatility of the Index is equal in accordance with the Citi Volatility Balanced Beta ("**VIBE**") methodology developed by Citigroup Global Markets Limited. A review of the Index is carried out quarterly. On each quarterly selection day, the stocks are reselected by reference to the stocks in the S&P 100 at the time and the percentage weight of each stock to be included in the Index is determined in accordance with the Citi VIBE methodology. These new stocks are given effect in their respective weights as of the related quarterly rebalancing date.
Index Sponsor:	Citigroup Global Markets Limited
Index Calculation Agent:	Standard & Poor's Financial Services LLC
Index Base Currency:	US dollars (USD)
Index Launch Date:	10 June 2011
Index Start Date:	7 January 2000
Index Start Level:	100
Index Fee:	Not applicable.
Frequency of calculation of the Index Level:	Daily, on each Index Business Day.
Frequency of rebalancing:	Quarterly, on each Rebalancing Date.
Index Electronic Page:	Bloomberg page CIISRLUP <Index>

The Index was launched by the Index Sponsor on the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

[3] The Index will exclude Citigroup Inc. and potentially a limited number of other stocks in the circumstances described in this Index Methodology.

Part C: Overview of the Index

Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (*Calculation of the Index Level*) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a notional rules-based proprietary index developed by the Index Sponsor.

Generally, constituents of financial indices may be weighted according to different methodologies based on different theories of portfolio diversification, optimization and market representation. Market capitalization weighting, equal-weighting, and more recently, portfolio optimization weighting techniques are frequently used.

The Index assigns weights to its Constituents (as defined in Section D (*Definitions*) of the Index General Conditions) using the Citi Volatility Balanced Beta methodology, a proprietary risk-weighting model developed by Citigroup Global Markets Limited which is described in detail in Part D (*Calculation of the Index Level*) below. The Citi Volatility Balanced Beta methodology determines the Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) of each Constituent on a quarterly basis such that the risk contribution of each Constituent is equal. In determining the risk contribution of each Constituent, the methodology relies exclusively on market price volatility (both historic and implied) as a measure of risk. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry or geographic region.

The Index tracks the weighted performance of 100 US-listed stocks[4] selected from the constituents of the S&P 100 (the "**Eligible Universe**" or the "**Eligible Universe Index**"). As outlined above, the Percentage Weight of each Constituent within the Index is determined on a quarterly basis such that the risk contribution of each Constituent is equal in accordance with the Citi Volatility Balanced Beta methodology. On each quarterly Selection Day (as defined in Part F (*Data*) below), the Constituents which will be included in the Index on the related Rebalancing Date (as defined in Part F (*Data*) below) are reselected by reference to the stocks in the Eligible Universe on that Selection Day and the Percentage Weight of each selected Constituent to be included in the Index is determined in accordance with the Citi Volatility Balanced Beta methodology. The Index is rebalanced to replicate notional positions in the selected Constituents in their respective Percentage Weights as of the Rebalancing Date following the relevant Selection Day.

Whenever a stock that is a Constituent of the Index is removed from the Eligible Universe, such Constituent is removed from the Index on the same day and the percentage weights of the remaining Constituents are scaled up such that the percentage weight of the removed Constituent is proportionally redistributed to the remaining Constituents. The introduction of a new stock into the Eligible Universe will not result in an adjustment to the Index until the next Rebalancing Date. Changes to the composition of the Eligible Universe are normally announced by the sponsor of the Eligible Universe in advance of the effective date of such changes.

The Citi Volatility Balanced Beta methodology is used to determine weights for the Constituents on a quarterly basis such that the risk contribution of the Constituents in the Index is equal or neutral with respect to the other Constituents and the Index as a whole. This does not mean that the Index is risk-free. The Index is subject to equity market risks. The methodology on which the Index is based may not be successful and may not outperform any alternative strategy that might be employed in respect of the stocks in the Eligible Universe.

[4] The Index will exclude Citigroup Inc. and potentially a limited number of other stocks in the circumstances described in this Index Methodology.

The Index is a price return index, with no notional reinvestment of any regular dividends and where the only adjustments in respect of dividends are made in respect of Extraordinary Dividends as defined below in Part E (*Dividends, Stock Splits and Rights Issues*). The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor's Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (*Definitions*) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (*Calculation of the Index Level*) below.

4. QUARTERLY REBALANCING

The Index is rebalanced on a quarterly basis. On each Selection Day, the Index Calculation Agent will select the Constituents from the Eligible Universe that will be included in the Index with effect from the Rebalancing Date following the relevant Selection Day. The Index Calculation Agent will also perform the calculations required to determine the Percentage Weight of each Constituent according to the Citi Volatility Balanced Beta methodology. These Percentage Weights will then be applied to the current Index Level and the Constituent Closing Levels (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of the Constituents on the relevant Rebalancing Date to determine their Weights (as defined in Part D (*Calculation of the Index Level*) below), so that the Index Level, using the new Weights, can then be calculated in the same way as every other Index Business Day.

5. SELECTION OF CONSTITUENTS

The Constituents selected on each Selection Day, from and including the first Selection Day prior to the Index Start Date, will comprise all of the stocks in the Eligible Universe as of such date, other than (i) stocks issued by the Index Sponsor or its Affiliates (as defined in Section D (*Definitions*) of the Index General Conditions), including Citigroup Inc., (ii) any stocks included on the Index Sponsor's Restricted List (being a list of stocks in which the Index Sponsor or any of its Affiliates is not permitted to deal for a particular period due to laws and regulations), and (iii) any stocks for which there is insufficient publicly available historic market data in order to determine historic volatility and exponential moving average statistics in accordance with the Index methodology set out in detail in Part D (*Calculation of the Index Level*) below.

6. CHANGES IN THE ELIGIBLE UNIVERSE

The Constituents comprising the Index will also be adjusted between Rebalancing Dates to take account of the removal of stocks from the Eligible Universe. Stocks which are introduced into the Eligible Universe between Rebalancing Dates will not be included in the Index solely as a result of such introduction, but stocks may be introduced into the Index between Rebalancing Dates in accordance with the Index Conditions as a result of certain corporate action events such as mergers.

7. DETERMINATION OF PERCENTAGE WEIGHTS

On each Selection Day, the Index methodology requires the Index Calculation Agent to determine the Percentage Weights of the individual Constituents which will be included within the Index on the related Rebalancing Date. The methodology adopts a four-step process to determine these Percentage Weights.

The first two steps compute variances and correlation parameters with reference to two distinct approaches: implied volatilities (to create a notional implied risk portfolio) and exponential moving average returns (to create a notional trend-following risk portfolio). In the third step, these two notional portfolios are subject to an optimization model that computes percentage weights that aim to achieve an equal contribution to risk for each selected Constituent in each notional portfolio. The final step blends the results of the previous step to obtain an average percentage weight, and also applies a cap to the percentage weight of each selected Constituent.

In the first step, the methodology compares the 120-day implied volatility of each selected Constituent to the 120-day implied volatility of all the other selected Constituents. This process creates a covariance matrix (the “forward-looking covariance matrix”). Covariance establishes the extent to which one variable (in this case, one selected Constituent) reacts similarly to another variable or set of variables (in this case, each other selected Constituent).

In the second step, a covariance matrix comparing the historic 40-day exponential moving average of the returns of each selected Constituent to the historic 40-day exponential moving average of the returns of all other selected Constituents is established (the “trend-following covariance matrix”). The 40-day exponential moving average is observed for each of the selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day. The exponential moving average is a type of moving average in which greater emphasis is given to the more recent history. In the Index, this means that the 40-day exponential moving average applies greater weight to more recent returns of the selected Constituents than their returns at the (oldest) end of the 40-day period.

In the third step, the Index methodology applies a proprietary optimization algorithm to determine percentage weights for each selected Constituent. The optimization algorithm is applied to each covariance matrix separately. The optimization algorithm aims to find percentage weights for each selected Constituent such that each selected Constituent’s contribution to index volatility is the same as every other selected Constituent’s volatility contribution.

In the final step, the optimal percentage weights obtained in the third step are added together and an average obtained, so that the forward-looking covariance matrix and the trend-following covariance matrix are equally important in the determination of the final percentage weights of the selected Constituents. The average percentage weights for all of the selected Constituents are then added together and normalized to ensure they add to 100%.

The individual selected Constituent percentage weights resulting from this step are subject to a 10% individual maximum percentage weight cap. The purpose of the cap is to avoid concentration risk within the Index, where sudden changes in the value of one Constituent can have a large impact on the Index as a whole.

Percentage weights in excess of 10% are reallocated proportionately to the remaining selected Constituents, subject to the same 10% maximum percentage weight. The result of this calculation fixes the percentage weights for each of the selected Constituents which will be applied on the relevant Rebalancing Date (and is the "Percentage Weight" used in the Index Level calculations).

8. DETERMINATION OF WEIGHTS

On each Rebalancing Date following a Selection Day, the Index Calculation Agent determines the Weight of each selected Constituent within the Index.

The difference between "weight" and "percentage weight" can be understood as the difference between the notional number of stocks of a constituent in an index (the weight) and the proportion that each constituent has to the overall level of the index (the percentage weight). The weight of a constituent is determined in respect of a rebalancing date by reference to the designated percentage weight of the constituent, the level of the index and the price of the constituent on the rebalancing date. The weight of each constituent remains fixed between rebalancing dates save for adjustments as a result of extraordinary dividends, corporate actions and extraordinary events. Unlike percentage weight, which is a snapshot of the proportion that a certain stock has within the index as a whole, weight assesses the synthetic investment value of that stock within the index. Because stock prices fluctuate, the proportion that each stock contributes to the index on any day depends on the relative performance of that stock compared with the performance of the index as a whole. As such, the percentage weight of a stock in an index can vary from day to day. On the other hand, a constituent included within an index on a certain rebalancing day, and having a certain percentage weight on that day, will be represented by a weight which is fixed until the next rebalancing day.

In the Index, the Index Calculation Agent shall, as of each Rebalancing Date following the Index Start Date, determine the Current Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) of each selected Constituent in the Index on such Rebalancing Date. The Current Percentage Weight is the proportion that the relevant selected Constituent has in the Index as a whole prior to the rebalancing, expressed as a percentage. For the avoidance of doubt, any selected Constituent that is not an existing Constituent in the Index will have a Current Percentage Weight of zero on the Rebalancing Date.

The Weight of each selected Constituent will then be determined as a function of its Percentage Weight and the Index Level (i.e. the Index Level is split into that proportion attributable to the Percentage Weight of each selected Constituent), which is then divided by the price of the relevant selected Constituent.

The Weights of the Constituents will remain constant between Rebalancing Dates, save for adjustments to take account of the economic effect of extraordinary dividends, corporate actions and certain extraordinary events, as described in detail in Part D (*Calculation of the Index Level*) and Part E (*Dividends, Stocks Splits and Rights Issues*) of this Index Methodology, and Section B (*Valuations and Adjustments*) of the Index General Conditions.

Part D: Calculation of the Index Level

Calculation of the Index Level

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor's Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Calculation Agent's calculations of the Index Level shall be final in the absence of manifest error. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Extraordinary Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events (as described in Part E (*Dividends, Stock Splits and Rights Issues*) below), Disrupted Days and Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule: Share*) of the Index General Conditions).

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Extraordinary Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events (as described in Part E (*Dividends, Stock Splits and Rights Issues*) below), Disrupted Days and Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule: Share*) of the Index General Conditions).

1. DAILY INDEX CALCULATION

1.1 Index Level

The "**Index Level**" on the Index Start Date shall be the Index Start Level.

The "**Index Level**" on each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of each Constituent's Constituent Closing Level and its prevailing Weight (each as defined below).

$$\text{Index Level}_t = \sum_{i=1}^{n} \left(\text{Constituent Closing Level}_{i,t} \times \text{Weight}_{i,r} \right)$$

where:

Index Level_t	=	Index Level on Index Business Day t

Constituent Closing $\text{Level}_{i,t}$	=	Constituent Closing Level of Constituent i on Index Business Day t (as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions
$\text{Weight}_{i,r}$	=	Weight of Constituent i on the Rebalancing Date r (or the Index Start Date, as applicable) immediately preceding Index Business Day t
n	=	The number of Constituents included in the Index on Index Business Day t

On Rebalancing Date r, the Index Level is calculated using the respective Weights (as determined on Rebalancing Date r-1) of each Constituent (as selected on the Selection Day immediately preceding Rebalancing Date r-1), subject to any subsequent adjustment of any Constituent's Weight as a result of any Additional Rebalancing Event, Extraordinary Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event. Beginning with the first Index Business Day following Rebalancing Date r, up to and including Rebalancing Date r+1 (but prior to the rebalancing of the Index on such Rebalancing Date r+1), the Index Level is calculated using the Constituents selected on the Selection Day immediately preceding Rebalancing Date r and their respective Weights (as determined on Rebalancing Date r).

1.2 Weight

The Index Calculation Agent shall determine the Weight of each of the Selected Constituents on the Index Start Date and on each Rebalancing Date, and such Weights shall remain in effect until the end of the following Rebalancing Date, subject to the occurrence of any Additional Rebalancing Event, Extraordinary Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event.

The Weight for each Selected Constituent in respect of a Rebalancing Date will be calculated by the Index Calculation Agent as the product of the Percentage Weight of the relevant Selected Constituent and the Index Level on such Rebalancing Date (giving the proportion of the Index attributable to that Selected Constituent), which is then divided by the Constituent Closing Level of that Selected Constituent on such Rebalancing Date. The calculation formula is set out in detail below.

The "**Weight**" of each Selected Constituent on the Index Start Date and each Rebalancing Date shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. For this purpose, the Index Start Date shall be deemed to be a Rebalancing Date.

$$\text{Weight}_{i,r} = \frac{\text{Percentage Weight}_{i,r} \times \text{Index Level}_r}{\text{Constituent Closing Level}_{i,r}}$$

where:

$\text{Weight}_{i,r}$	=	Weight of Selected Constituent i on Rebalancing Date r
Percentage $\text{Weight}_{i,r}$	=	Percentage Weight of Selected Constituent i on Rebalancing Date r
Index Level_r	=	Index Level on Rebalancing Date r
Constituent Closing $\text{Level}_{i,r}$	=	Constituent Closing Level of Selected Constituent i on Rebalancing Date r

1.3 Current Percentage Weight

The Current Percentage Weight of a Constituent on any Index Business Day is calculated as the Weight which such Constituent had in the Index from, but excluding, the immediately preceding Rebalancing Date r (or the Index Start Date, as the case may be), multiplied by its Constituent Closing Level on such Index Business Day, divided by the Index Level in respect of such Index Business Day.

On each Index Business Day t, the Index Calculation Agent shall calculate the "**Current Percentage Weight**" in respect of each Constituent i in accordance with the following formula:

$$\text{Current Percentage Weight}_{i,t} = \frac{\text{Weight}_{i,r} \times \text{Constituent Closing Level}_{i,t}}{\text{Index Level}_t}$$

where:

Current Percentage Weight$_{i,t}$	=	Current Percentage Weight of Constituent i on Index Business Day t
Weight$_{i,r}$	=	Weight of Selected Constituent i on the Rebalancing Date r (or the Index Start Date, as the case may be) immediately preceding Index Business Day t
Constituent Closing Level$_{i,t}$	=	Constituent Closing Level of Constituent i on Index Business Day t
Index Level$_t$	=	Index Level on Index Business Day t

Where Index Business Day t is itself a Rebalancing Date, Weight$_{i,r}$ and Constituent Closing Level$_{i,t}$ are determined prior to the rebalancing taking place.

2. CONSTITUENT SELECTION AND INDEX REBALANCING PROCESS

2.1 Selection of Constituents

On each Selection Day, the Index Calculation Agent will determine the stocks within the Eligible Universe on such day (the "**Eligible Constituents**"). The Index Calculation Agent shall then exclude from such list of Eligible Constituents any stocks:

(1) which are issued by the Index Sponsor or its Affiliates, including Citigroup Inc.; or

(2) which, as at the relevant Selection Day, are included on the Index Sponsor's Restricted List (being a list of stocks which the Index Sponsor and/or any of its Affiliates are not permitted to hold, buy, sell or otherwise deal in for a particular period of time due to laws, regulations or internal policies); or

(3) for which, as at the relevant Selection Day, there is less than 159 Index Business Days of publicly available historic market data, as required to determine the historic volatility and/or exponential moving average statistics in accordance with the Index methodology described below.

The stocks which remain in the list of Eligible Constituents following any such exclusions will be the "**Selected Constituents**" in respect of the relevant Selection Day and will become the "**Constituents**" of the Index after the rebalancing process on the immediately following Rebalancing Date.

2.2 Determination of Percentage Weights – Application of the Citi Volatility Balanced Beta methodology

The Percentage Weights of each Selected Constituent are determined by the Index Calculation Agent on each Selection Day. In order to determine the applicable Percentage Weights, the Index Calculation Agent follows a four-step process. The first two steps each create a covariance matrix, referred to below as the Forward-Looking (or Implied) Covariance Matrix and the Trend-Following (or Historic) Covariance Matrix respectively, each representing the marginal contributions of the Selected Constituents to the overall volatility of the Index.

In the third step, an optimization model is used to find an optimum percentage weight for each Selected Constituent within each covariance matrix.

The fourth step is to determine the average of the two covariance matrix percentage weights for each Selected Constituent, normalize these to a combined aggregate percentage weight of 100%, and then apply an individual maximum percentage weight of 10% to each Selected Constituent, redistributing any excess percentage weight proportionately to the remaining Selected Constituents. This will then determine the respective Percentage Weights for all the Selected Constituents.

This determination process, including the relevant formulae used by the Index Calculation Agent to determine the "**Percentage Weight**" of each Selected Constituent, is set out in detail below:

(1) Construction of the Forward-Looking (or Implied) Covariance Matrix ("FCov") of the Selected Constituents

The covariance matrix can be visualized as a grid in which all the Selected Constituents are represented in rows and columns. The points of intersection in this grid indicate the correlation between each Selected Constituent and every other Selected Constituent. There will be a diagonal line bisecting the grid where a row representing that Selected Constituent intersects with the column representing that same Selected Constituent, and therefore the variance of that Selected Constituent (as the covariance of a Selected Constituent with itself is its variance).

A covariance matrix typically assesses the degree to which two or more stocks covary, or move in tandem. A positive covariance means that the two variables move together (in the same direction), while a negative covariance means that the variables move in opposite directions. Two stocks with positive covariance means that those stocks react to market events in a similar way; if they have negative covariance, it means that they react inversely. The lower the covariance between a number of stocks, the more they can be said to represent diversified stocks.

In the Citi Volatility Balanced Beta model, the Forward-Looking Covariance Matrix is computed as follows:

a. On each Selection Day, the Index Calculation Agent determines an implied volatility value ("**Implied Volatility**") for each Selected Constituent, using the 3-month implied spot volatility of the Reference Vol Index and the beta of the relevant Selected Constituent with respect to the Reference Vol Index measured over the previous 120 Index Business Days. The Implied Volatility calculation is designed such that the Implied Volatility of a Selected Constituent will always be positive.

This can be described formulaically as follows:

$$\mathrm{FVol}_{i,k} = \sqrt{\left(\beta_{i,k} \times \frac{\mathrm{IV}_k}{100}\right)^2}$$

Where:

$FVol_{i,k}$	=	The Implied Volatility of Selected Constituent i in respect of Selection Day k
IV_k	=	The 3-month implied spot volatility of at-the-money listed options on the Reference Vol Index on Selection Day k, as observed at the Index Valuation Time on the Bloomberg page <SPX Index GV> with the <type ATM> function, or any successor or alternative screen page, as may be determined by the Index Calculation Agent
$\beta_{i,k}$	=	The regression coefficient between the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{\mathrm{Cov}(Y_i, B)}{\mathrm{Var}(B)}$$
$\mathrm{Cov}(Y_i,B)$	=	The covariance between the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{\sum_{s=t-N+1}^{t}\left(Y_{i,s}-\overline{Y_i}\right)\times\left(B_s-\overline{B}\right)}{N-1}$$; where t=k and N=120
$\mathrm{Var}(B)$	=	$\mathrm{Cov}(B,B)$
$\mathrm{Cov}(B,B)$	=	The covariance between the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{\sum_{s=t-N+1}^{t}\left(B_s-\overline{B}\right)\times\left(B_s-\overline{B}\right)}{N-1}$$; where t=k and N=120
$\overline{Y_i}$	=	The arithmetic average of the N daily log-returns "Y_i"
$\overline{B}$	=	The arithmetic average of the N daily log-returns "B"
$Y_{i,t}$	=	$$\ln\frac{\text{Constituent Closing Level}_{i,t}}{\text{Constituent Closing Level}_{i,t-1}}$$
Constituent Closing $\text{Level}_{i,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent i, then Constituent

		Closing $Level_{i,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
Constituent Closing $Level_{i,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent i, then Constituent Closing $Level_{i,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
B_t	=	$\ln \frac{I_t}{I_{t-1}}$
I_t	=	Closing level of the Reference Vol Index on Index Business Day t, as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor does not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day t, then I_t shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor
I_{t-1}	=	Closing level of the Reference Vol Index on the Index Business Day immediately preceding Index Business Day t, as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor did not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day t-1, then I_{t-1} shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor
Reference Vol Index	=	S&P 500® Index
Reference Vol Index Sponsor	=	Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, including its successors and assigns
s	=	The series of 120 Index Business Days ending on Selection Day k
$Y_{i,s}$	=	The 120 daily log-returns of Selected Constituent i "$Y_{i,t}$" for the 120 Index Business Days ending on Selection Day k
B_s	=	The 120 daily log-returns of the Reference Vol Index "B_t" for the 120 Index Business Days ending on Selection Day

		k
Y_i	=	A vector representing the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i
B	=	A vector representing the 120 daily log-returns "B_s" of the Reference Vol Index
N	=	120

b. Calculate each element FCov(n, m) of the Forward-Looking Covariance Matrix, as follows:

$$\mathrm{FCov(n,\ m)} = \rho_{n,m} \times \mathrm{FVol}_{n,k} \times \mathrm{FVol}_{m,k}$$

Where:

n, m	=	Each possible combination of two Selected Constituents (i.e. n = 1, …, M; m = 1, …, M; including combinations where n=m)
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above
$\rho_{n,m}$	=	The correlation coefficient between the 120 daily log-returns "$X_{n,s}$" of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "$X_{m,s}$" of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\dfrac{Cov(X_n, X_m)}{\sqrt{Var(X_n) \times Var(X_n)}}$
$Cov(X_n,X_m)$	=	The covariance between the 120 daily log-returns "$X_{n,s}$" of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "$X_{m,s}$" of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\dfrac{\sum_{s=t-N+1}^{t}\left(X_{n,s} - \overline{X_n}\right) \times \left(X_{m,s} - \overline{X_m}\right)}{N-1}$; where t=k and N=120
$Var(X_n)$	=	$Cov(X_n, X_n)$

$Cov(X_n, X_n)$	=	The covariance between the 120 daily log-returns "$X_{n,s}$" of the Selected Constituent n for the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{\sum_{s=t-N+1}^{t}\left(X_{n,s}-\overline{X_n}\right)\times\left(X_{n,s}-\overline{X_n}\right)}{N-1};$$ where t=k and N=120
$\overline{X_n}$	=	The arithmetic average of the N daily log-returns "X_n"
$\overline{X_m}$	=	The arithmetic average of the N daily log-returns "X_m"
$X_{n,t}$	=	$$\ln\frac{\text{Constituent Closing Level}_{n,t}}{\text{Constituent Closing Level}_{n,t-1}}$$
Constituent Closing Level $_{n,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent n on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent n, then Constituent Closing Level$_{n,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent n on the preceding Scheduled Trading Day for Selected Constituent n that was not a Disrupted Day for Selected Constituent n)
Constituent Closing Level $_{n,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent n on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent n, then Constituent Closing Level$_{n,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent n on the preceding Scheduled Trading Day for Selected Constituent n that was not a Disrupted Day for Selected Constituent n)
$X_{m,t}$	=	$$\ln\frac{\text{Constituent Closing Level}_{m,t}}{\text{Constituent Closing Level}_{m,t-1}}$$
Constituent Closing Level $_{m,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent m on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent m, then Constituent Closing Level$_{m,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent

		m on the preceding Scheduled Trading Day for Selected Constituent m that was not a Disrupted Day for Selected Constituent m)
Constituent Closing Level $_{m,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent m on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent m, then Constituent Closing Level$_{m,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent m on the preceding Scheduled Trading Day for Selected Constituent m that was not a Disrupted Day for Selected Constituent m)
s	=	The series of 120 Index Business Days ending on Selection Day k
$X_{n, s}$	=	The 120 daily log-returns of Selected Constituent n "$X_{n, t}$" for the 120 Index Business Days ending on Selection Day k
$X_{m, s}$	=	The 120 daily log-returns of Selected Constituent m "$X_{m, t}$" for the 120 Index Business Days ending on Selection Day k
X_n	=	A vector representing the 120 daily log-returns "$X_{n, s}$" of Selected Constituent n
X_m	=	A vector representing the 120 daily log-returns "$X_{m, s}$" of Selected Constituent m
N	=	120
FVol $_{n, k}$	=	The Implied Volatility for Selected Constituent n on Selection Day k, determined in the same manner as FVol$_{i, k}$ above
FVol $_{m, k}$	=	The Implied Volatility for Selected Constituent m on Selection Day k, determined in the same manner as FVol$_{i, k}$ above

(2) Constructing the Trend-Following Covariance Matrix ("HCov") of the Selected Constituents

In this step, a second set of percentage weights is determined in respect of the Selected Constituents. As in the first step above, a covariance matrix is established to represent all of the Selected Constituents.

In order to compute the Trend-Following Covariance Matrix, instead of creating a covariance matrix based on the correlation and variance of the Selected Constituents with respect to historic volatility, a covariance matrix comparing the historic 40-day exponential moving average of the return of each Selected Constituent to the historic 40-day exponential moving average of the returns of all other Selected Constituents is established. The 40-day exponential moving average is observed for each of the Selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day.

The exponential moving average ("**EMA**") is a type of moving average in which greater emphasis is given to the more recent history. Moving average itself is a concept in which an average value is obtained for a value observed at a specific frequency during a specific period (in this case the daily return of a Selected Constituent over the preceding 40 Index Business Days), and this average "moves" every day to record the average daily return of a Selected Constituent for the most recent 40 Index Business Days. In the calculations below, the "Decay Factor" is applied to the moving average, which results in the daily returns from more recent Index Business Days affecting the EMA to a greater extent than the daily returns from earlier Index Business Days (i.e. recent data are given more weight than older data). The EMA for a Selected Constituent will react more quickly to recent changes in daily returns than a simple moving average.

a. The Covariance Matrix for the Trend-Following Covariance Matrix is calculated as follows:

   On each Selection Day k, the Index Calculation Agent determines for each Selected Constituent i an historic exponential moving average return ("**Exponential Moving Average Return**") for each of the 159 Index Business Days ending on Selection Day k, in accordance with the following formula:

$$\text{EMA}_{i,s} = X_{i,s} \times \alpha + \text{EMA}_{i,s-1} \times (1 - \alpha)$$

   i = 1, …M
   s = t-H+1, …t; where t = Selection Day k

Where:

$\text{EMA}_{i,\,t-1}$	=	The Exponential Moving Average Return of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t
$\text{EMA}_{i,\,t-H+1}$	=	The first Exponential Moving Average Return in the series for Selected Constituent i (i.e., $\text{EMA}_{i,\,t-H+1}$) shall be equal to the log-return $X_{i,\,,t-H+1}$
α	=	2/(K+1)
K	=	40 (the "Decay Factor")
$X_{i,\,t}$	=	$\ln \frac{\text{Constituent Closing Level}_{i,\,t}}{\text{Constituent Closing Level}_{i,\,t-1}}$
Constituent Closing Level $_{i,\,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent i, then Constituent Closing Level$_{i,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i

		on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
Constituent Closing Level $_{i, t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent i, then Constituent Closing Level$_{i,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
H	=	159

b. Calculate each element HCov(n, m) of the Trend-Following Covariance Matrix, as follows:

$$\text{HCov(n, m)} = \text{cov}\left(\text{EMA}_n, \text{EMA}_m\right) \times 252$$

Where the Exponential Moving Average Returns for each of the 120 Index Business Days preceding the relevant Selection Day are used in the Trend-Following Covariance Matrix:

n, m	=	Each possible combination of two Selected Constituents (i.e. n = 1, …, M; m = 1, …, M; including combinations where n=m)
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above
cov(EMA $_n$,EMA $_m$)	=	The covariance between the 120 Exponential Moving Average Returns “EMA$_{n, s}$” of Selected Constituent n for each of the 120 Index Business Days ending on Selection Day k and the 120 Exponential Moving Average Returns “EMA$_{m, s}$” of Selected Constituent m for each of the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{\sum_{s=t-N+1}^{t}\left(\text{EMA}_{n,s} - \overline{\text{EMA}_n}\right)\times\left(\text{EMA}_{m,s} - \overline{\text{EMA}_m}\right)}{N-1}$$ where t=k and N=120
EMA$_{n, s}$	=	The 120 Exponential Moving Average Returns of Selected Constituent n “EMA$_{n, t}$” for the 120 Index Business Days ending on Selection Day k

$EMA_{m,s}$	=	The 120 Exponential Moving Average Returns of Selected Constituent m "$EMA_{m,t}$" for the 120 Index Business Days ending on Selection Day k
$\overline{EMA_n}$	=	The arithmetic average of the N Exponential Moving Average Returns "$EMA_{n,s}$"
$\overline{EMA_m}$	=	The arithmetic average of the N Exponential Moving Average Returns "$EMA_{m,s}$"
N	=	120
s	=	The series of 120 Index Business Days ending on Selection Day k

(3) Optimization routine to find Equal-Contribution Weights of the Selected Constituents

Once the covariance matrices are populated in accordance with the formulae in Steps 1 and 2 above, a vector of percentage weights is determined for each covariance matrix, using an optimization model.

The optimization model is used to find the combination of percentage weights for the Selected Constituents that results in the risk contribution of each Selected Constituent being equal. Within the optimization model, the risk contribution of a Selected Constituent is defined as the sensitivity of the volatility of the Selected Constituents collectively to a change in the relative value of the Percentage Weight of the individual Selected Constituent.

To equalize the risk contribution of the Selected Constituents, the model compares the change in the risk contribution of the portfolio of Selected Constituents to a relative change in the Percentage Weight of a Selected Constituent (the "**Constituent Risk Sensitivity**") with the Constituent Risk Sensitivity of each other Selected Constituent, on a pair by pair basis. For example, if there are three Selected Constituents A, B and C, this means there are three pairs: A paired with B, A paired with C and B paired with C. The model finds Percentage Weights for the Selected Constituents in which the pair by pair comparison for all of the Selected Constituents delivers a result in which the Constituent Risk Sensitivity of each Selected Constituent is equal to the Constituent Risk Sensitivity of each other Selected Constituent.

Each vector of weights "w" (and in relation to each covariance matrix, w_1 and w_2) is computed by the same optimization routine, which aims at solving the following non-linear optimization problem under constraints:

$$w_{OPT} = \arg\min f(w)$$

$$f(w) = \sum_{n=1}^{M} \sum_{m=n+1}^{M} \left(w_n \times \left(\sum_{i=1}^{M} \sigma_{n,i} \times w_i \right) - w_m \times \left(\sum_{i=1}^{M} \sigma_{m,i} \times w_i \right) \right)^2$$

subject to:

$$\sum_{i=1}^{M} w_i = 1$$

$$0 \le w_i \le 1; i = 1,..., M$$

where σ_n and σ_m represent the elements (n,m) of Selected Constituent i in the relevant covariance matrix.

The first set of percentage weights w_1 is computed using the Forward-Looking (or Implied) Covariance Matrix in the optimization problem.

The second set of percentage weights w_2 is computed using the Trend-Following (or Historic) Covariance Matrix in the optimization problem.

The percentage weights determined according to this process are carried to step four below

(4) Blending the two sets of percentage weights: determination of the Selected Constituent Percentage Weights

The final Percentage Weights for each Selected Constituent (vector W) is determined as follows:

a. *computation of the uncapped percentage weights (W_{Ui})*

The percentage weights computed for each Selected Constituent as part of the Forward-Looking Covariance Matrix and the Trend-Following Covariance Matrix are then combined and divided by two in accordance with the following formula, so that each Selected Constituent has a blended (average) uncapped percentage weight (W_{Ui}):

$$W_{Ui} = \frac{(w_{1i} + w_{2i})}{2}$$

b. *computation of the normalized uncapped percentage weights (W_{UNi})*

Although the sum of the percentage weights calculated in respect of each covariance matrix should individually equal 100%, the percentage weights attributed to each Selected Constituent may mean that when they are combined and the average calculated as described above, the sum of the average percentage weights may deviate slightly from 100%. A further calculation is therefore made to normalize the uncapped percentage weights. This is achieved by calculating the percentage weight of each Selected Constituent as the quotient of each Selected Constituent's uncapped percentage weight divided by the sum of the uncapped percentage weights for all of the Selected Constituents.

$$W_{UNi} = \frac{W_{Ui}}{\sum_{i=1}^{M} W_{Ui}}$$

c. *determination of capped percentage weights – the Selected Constituent Percentage Weights (W_i)*

Once normalized, the Selected Constituent percentage weights are subjected to an individual percentage weight cap of 10%. The excess percentage weight (the aggregate percentage weight in excess of 10% for all the Selected Constituents) is distributed among the remaining uncapped Selected Constituents in a ratio proportional to their uncapped percentage weights, subject to the same individual percentage weight cap of 10%.

The resulting percentage weights are the Percentage Weights of the Selected Constituents (a vector "W") that will be applied in respect of the Index on the Rebalancing Date following the Selection Day on which these Percentage Weights are determined.

The normalized and uncapped percentage weights are ranked in decreasing percentage weight order, then the following rules are applied to each such percentage weight (for Selected Constituents i=1,… M where M is the number of Selected Constituents in respect of the relevant Selection Day) starting from the highest ranked such percentage weight (i=1, where $E_0 = 0$):

(1) If $W_{UNi} \geq 10\%$ then $W_i = 10\%$ and $E_i = E_{i-1} + W_{UNi} - W_i$

(2) If $W_{UNi} < 10\%$ then $W_i = \mathrm{Min}\left\{10\%; W_{UNi} + \left(E_{i-1} \times \frac{W_{UNi}}{\sum_{j=1}^{M} W_{UNj}}\right)\right\}$

and $E_i = \mathrm{Max}(E_{i-1} - (W_i - W_{UNi})\ ;\ 0)$

Where:

W_i	=	The Percentage Weight of Selected Constituent i
W_{UNi}	=	The normalized uncapped percentage weight of Selected Constituent i
W_{UNj}	=	The normalized uncapped percentage weight of Selected Constituent j, where Selected Constituent j is a member of the subset of Selected Constituents for which W_i has not yet been determined and W_{UNi} is less than the individual weight cap of 10%. For example, if M=100, i=40 (being the Selected Constituent which is ranked 40^{th} by normalized uncapped percentage weight, in decreasing order) and $W_{UN40} < 10\%$, then j is each Selected Constituent i (where i=40,…M)
E_i	=	The excess percentage weight in respect of Selected Constituent i
$\frac{W_{UNi}}{\sum_{j=1}^{n} W_{UNj}}$	=	The proportionate rate to distribute the excess percentage weight to Selected Constituent i
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above
Max	=	Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the greater of such amounts
Min	=	Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the lesser of such amounts

3. ADDITIONAL REBALANCING EVENTS

3.1 Eligible Universe Removals

If a stock which is a Constituent of the Index is removed from the Eligible Universe (an "**Eligible Universe Removal Event**"), then such Constituent (a "**Removed Constituent**") will be removed from the Index on the same day (an "**Additional Rebalancing Date**").

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (*Determining the Percentage Weights of the remaining Constituents*) below.

3.2 Regulatory Events

If either:

(a) the Index Sponsor or any of its Affiliates is required (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will be required) by any applicable law or regulation or policy to unwind positions in a stock which is a Constituent of the Index, or is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to establish or increase positions in such a stock; and/or

(b) due to any applicable law or regulation or policy, the Index Sponsor or the Index Calculation Agent is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to continue to sponsor or calculate, as applicable, an index comprising a stock which is a Constituent of the Index,

(each, a "**Regulatory Event**" and together with an Eligible Universe Removal Event, each an "**Additional Rebalancing Event**"), then such Constituent (a "**Removed Constituent**") will be removed from the Index on the date (an "**Additional Rebalancing Date**") designated by the Index Calculation Agent or the Index Sponsor (in which case the Index Sponsor will notify the relevant date to the Index Calculation Agent).

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (*Determining the Percentage Weights of the remaining Constituents*) below.

3.3 Determining the Percentage Weights of the remaining Constituents

Upon the removal of one or more Removed Constituents from the Index on an Additional Rebalancing Date, the Percentage Weights of the remaining Constituents are scaled up such that the Percentage Weight of the Removed Constituent(s) is proportionally redistributed to the remaining Constituents in accordance with the following formula:

$$W_{i,rA} = \frac{CPW_{i,rA}}{\sum_{i=1}^{n} CPW_{i,rA}}$$

where:

$W_{i,rA}$	=	The Percentage Weight of remaining Constituent i which is applied upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date rA;

$CPW_{i,rA}$	=	The Current Percentage Weight of remaining Constituent i in the Index on Additional Rebalancing Date rA prior to the removal of the Removed Constituent(s); and
n	=	The number of Constituents remaining in the Index after the removal of the relevant Removed Constituent(s),

provided however that the Percentage Weight applied to a remaining Constituent i on an Additional Rebalancing Date shall not be greater than 10%. In the event that any such Percentage Weight determined in accordance with the formula above would be greater than 10%, then the Index Calculation Agent shall determine the Percentage Weights to be applied to each remaining Constituent i upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date rA, in accordance with the formula set out in paragraph 2.2(4)c.(*determination of capped percentage weights – the Selected Constituent Percentage Weights (W_i)*) of this Part D that is used in the final step of determining the capped Percentage Weights of Selected Constituents on each Selection Day, as if the relevant Additional Rebalancing Date was a Selection Day and the remaining Constituents i were ranked in decreasing Current Percentage $Weight_{i,rA}$ order.

4. REFERENCE INDEX ADJUSTMENTS

4.1 Successor Reference Index and Successor Reference Index Sponsor

If a Reference Index is (i) not calculated and announced by the relevant Reference Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Reference Index, then in each case that index (the "**Successor Reference Index**") will be deemed to be the relevant Reference Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

4.2 Reference Index Modification and Reference Index Cancellation

If a Reference Index Sponsor announces that it will make a material change in the formula for or method of calculating a Reference Index or in any other way materially modifies that Reference Index (other than a modification prescribed in that formula or method to maintain that Reference Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Reference Index Modification**") or permanently cancels that Reference Index and no Successor Reference Index exists (a "**Reference Index Cancellation**" and, together with a Reference Index Modification, each a "**Reference Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

4.3 Cancellation of Reference Index license

If, in respect of a Reference Index, a license granted (if required) to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Reference Index in connection with the Index is terminated, or any such entity's right to use such Reference Index in connection with calculating the Index is otherwise disputed, impaired or ceases for any reason, then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

4.4 Corrections of published levels, prices, rates or values in respect of a Reference Index

If, in respect of a Reference Index, any level, price, rate or value (as applicable) in respect of such Reference Index or any related derivative or other related instrument, 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 in respect of the Index, is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within two Index Business Days after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Reference Index, related derivative or other related instrument (as the case may be) for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, make appropriate adjustments to the Index and the Index Level for the relevant Index Business Day(s).

4.5 Reference Index Definitions

"**Reference Index**" means each of the Eligible Universe Index and the Reference Vol Index.

"**Reference Index Sponsor**" means, in respect of a Reference Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Reference Index and (b) announces (directly or through an agent) the level of such Reference Index.

Part E: Dividends, Stock Splits and Rights Issues

Dividends, Stock Splits and Rights Issues

Upon the occurrence of an Extraordinary Dividend Adjustment Event, a Stock Split Adjustment Event or a Rights Issue Adjustment Event (each as defined below), the Index Calculation Agent will make the appropriate adjustments to the composition of the Index including, in particular, the Weights of the Constituents, in accordance with the methodology set out in this Part E (*Dividends, Stock Splits and Rights Issues*).

For the avoidance of doubt, Extraordinary Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events shall be treated in the manner described in this Part E (*Dividends, Stock Splits and Rights Issues*) and shall not constitute Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule: Share*) of the Index General Conditions) for the purpose of the Index Conditions.

1. NO DIVIDEND ADJUSTMENTS (REGULAR DIVIDENDS: CASH AND/OR STOCK DIVIDENDS)

For the avoidance of doubt, any regular dividend (in the form of a cash dividend and/or a scrip (stock) dividend) in respect of any Constituent declared by the issuer of such Constituent for which the Ex-Dividend Date falls on any day after the Index Start Date (excluding any Extraordinary Dividend) shall have no effect on the calculation of the Index nor shall the declaration of such regular dividend result in any adjustment of the Index at any time.

"**Ex-Dividend Date**" means, in respect of a stock and a dividend payment which has been announced by the issuer of such stock, the first day on which a purchaser of such stock will not be entitled to receive the relevant dividend payment, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

2. EXTRAORDINARY DIVIDEND ADJUSTMENTS (EXTRAORDINARY DIVIDENDS, BONUS SHARES)

Following the declaration by the issuer of any Constituent of an Extraordinary Dividend (as defined below) (an "**Extraordinary Dividend Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Dividend Date (as defined below) in relation to such Extraordinary Dividend in accordance with the formula set out below. If such Ex-Dividend Date is not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex\text{-}1} \times \left(1 + \frac{\text{Dividend Percentage}_i \times \text{Extra Dividend Amount}_i}{\text{Constituent Closing Level}_{i,ex\text{-}1} - \text{Extra Dividend Amount}_i}\right)$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Dividend Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\text{Weight}_{i,ex\text{-}1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend

		Date.
Dividend Percentage_i	=	The applicable Dividend Percentage (as defined below).
Extra Dividend Amount_i	=	The applicable Extraordinary Dividend Amount (as defined below).
Constituent Closing $\text{Level}_{i,ex-1}$	=	Constituent Closing Level of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend Date.

"**Extraordinary Dividend**" means (i) an "Extraordinary Dividend", as such term is defined in the Index General Conditions and will generally include any dividend (in the form of a cash dividend and/or a scrip (stock) dividend) which is described as "special", "extra", "irregular" or a "return of capital"; or (ii) a free distribution or dividend of stock of such Constituent to existing holders by way of bonus, capitalization or similar issue, for which in each case the applicable Ex-Dividend Date falls on any day after the Index Start Date.

"**Extraordinary Dividend Amount**" means, in respect of an Extraordinary Dividend:

(1) if such Extraordinary Dividend is a cash dividend, 100% of the gross cash dividend per one stock as declared by the issuer of the relevant Constituent, before the withholding or deduction of taxes at source by or on behalf of any applicable authority having power to tax in respect of such a dividend (an "**Applicable Authority**"), and shall exclude (a) any imputation or other credits, refunds or deductions granted by an Applicable Authority (together, the "**Credits**"), and (b) any taxes, credits, refunds or benefits imposed, withheld, assessed or levied on the Credits referred to in (a) above (converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published).

(2) if such Extraordinary Dividend is a non-cash dividend, an amount per one stock equal to the cash value declared by the issuer of the relevant Constituent (whether or not such non-cash dividend includes stock that are the Constituent) or, if no cash value is declared by the issuer of the relevant Constituent, the cash value of such non-cash dividend as determined by the Index Calculation Agent, calculated by reference, where available, to the closing price of any stocks or the Constituent Closing Level (as the case may be) comprising such non-cash dividend on the last trading day immediately preceding the relevant Ex-Dividend Date, taking into account (where such non-cash dividend consists of the stock of the Constituent) any diluting effect on the theoretical value of the Constituent stock resulting from such non-cash dividend. The cash value of a non-cash dividend shall be converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published.

"**Dividend Percentage**" means, in respect of an Extraordinary Dividend Amount, 100%.

"**Ex-Dividend Date**" means, in respect of a stock and an Extraordinary Dividend, the first day on which a purchaser of such stock will not be entitled to receive the relevant Extraordinary Dividend Amount, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

"**FX Rate**" means, in respect of the notional exchange of one currency to another currency, the applicable WM/Reuters "Closing Spot Rate" as published by The World Markets Company plc in conjunction with Reuters at approximately 4.00 p.m. (London time) on the Ex-Dividend Date or, if such rate is discontinued or unavailable on the relevant day for any reason, such other exchange rate for the relevant currency conversion as the Index Calculation Agent shall determine appropriate by reference to an alternative foreign exchange rate service.

3. DIVIDEND RECOVERY

If, in respect of an Extraordinary Dividend, (a) the gross cash or non-cash dividend declared or estimated by the issuer of the relevant Constituent (a "**Declared Dividend**") to holders of record of the stock in the Constituent is not equal to the gross amount deemed to be paid by the issuer of such Constituent (notwithstanding that such payment is made to either any relevant taxing authority or holders of record) in respect of such Extraordinary Dividend (a "**Dividend Mismatch Event**") or (b) the issuer of the relevant Constituent fails to make any payment or delivery in respect of that Declared Dividend by the third Index Business Day following the relevant due date, then in either case the Index Calculation Agent may (but shall not be obliged to) determine:

(i) any appropriate adjustment to be made to the Index, including the Weight of any Constituent, to account for that Dividend Mismatch Event or non-payment or non-delivery, as the case may be; and

(ii) the effective date of any such adjustment.

In the event that an issuer of a Constituent makes a payment or delivery in respect of an Extraordinary Dividend that has already been the subject of an adjustment in accordance with this paragraph 3 (*Dividend Recovery*), the Index Calculation Agent shall determine any appropriate adjustment(s) to be made in respect of the Index in order to account for the economic effect of such subsequent payment or delivery.

4. STOCK SPLIT ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Stock Split (as defined below) (a "**Stock Split Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Date (as defined below) in relation to such Stock Split in accordance with the formula set out below. If such Ex-Date is not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex-1} \times \text{Split Ratio}_i$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\text{Weight}_{i,ex-1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Date.
Split Ratio_i	=	In respect of the applicable Stock Split, the ratio of the new total number of shares (B) for the old total number of shares (A) (e.g., split ratio=B/A) in respect of the Constituent i.

"**Ex- Date**" means, in respect of a Stock Split in respect of a Constituent, the effective date of such Stock Split, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

"**Stock Split**" means, in respect of a Constituent, a stock split, subdivision, reverse stock split, consolidation or similar reclassification of the stock of such Constituent, for which the Ex-Date falls on any day after the Index Start Date.

5. RIGHTS ISSUE ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Rights Issue (as defined below) (a "**Rights Issue Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Rights Date (as defined below) in relation to such Rights Issue in accordance with the formula set out below. If such Ex-Rights Date is not an Index Business Day, the adjustment shall be made on the following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex\text{-}1} \times \frac{1+N_i}{1+\left(\dfrac{S_i}{\text{Constituent Closing Level}_{i,ex\text{-}1}}\right)\times N_i}$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Rights Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\text{Weight}_{i,ex\text{-}1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Rights Date.
N_i	=	In respect of the applicable Rights Issue, the rights ratio in respect of such Rights Issue of Constituent i, N = B/A where A is the number of existing stocks and B is the number of new stocks entitlement.
S_i	=	In respect of the applicable Rights Issue, the subscription price per stock in Constituent i.
Constituent Closing $\text{Level}_{i,ex\text{-}1}$	=	Constituent Closing Level of Constituent i on the Index Business Day for Constituent i immediately preceding the Ex-Rights Date.

"**Ex-Rights Date**" means, in respect of a Rights Issue in respect of a Constituent, the first day on which a purchaser of such stock would not be entitled to participate in such Rights Issue, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

"**Rights Issue**" means, in respect of a Constituent, a distribution to existing holders of such Constituent of any stock, rights or warrants to purchase shares of such Constituent, in any case for payment (whether in cash or otherwise) at less than their prevailing market price or any other similar event as determined by the Index Calculation Agent and for which the Ex-Rights Date falls on any day after the Index Start Date.

Part F: Data

Data

(As at the Index Launch Date)

The Index shall operate with reference to an Eligible Universe. This Part F sets out the classification and particulars of each Eligible Constituent.

1. Eligible Universe

Eligible Universe	Bloomberg Ticker	Eligible Universe Sponsor
S&P 100	OEX <Index>	Standard & Poor's

2. Eligible Constituents

Eligible Constituents	Classification
Each constituent of the Eligible Universe from time to time (subject to paragraph 2.1 (*Selection of Constituents*) in Part D (*Calculation of the Index Level*) above)	Share

3. Particulars in respect of each Eligible Constituent

Exchange(s)	Related Exchange(s)	Constituent Schedule
As defined in Section F (*Constituent Schedule: Share*) of the Index General Conditions	All Exchanges	Share

4. Additional Data

Maximum Percentage Weight (as at each Selection Day)	Notional Replication Cost	Notional Spread
10%	Not Applicable	Not Applicable

5. Adjustment Elections

	Scheduled Valuation Date		
	Rebalancing Date	Selection Day	Other
Adjustments (Scheduled Trading Days: “holidays”):	Move In Block	Move In Block	Move In Block
Adjustments (Disrupted Days):	Value What You Can	Move In Block	Look Back
Valuation Roll (Disrupted Days):	5	5	5

In cases where a scheduled Selection Day is postponed due to the occurrence or existence of a Disrupted Day, an Index Level for the day which was originally scheduled to be the Selection Day will be determined in accordance with the methodology set out in the column headed “Other”.

6. Defined Terms

Index Business Day:	Each day which is (1) a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London and the principal financial centre of the Index Base Currency; and (2) a Scheduled Trading Day for each Constituent.
Index Valuation Time:	In respect of an Index Business Day, 11.00 p.m. (London time) on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.
Rebalancing Date:	The third Index Business Day following each Selection Day, subject to adjustment in accordance with section 5 (*Adjustment Elections*) above.
Selection Day:	The first Index Business Day of each January, April, July and October, commencing on the first Index Business Day of January 2000, subject to adjustment in accordance with section 5 (*Adjustment Elections*) above.
Scheduled Valuation Date:	Each Index Business Day.

Part G: Specific Risks

Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (*General Risks*) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

STRATEGY RISK

The Citi Volatility Balanced Beta methodology used by the Index employs a quantitative risk-weighting strategy that determines the percentage weights of the Constituents on a quarterly basis such that the risk contribution of each Constituent is equal. This strategy is designed with the aim of providing diversification among the selected Constituents, with lower volatility, when compared to an equivalent equal-weighted or market capitalization-weighted index. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the Index strategy may only become apparent over a long period and may underperform market capitalization-weighted indices during an upward trend in the investment cycle.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision.

VOLATILITY AS A MEASURE FOR RISK

In determining the risk contribution of each Constituent, the methodology used by the Index relies exclusively on market price volatility as a measure of risk. Although market prices may in theory reflect all available public information, this may not always be the case. Furthermore, there are many types of risk inherent in an equity investment. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry, country or region, such as commercial, operational, credit, financing, macro, political, regulatory or legal risks. The reliance of the Index solely on volatility as a measure of risk may fail to accurately identify and account for specific risks or fail to adjust for overall risk in line with the objectives of the Index.

INDEX METHODOLOGY LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Conditions. There is no assurance that other methodologies for calculating equal risk-contribution would not result in better performance than the Citi Volatility Balanced Beta methodology.

The Index weights assigned to the Constituents are equally dependent on the percentage weights which the optimization model used by the Index determines would achieve (a) an equal implied risk contribution for each Constituent, and (b) an equal trend-following risk contribution for each Constituent. There can be no assurance that this particular blend of implied and historic volatilities and correlations will be successful over any particular period of time.

CONCENTRATION RISK

The Citi Volatility Balanced Beta methodology used by the Index to identify weights for the Constituents on a quarterly basis will not necessarily result in a less concentrated equity market exposure that the Eligible Universe Index. The Index may be more or less concentrated than the Eligible Universe Index or any benchmark equity index.

The Index methodology limits the maximum weight of each Constituent to 10%, with a resulting reallocation to the other Constituents in the event that the Citi Volatility Balanced Beta methodology would allocate a weight in excess of 10% for any Constituent. While this individual weight constraint is designed to limit a concentration of exposures, it remains possible that a number of Constituents could all be assigned a weight of 10%.

PERFORMANCE RISK

The Index may underperform other indices with the same constituents, where those other indices employ a different weighting scheme. The Citi Volatility Balanced Beta methodology uses a risk-contribution weighting methodology with the aim of improving risk-adjusted returns. The methodology does not seek to outperform the Eligible Universe Index or any other equity benchmark in absolute terms.

REBALANCING FREQUENCY LIMITATIONS

The frequency of rebalancing of the Index is quarterly. The Citi Volatility Balanced Beta optimization model only evaluates the Constituents on the quarterly Selection Days which precede the Rebalancing Dates, which means that new weights are only determined on these days.

As the Constituent Closing Level, historic volatility and exponential moving average of each Constituent and the Index Level itself all move daily, the equal contribution to risk that is determined on a Selection Day may no longer be accurate or valid on any other Index Business Day. As a result, the weights of the Constituents between Rebalancing Dates may deviate significantly from the weights which would be required for the Constituents to contribute equally to risk on an ongoing basis. In particular, the Index may not achieve its objectives during periods of significant change in the volatilities of individual stocks and/or the correlations between stocks. For example, (i) if a group of Constituents which have historically exhibited lower than average volatilities (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in volatility; or (ii) if a group of Constituents which have historically exhibited a lower than average correlation with other Constituents (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in correlation, the Index may deviate substantially from the theoretical equal risk-contribution weighting scheme.

FIXED ALGORITHMIC MODEL PARAMETERS

In common with all algorithmic strategies, the Index uses a rules-based methodology which contains fixed parameters. For example, (i) implied volatilities are calculated by reference to 120 daily log-return observations of the Constituents and the 3-month implied spot volatility of a benchmark equity index, and (ii) historic volatilities are calculated by reference to 120 daily exponential moving average observations where each exponential moving average is calculated for a period of 40 Index Business Days. The Index methodology assumes that these observation periods and other fixed parameters are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index.

OPTIMIZATION MODEL PRECISION

The Citi Volatility Balanced Beta methodology employs an optimization algorithm to determine the weights to be applied to the Constituents on each Rebalancing Date. The optimization algorithm is a complex calculation model which is sensitive to the precision of both the original inputs and the interim calculations. Each of these are in turn dependent on the rounding conventions used in the financial market for the primary data and the rounding conventions determined appropriate by the Index Calculation Agent at each stage of the calculation process.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor on the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.

Part H : Index Specific Disclaimers

Index Specific Disclaimers

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Index General Conditions

18 November 2011

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Section A: Introduction

Introduction

This document constitutes the Index General Conditions applicable to each index (each, an "**Index**") for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (*General Risks*) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).

Standard detailed rules govern "valuation", that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the "relevant markets"). Other standard rules apply to

Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (*Valuations and Adjustments*) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (*Valuations and Adjustments*) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (*General Risks*) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.

Section B: Valuations and Adjustments

Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: "HOLIDAYS")

(a) "Look Back"

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) "Move In Block"

If "Move In Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) "Value What You Can"

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(d) Not postponing to a Disrupted Day

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) "Look Back"

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *“Move In Block”*

If “Move in Block” is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) *“Value What You Can”*

If “Value What You Can” is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) *Postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent 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 in respect of the Index is subsequently corrected, and such correction (the “**Corrected Level**”) is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.

For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the “**Affected Constituent**”), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(b) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

"**Replacement**" shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

"**Reweighting**" shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.

Section C: General Risks

General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be “investable”, but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) *Commodity*

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.

Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option 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 commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts 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 commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

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

(b) *Commodity Index*

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading "Commodity" above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) *Depositary Receipt*

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) *ETF Share (exchange-traded fund)*

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in

any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) *FX Rate*

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) *Inflation Index*

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) 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.

(g) *Mutual Fund Interest*

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.

A mutual fund 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 contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) *Share*

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an

Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) *Share Index*

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share 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 financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) *Process following the occurrence of an Adjustment Event*

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such

Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) *No rights*

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) *No offer*

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) *Reinvestment*

Whether or not the Index is a “total return index” and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a “total return index”, it will not include any such notional reinvestment.

4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a “**Relevant Person**”), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and *Adjustments*);

(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;

(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;

(d) the Index Sponsor making a modification or change to the Index Conditions; and

(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.

9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.

Section D: Definitions

Definitions

References to the "**applicable Index Methodology**" are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a "Section" shall be references to a section of these Index General Conditions.

References to a "Part" shall be references to a part of the applicable Index Methodology.

"**Adjustment Event**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Affected Constituent**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Affiliate**" shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, "control" of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

"**Amount**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Calculations**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Citi**" shall mean Citigroup Inc. and its Affiliates.

"**Classification**" shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

"**Constituent**" shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as "i" (and the total number of Constituents shall be denoted as "n"), unless specified otherwise.

"**Constituent Closing Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Inclusion Date**" shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

"**Constituent Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Schedule**" shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

"**Corrected Level**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Correction Period**" shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

"**Disrupted Day**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Electronic Page**" shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

"**Eligible Constituent**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

"**Eligible Universe**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

"**Index Base Currency**" shall mean the currency specified as such in the applicable Index Methodology.

"**Index Business Day**" shall have the meaning given to it in the applicable Index Methodology.

"**Index Calculation Agent**" shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

"**Index Conditions**" shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

"**Index Electronic Page**" shall mean (1) the electronic page or source specified as such in Part B (*Key Information*) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

"**Index Launch Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Level**" shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

"**Index Linked Product**" shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

"**Index Sponsor**" shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

"**Index Start Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Start Level**" shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

"**Index Valuation Time**" have the meaning given to it in the applicable Index Methodology.

"**Information**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Rebalancing Date**" shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.

"**Replacement**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Replacement Criteria**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Reweighting**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Scheduled Valuation Date**" shall mean each date specified as such in the applicable Index Methodology.

"**Selection Day**" shall mean each date specified as such in the applicable Index Methodology.

"**Valuation Date**" shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (*Valuations and Adjustments*).

"**Valuation Roll**" shall mean the number specified as such in the applicable Index Methodology.

"**Weight**" shall have the meaning given to it in the applicable Index Methodology.

Section E: Miscellaneous

Miscellaneous

1. CALCULATIONS AND DETERMINATIONS

(a) *General*

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, "**Calculations**") in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index Linked Product.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) *Rounding*

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value ("**Amount**") calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) *Use of estimates*

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, "**Information**") and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) *No verification of Information*

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) *Corrections*

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) *Reliance*

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) *Not acting as fiduciary or agent*

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) *Dates and times of calculations*

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be "on" or "as at" a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. CONFLICTS OF INTEREST

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents (each, for the purposes of this Section E, a "**Relevant Person**") may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor’s proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

Section F: Constituent Schedule

Constituent Schedule

SHARE

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Share".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Shares.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Share and a Valuation Date for such Share and unless otherwise specified in the applicable Index Methodology, the official closing price of such Share on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Share and a Valuation Time on a Valuation Date for such Share, the price of such Share at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the time when the price of such Share is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Share, any Scheduled Trading Day for such 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 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 (i) any relevant Exchange of such Share; or (ii) any relevant Related Exchange of futures contracts or options contracts relating to such Share; or

(c) the occurrence or existence 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 (d) or Sub-paragraph (e) of this definition) which disrupts or impairs the ability of market participants in general (i) (on any relevant Exchange) to effect transactions in or to obtain market values for such Share; or (ii) (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

(d) the closure 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

(e) the closure on any Exchange Business Day of any relevant 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 Valuation Time on such Exchange Business Day).

3. ADJUSTMENT EVENTS

"**Adjustment Event**" shall mean, in respect of a Share, the occurrence of any of the events set out below:

(a) a Corporate Action; or

(b) a Delisting; or

(c) an Insolvency; or

(d) a Merger Event; or

(e) a Nationalization; or

(f) a Tender Offer.

(a) Corporate Action

"**Corporate Action**" shall mean, in respect of relevant Shares, any of the following events (provided that, in each case, the relevant event has a diluting or concentrative effect on the theoretical value of the relevant Shares):

(i) a subdivision, consolidation or reclassification of such Shares, unless resulting in a Merger Event; or

(ii) a free distribution or dividend of such Shares to existing holders by way of bonus, capitalization or similar issue; or

(iii) a distribution, issue or dividend to existing holders of such 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 its Shares; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by such 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; or

(iv) an Extraordinary Dividend; or

(v) a call by the relevant Share Company in respect of such Shares which are not fully paid; or

(vi) a repurchase by the relevant Share Company or any of its subsidiaries of such Shares, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or

(vii) in respect of the relevant 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 (PROVIDED THAT any adjustment effected as a result of such an event may be readjusted upon any redemption of such rights); or

(viii) any other event which may have a diluting or concentrative effect on the theoretical value of such Shares.

(b) *Delisting*

"**Delisting**" shall mean, in respect of relevant Shares, that any 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 such Exchange (or, where such Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is acceptable to the Index Calculation Agent) located in another country (that is acceptable to the Index Calculation Agent). In addition, it will also constitute a Delisting if the relevant Exchange is located in the United States and the relevant Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the NASDAQ Global Select Market and the NASDAQ Global Market (or their respective successors).

(c) *Insolvency*

"**Insolvency**" shall mean, 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 such Shares become legally prohibited from transferring or redeeming such Shares; or (ii) an Insolvency Event occurs in respect of such Share Company.

"**Insolvency Officer**" shall mean an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official.

"**Insolvency Event**" shall mean, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up or 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) either (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking an Insolvency Judgment, 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 an Insolvency Judgment, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person not described in (A) above and either (1) results in an Insolvency Judgment or the entry of an order for relief or the making of an order for its winding up or liquidation; or (2) is not dismissed, discharged, stayed or restrained, in each case within 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 of its assets; or (v) has a secured party take possession of all or substantially all of 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 of its assets (and such process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) the holders of securities issued by such entity become legally prohibited from transferring such securities; or (viii) 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**" shall mean, in respect of such entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or in the jurisdiction of its head office or home office; "**Insolvency Law**" shall mean any bankruptcy law, insolvency law or other similar law affecting creditors' rights; and "**Insolvency Judgment**" shall mean any judgment of insolvency or bankruptcy or any other relief under any Insolvency Law.

(d) *Merger Event*

"**Merger Event**" shall mean, in respect of 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 it is the continuing entity and which does not result in a reclassification 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 for the relevant Share Company, which results in a transfer of or an irrevocable commitment to transfer all such Shares (other than those owned or controlled by such 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 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.

(e) *Nationalization*

"**Nationalization**" shall mean, in respect of a Share Company, that all the Shares or all the assets or substantially all the assets of such Share Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(f) *Tender Offer*

"**Tender Offer**" shall mean, 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 assessed with reference to the filings made with governmental or self-regulatory agencies or such other reasonably relevant information.

4. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Share, two Index Business Days.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Share, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Exchange**" shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, the primary exchange, trading system or quotation system in respect of such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such Share has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Share on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system).

"**Exchange Business Day**" shall mean, in respect of a Share, any Scheduled Trading Day for such Share on which each relevant Exchange and each relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such Related Exchange closing prior to its Scheduled Closing Time.

"**Extraordinary Dividend**" shall mean, in respect of a Share, a dividend or a distribution or portion thereof which is determined by the Index Calculation Agent to be an extraordinary dividend relating to such Share having regard to general market consensus.

"**Related Exchange**" shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such futures contracts or options contracts has temporarily relocated (PROVIDED THAT that there is comparable liquidity relative to such futures contracts or options contracts on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share.

"**Scheduled Closing Time**" shall mean, 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**" shall mean, in respect of a Share, any day on which each relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading session.

"**Share**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Share Company**" shall mean, in respect of a Share, the issuer of such Share.

Citi Volatility Balanced Beta (VIBE) UK Spread Beta Neutral Index

Index Methodology

Citi Investment Strategies

[ ] May 2013

Table of Contents

Part A: Introduction

Introduction

This document constitutes the "**Index Methodology**" in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology dated [ ] May 2013 and the Index General Conditions dated 6 August 2012 (as amended from time to time, the "**Index General Conditions**") together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.

Part B: Key Information

Key Information

Name of Index:	Citi Volatility Balanced Beta (VIBE) UK Spread Beta Neutral Index (the "**Index**")
Summary of strategy:	The aim of the Index is to extract the outperformance of Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index (BBG Ticker: < CIISRLGT Index>) (the "**Long Index**") relative to its benchmark (the FTSE 100^{TM} Total Return Index (BBG Ticker: <TUKXG Index>) (the "**Benchmark Index**")) while aiming to reduce UK equity market directional bias. The Index uses a long/short asset allocation strategy that provides exposure to UK equities through (1) a notional long position in the Long Index and (2) a notional short position in the FTSE 100^{TM} Total Return Index (BBG Ticker: <TUKXG Index> (the "**Short Index**" and such allocation, the "**Long-Short Allocation**"). The aim of reducing UK equity market directional bias is intended to be achieved by implementing a beta adjustment to the Long-Short Allocation Level if the beta for the Long-Short Allocation relative to the Benchmark Index is negative, to reduce the extent to which such beta is negative. Here the beta value is a measure of the change in returns of the Long-Short Allocation Level relative to the change in returns of the Benchmark Index. A negative beta indicates that the returns of the Long-Short Allocation Level generally move opposite to those of the Benchmark Index. Such beta adjustment is achieved by also including in the Index a variable exposure to the Benchmark Excess Return Level. The Long-Short Allocation, following such beta adjustment and after taking into account a notional replication cost, is reflected in the "**Index Level**". The beta adjustment is based on an adjustment factor (the "**Excess Beta**") that allows for a beta adjustment ranging from 0 to 0.2. Subject to such adjustment, the Index will generally perform well during any periods when the Long Index outperforms the Short Index and generally perform poorly during any periods where the Short Index outperforms the Long Index. The Index therefore offers significant exposure to the Long Index relative to the Short Index. The Long Index comprises stocks listed on stock exchanges in UK in weights which are determined according to the Citi Volatility Balanced Beta ("**VIBE**") methodology developed by Citigroup Global Markets Limited. The percentage weight of each stock within the Long Index is determined on a quarterly basis such that the risk contribution of each stock is equal in accordance with the VIBE methodology. For more information with respect to the Long Index, please refer to the applicable Index Methodology published by the Index Sponsor from time to time. The version of the Index Methodology for the Long Index as at the date of this Index Methodology, is annexed hereto.
Index Sponsor:	Citigroup Global Markets Limited
Index Calculation Agent:	Citigroup Global Markets Limited
Index Base Currency:	Pounds Sterling (**GBP**)
Index Launch Date:	28 May 2012
Index Start Date:	20 November 2001
Index Start Level:	100
Index Fee:	Not Applicable. However see the notional replication cost described in section 2.1 of Part D (*Calculation of the Index Level*)
Beta Calculation Start Date:	20 November 2001

Long-Short Allocation Start Date:	15 October 2001
Frequency of calculation of the Index Level:	Daily, as of each Index Business Day
Frequency of rebalancing:	Quarterly, as of each Rebalancing Date
Index Electronic Page:	Bloomberg page CIISRSGP <Index>

The Index was launched by the Index Sponsor as of the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

Part C: Overview of the Index

Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (*Calculation of the Index Level*) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a rules-based proprietary index developed by the Index Sponsor.

The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

The Index Level is calculated in the Index Base Currency by the Index Calculation Agent as of every Index Business Day (as specified in Part E (*Data*) below) and is generally published on the following Index Business Day. The Index has been calculated on a live basis since the Index Launch Date and has been back-tested for the period since the Index Start Date.

The Long-Short Allocation

The Index uses a beta adjusted long/short asset allocation strategy that provides exposure to UK equities through:

(1) a notional long position, in the Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index (i.e. the Long Index); and

(2) a notional short position in the FTSE 100™ Total Return Index (i.e. the Short Index).

This is reflected in a "**Long-Short Allocation Level**". As a consequence, subject to a beta adjustment (see "Beta Adjustment") below, the Index will perform well during any periods when the Long Index outperforms the Short Index but will suffer negative performance during any periods when the Short Index outperforms the Long Index.

The effective weights of the Long Index and the Short Index will be equal, as of the Long-Short Index Start Date and each quarterly Rebalancing Date (as defined in Part E (*Data*)). However, the performance of the Long Index and the Short Index will change the respective weights of the Constituents between Rebalancing Dates such that the Long Index and the Short Index will deviate from equilibrium. As of each Rebalancing Date, the equilibrium between the effective weight of the Long Index and the Short Index will be re-established.

The Long Index

The Long Index is the Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index. The Long Index tracks the weighted performance of up to 100 UK-listed stocks selected from the S&P United Kingdom. The percentage weight of each stock within the Long Index is determined on a quarterly basis such that the contribution of each stock to the overall volatility of the Long Index is equal in accordance with the Citi Volatility Balanced Beta ("VIBE") methodology developed by Citigroup Global Markets Limited.

A review of the Long Index is carried out quarterly. On each quarterly selection day, the stocks are reselected by reference to the stocks in the S&P United Kingdom at the time and the percentage weight of each stock to be included in the Long Index is determined in accordance with the Citi VIBE methodology. These new stocks are given effect in their respective weights as of the related quarterly rebalancing date.

For more information with respect to the Long Index, please refer to the applicable Index Methodology published by the Long Index sponsor which is annexed to this Index Methodology.

The Short Index

The Short Index is the FTSE 100™ Total Return Index. The FTSE 100™ Total Return Index provides a blue-chip representation of supersector leaders in UK. The Short Index covers 100 stocks from the UK. The Short Index is calculated using reinvestment of dividends gross of withholding taxes.

Beta Adjustment

The Index Level reflects (after deduction of a notional replication cost) the "beta adjusted" performance of the Long-Short Allocation Level. Such "beta adjustment" is achieved by adding a portion of the performance (whether positive or negative) of the excess return of the FTSE 100™ Total Return Index (i.e. the Benchmark Index) to the performance of the Short Rate (being a GBP interest rate).

The Benchmark Index

The Benchmark Index is the FTSE 100™ Total Return Index, which provides a blue-chip representation of supersector leaders in the UK. The Benchmark Index covers 100 stocks from the UK. The Benchmark Index is calculated using reinvestment of dividends gross of withholding taxes.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor also acts as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (*Definitions*) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (as defined in Part E (*Data*) below). The Index Level as of each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for that Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (*Calculation of the Index Level*) below.

The Index Level is a function of (i) the performance of the Long-Short Allocation Level and (ii) the effect of any beta adjustment applied to the Long-Short Allocation Level determined by the Index Methodology. The performance of the Long-Short Allocation itself can be conceived of as the aggregate performance of two further components – the Long Index and the Short Index (as outlined above and set out in detail in Part D (*Calculation of the Index Level*) below).

4. QUARTERLY REBALANCING

Subject to the occurrence or existence of a Disrupted Day, the Long-Short Allocation is rebalanced on a quarterly basis as of each Rebalancing Date in order to return the effective weights of the Long Index and the Short Index to equilibrium.

Part D: Calculation of the Index Level

Calculation of the Index Level

1. INTRODUCTION

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor also acts in the capacity of Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part E (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Additional Adjustment Events as set out below in this Part D, Disrupted Days and other Adjustment Events as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule*) of the Index General Conditions.

2. DAILY INDEX CALCULATION

2.1 Index Level

The "**Index Level**" as of the Index Start Date shall be the Index Start Level.

The "**Index Level**" as of each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent as of the Index Valuation Time on such Index Business Day t in accordance with the following formula:

$$\text{Index Level}_t = \text{Index Level}_{t-1} \times \left\{1 + \left(\frac{\text{BALevel}_t}{\text{BALevel}_{t-1}} - 1\right) - \text{NRC} \times \left(\frac{\text{dc}(t, t-1)}{365}\right)\right\}$$

provided that the Index Level shall never be less than zero (0). For the avoidance of doubt, if the formula above would result in a negative amount for the Index Level in respect of any Index Business Day t, the Index Level as of such Index Business Day t shall be deemed to be zero (0).**If the Index Level as of any Index Business Day t is equal to, or is deemed to be equal to, zero (0), the Index Level will cease to be calculated and the Index will be discontinued and cancelled.**

Where:

Index Level_t	=	Index Level in respect of Index Business Day t
Index Level_{t-1}	=	Index Level in respect of the Index Business Day immediately preceding Index Business Day t
NRC	=	0.10%; being the deemed cost of notionally replicating the Index

BA Level_t	=	Beta Adjusted Level in respect of Index Business Day t
BA Level_{t-1}	=	Beta Adjusted Level in respect of the Index Business Day immediately preceding Index Business Day t
dc(t,t-1)	=	The number of calendar days in the period from and including Index Business Day t-1 (being the Index Business Day immediately preceding Index Business Day t) to but excluding Index Business Day t

The formula calculates the Index Level by multiplying the Index Level in respect of the Index Business Day immediately preceding Index Business Day t ("Index Business Day t-1") by a figure representing one plus the percentage change in the Beta Adjusted Level between Index Business Day t-1 and Index Business Day t less a notional replication cost.

2.2 Beta Adjusted Level

The "**Beta Adjusted Level**" as of the Index Start Date shall be 100.

The "**Beta Adjusted Level**" as of each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the following formula:

$$\text{BA Level}_t = \text{BA Level}_{adj} \times \left[1 + \left(\frac{\text{LSLevel}_t}{\text{LSLevel}_{adj}} - 1 \right) + \beta_{adj} \times \left(\frac{\text{BenchExcess}_t}{\text{BenchExcess}_{adj}} - 1 \right) \right]$$

Where:

BA Level_t	=	Beta Adjusted Level in respect of Index Business Day t
BA Level_{adj}	=	Beta Adjusted Level in respect of the Adjustment Date immediately preceding Index Business Day t
LSLevel_t	=	Long-Short Allocation Level in respect of Index Business Day t
LSLevel_{adj}	=	Long-Short Allocation Level in respect of the Adjustment Date immediately preceding Index Business Day t
BenchExcess_t	=	Benchmark Excess Return Level in respect of Index Business Day t
BenchExcess_{adj}	=	Benchmark Excess Return Level in respect of the Adjustment Date immediately preceding Index Business Day t
β_{adj}	=	Excess Beta calculated in respect of the Adjustment Date immediately preceding Index Business Day t. This beta adjustment factor is used to determine the adjustment, if any, to the Beta Adjusted Level with the aim of reducing any negative Beta in the Long-Short Allocation Level as described in 2.5 and 2.6 below.

The formula calculates the Beta Adjusted Level by multiplying the Beta Adjusted Level in respect of the Adjustment Date immediately preceding Index Business Day t by a figure representing (i) one plus the percentage change in the Long-Short Allocation Level between such Adjustment Date and Index Business Day t plus (ii) the product of (a) the percentage change in the Benchmark Excess Return Level between such Adjustment Date and Index Business Day t and (b) a beta adjustment factor (i.e. the Excess Beta).

The effect of the Excess Beta on the Beta Adjusted Level is described further in 2.5 below. See also 2.6 below as to the way in which Beta is calculated.

2.3 Long-Short Allocation Level

The "**Long-Short Allocation Level**" as of each Index Business Day t (following the Long-Short Allocation Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula combines the performance of the Long Allocation Level and the Short Allocation Level for the period from the preceding Rebalancing Date up to, and including, Index Business Day t.

$$\text{LS Level}_t = \text{LS Level}_r \times \left[1 + \left(\frac{\text{Long Allocation Level}_t}{\text{Long Allocation Level}_r} - 1\right) - \left(\frac{\text{Short Allocation Level}_t}{\text{Short Allocation Level}_r} - 1\right)\right]$$

where:

LS Level_t	=	The Long-Short Allocation Level in respect of Index Business Day t
LS Level_r	=	The Long-Short Allocation Level in respect of the Rebalancing Date r immediately preceding Index Business Day t
Long Allocation Level_t	=	the Constituent Closing Level of the Long Index in respect of Index Business Day t
Long Allocation Level_r	=	the Constituent Closing Level of the Long Index in respect of the Rebalancing Date r immediately preceding Index Business Day t
Short Allocation Level_t	=	the Constituent Closing Level of the Short Index in respect of Index Business Day t
Short Allocation Level_r	=	the Constituent Closing Level of the Short Index in respect of the Rebalancing Date r immediately preceding Index Business Day t

provided that LS Level_t shall never be less than zero (0). For the avoidance of doubt, if the formula above would result in a negative amount for the Long-Short Allocation Level in respect of any Index Business Day t, the Long-Short Allocation Level as of such Index Business Day t shall be deemed to be zero (0). **If the Long-Short Allocation Level as of any Index Business Day t is equal to, or is deemed to be equal to, zero (0), the Index Level will cease to be calculated and the Index will be discontinued and cancelled.**

The "**Long-Short Allocation Level**" as of the Long-Short Allocation Start Date shall be 100.

2.4. Benchmark Excess Return Level

The "**Benchmark Excess Return Level**" as of each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the following formula:

$$\text{BenchExcess}_t = \text{BenchExcess}_{t-1} \times \left[1 + \left(\frac{\text{Bench}_t}{\text{Bench}_{t-1}} - 1\right) - \text{ShortRate}_{t-1} \times \left(\frac{dc(t, t-1)}{360}\right)\right]$$

BenchExcess_t	=	Benchmark Excess Return Level in respect of Index Business Day t
BenchExcess_{t-1}	=	Benchmark Excess Return Level in respect of the Index Business

Day immediately preceding Index Business Day t

$ShortRate_{t-1}$ = The Short Rate in respect of the Index Business Day immediately preceding Index Business Day t

$Bench_t$ = The Closing Level of the Benchmark Index in respect of Index Business Day t

$Bench_{t-1}$ = The Closing Level of the Benchmark Index in respect of the Index Business Day immediately preceding Index Business Day t

dc(t,t-1) = The number of calendar days in the period from and including Index Business Day t-1 (being the Index Business Day immediately preceding Index Business Day t) to but excluding Index Business Day t

The formula calculates the Benchmark Excess Return Level by multiplying the Benchmark Excess Return Level in respect of the Index Business Day immediately preceding Index Business Day t ("Index Business Day t-1") by a figure representing (i) one plus the percentage change in the Benchmark Index between Index Business Day t-1 and Index Business Day t less (ii) the product of (a) the Short Rate and (b) a day count fraction.

The "**Benchmark Excess Return Level**" as of the Index Start Date shall be 100.

The "**Closing Level of the Benchmark Index**" means, in respect of Index Business Day t, the official closing level of such Benchmark Index on such day, as published by the Benchmark Index Sponsor and displayed on Bloomberg page <TUKXG Index>. If the Benchmark Index Sponsor does not publish, for any reason, a closing level for the Benchmark Index on Index Business Day t then the "Closing Level of the Benchmark Index" shall be deemed to be equal to the closing level of the Benchmark Index on the preceding day on which a closing level for the Benchmark Index was published by the Benchmark Index Sponsor.

The "**Benchmark Index Sponsor**" means FTSE International Limited, including its successors and assigns.

2.5 Excess Beta

The "**Excess Beta**" as of each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the following formula:

$$\beta_t = \mathrm{Min}(\mathrm{betaMAX}, \mathrm{Max}(\mathrm{betaMIN}, \mathrm{TargetBeta} - \mathrm{AvgBeta}_{5,t-2}))$$

Where:

□t = Excess Beta in respect of Index Business Day t

Min = The lower of the amounts separated by a comma within the set of brackets immediately following the "Min" symbol

Max = The higher of the amounts separated by a comma within the set of brackets immediately following the "Max" symbol

betaMIN = 0

betaMAX = 0.2

TargetBeta = Target Beta of the Index

$AvgBeta_{5,t-2}$ = The average, for the five Index Business Days ending on and including the second Index Business Day immediately preceding Index Business Day t, of the beta of the Long-Short Allocation Level relative to the Benchmark Index, calculated as follows:

$$\mathrm{AvgBeta}_{5,t-2} = \frac{1}{5}\sum_{i=t-2}^{t-6}\mathrm{Beta}_i$$

$Beta_i$ = The Beta of the Long-Short Allocation Level relative to the Benchmark Index in respect of Index Business Day i as calculated pursuant to 2.6 below.

The formula provides that, subject to the betaMIN and the betaMAX, Excess Beta shall be equal to the Target Beta for the Index *minus* the mean of the Beta of the Long-Short Allocation Level relative to the Benchmark Index for the five Index Business Days ending on and including the second Index Business Day preceding Index Business Day t.

Excess Beta will therefore be a value ranging from zero to 0.2 and will be greater than zero only where the Beta (as calculated in 2.6) is a negative value. Where the Excess Beta is zero, the Benchmark Excess Return Level is not taken into account in the Beta Adjusted Level but it is taken into account if and to the extent that Excess Beta is greater than zero (subject to Excess Beta not exceeding the betaMAX value). In this way, where the Beta of the Long-Short Allocation Level is negative, the performance of the Long-Short Allocation Level (as reflected in the Beta Adjusted Level) is adjusted by reference to the performance of the Benchmark Excess Return Level. This adjustment will have a positive effect on the Beta Adjusted Level where the relevant performance of the Benchmark Excess Return Level is positive but will have a negative effect on the Beta Adjusted Level where the relevant performance of the Benchmark Excess Return Level is negative.

The Excess Beta as of the Index Start Date equals 0.2.

2.6 Beta

The “**Beta**” as of each Index Business Day t (from and including the Beta Calculation Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the following formula:

$$\mathrm{beta}_t = \frac{\mathrm{COV}_{20,t}(\mathrm{LSLevel},\mathrm{Bench})}{\mathrm{VAR}_{20,t}(\mathrm{Bench})}$$

$beta_t$ = The beta of the Long-Short Allocation Level relative to the Benchmark Index in respect of Index Business Day t

$COV_{20,t}$ (LSLevel, Bench) = The covariance between the In-Returns of the Long-Short Allocation Level on each of the 20 Index Business Days ending on and including Index Business Day t (LS_s (s=t-19….t)) and the 20 daily In-Returns of the Benchmark Index ($Bench_s$ (s= t-19….t)), calculated as follows:

$$\frac{\sum_{s=t-N+1}^{t}(\mathrm{LS}_s)\times(\mathrm{Bench}_s)}{N}; \quad N=20,$$

Where:

"**LS_s**" means the In-Return in respect of Index Business Day s of the Long-Short Allocation Level;

"**$Bench_s$**" means the In-Return in respect of Index Business Day s of the level of the Benchmark Index;

"**In-Return**" means, in relation to a level and an Index Business Day, the natural logarithmic function of the Return for such level and such day; and

"**Return**" means, in respect of a level and an Index Business Day, such level on such Index Business Day divided by such level on the immediately preceding Index Business Day.

$VAR_{20,\,t}$ (Bench) = 20-day variance of the Benchmark Index on Index Business Day t which is equal to $COV_{20,\,t}$ (Bench, Bench).

This is the covariance between the In-Returns of the Benchmark Index on each of the 20 Index Business Days ending on and including Index Business Day t (Bench (s=t – 19….t)) and the In-Returns of the Benchmark Index on each of the 20 Index Business Days ending on and including Index Business Day t ($Bench_s$ (s=t – 19 …..t)), calculated as follows:

$$\frac{\sum_{s=t-N+1}^{t}\left(Bench_s\right)\times\left(Bench_s\right)}{N}\text{; N=20}$$

where:

"**$Bench_s$**" means the daily In-Return in respect of Index Business Day s of the level of the Benchmark Index;

"**In-Return**" means, in relation to a level and an Index Business Day, the natural logarithmic function of the Return for such level and such day; and

"**Return**" means in respect of a level and an Index Business Day, such level on such Index Business Day divided by such level on the immediately preceding Index Business Day..

The Beta value is a measure of the change in returns of the Long-Short Allocation Level relative to the change in returns of the Benchmark Index. The Long-Short Allocation Level will have a Beta of zero if its returns change independently of changes in the Long-Short Allocation Level and will have a negative Beta where the returns of the Long-Short Allocation Level generally move opposite to those of the Benchmark Index.

3. ADDITIONAL ADJUSTMENT EVENTS

3.1 Constituent Licensing Event

If, in respect of any Constituent, any licence granted to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Constituent in connection with the Index is terminated, or any such entity's right to use such Constituent in connection with calculating the Index is otherwise disputed, impaired or ceases for any reason (each an "**Additional Adjustment Event**"), then regardless of whether such Constituent is, at that time, a Constituent:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Constituent that has substantially similar characteristics to the Constituent that is being replaced, having regard to the manner in which such Constituent is used in the calculation of the Index (the "**Replacement Criteria**"), in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may cease to calculate the Index Level and discontinue and cancel the Index.

Part E: Data

Data

(As at the Index Start Date)

The Index shall operate with reference to certain Constituents. This Part E sets out the particulars of each Constituent and certain elections and inputs relating to the calculation of the Index.

1. Constituents

i	Constituent	Electronic Page	Constituent Schedule	Allocation Type
1	Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index	<CIISRLGT Index>	Proprietary Index	Long Allocation
2	FTSE 100™ Total Return Index	<TUKXG Index>	Share Index	Short Allocation

2. Particulars in respect of each Constituent

Constituent$_i$	Type of Index	Exchange(s)	Related Exchange(s)
1	Not Applicable	Not Applicable	Not Applicable
2	Single Exchange Index	London Stock Exchange	All Exchanges

3. Adjustment Elections

	Scheduled Valuation Date		
	Rebalancing Date	Adjustment Date	Other
Adjustments (Scheduled Trading Days: “holidays”):	Move In Block	Move In Block	Move In Block
Adjustments (Disrupted Days):	Value What You Can	Value What You Can	Look Back
Valuation Roll (Disrupted Days):	5	5	

In cases where a scheduled Rebalancing Day is postponed due to the occurrence or existence of a Disrupted Day, an Index Level for the day which was originally scheduled to be the Rebalancing Day will be determined in accordance with the methodology set out in the column headed “Other” and the Rebalancing Day will occur as of the last occurring Valuation Date in relation to the originally scheduled Rebalancing Date.

4. Defined Terms

Adjustment Date:	The Index Start Date and each Monday thereafter or, if any such day is not an Index Business Day, the immediately following Index Business Day.
Adjustment Event:	Each Share Index Adjustment Event and each Proprietary Index Adjustment Event. For the avoidance of doubt, where an Adjustment Event occurs the possible consequences of this are as provided for in the relevant Constituent Schedule and the provisions of paragraph 5 (*Adjustment Events*) of Section B (*Valuations and Adjustments*) of the Index General Conditions will not apply. The provisions of paragraph 2(j) (*Process following the occurrence of an Adjustment Event*) of Section C (*General Risks*) of the Index General Conditions, should be read accordingly.
Index Business Day:	Each day which is (1) a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London; (2) a Scheduled Trading Day for each Constituent.
Index Base Currency:	GBP.
Index Valuation Time:	In respect of an Index Business Day, the last occurring Valuation Time for a Constituent on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.
Rebalancing Date:	The Long-Short Allocation Start Date and thereafter, the fourth Index Business Day of January, April, July and October in each calendar year subject to adjustment in accordance with paragraph 3 (*Adjustment Elections*) above.
Scheduled Valuation Date:	Each Index Business Day.
Short Rate:	In respect of any Index Business Day, the rate for 3 month LIBOR which appears on Bloomberg Screen, BBG: <BP0003M Index> as of 11.00 a.m. London time on such Index Business Day or any successor rate determined by and acceptable to the Index Calculation Agent in its sole and absolute discretion, or, if any such rate is unavailable at such time, the Short Rate shall be such rate that is determined by the Index Calculation Agent, (by reference to such sources as the Index Calculation Agent determines appropriate) to be the Short Rate that would have prevailed in respect of such Index Business Day but for such unavailability.
Target Beta:	0.

5. Corrections

For the avoidance of doubt, in the event that the Index Calculation Agent is entitled to make revisions to the Index Level pursuant to paragraph 4 of Section B (*Valuations and Adjustments*) of the Index General Conditions, the Index Calculation Agent shall also have the right, but not the obligation, to make all such other amendments to this Index Methodology and the Index General Conditions as the Index Calculation Agent determines are necessary or desirable to reflect the relevant correction in its sole and absolute discretion.

Part F: Specific Risks

Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (*General Risks*) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

LONG/SHORT STRATEGY RISK

The Index uses a beta adjusted long/short asset allocation strategy that provides exposure to UK equities through (1) a notional long position in the Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index (i.e. the Long Index); and (2) a notional short position in the FTSE 100^{TM} Total Return Index (i.e. the Short Index). Subject to the beta adjustment, the Index will, therefore, perform positively during any periods when the of the Long Index outperforms the Short Index, but will suffer negative performance during any periods when the Short Index outperforms the Long Index.

Since the Index offers this exposure to the outperformance of the Long Index over the Short Index, the performance of the Index may be worse than the performance of the Long Index and indeed the Index may perform negatively during periods when the Long Index or the UK equity markets more broadly experience positive performance.

The Index is particularly sensitive to the success or failure of the Citi Volatility Balanced Beta ("VIBE") methodology in determining constituent weights which deliver improved overall returns relative to a market capitalization weighting methodology. See "VIBE Methodology Risk" below.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision.

RISKS RELATING TO BETA ADJUSTMENT

Investors should review carefully how beta is determined and should note in particular the following:

The Index Level (after deduction of a notional replication cost) represents the "beta adjusted" performance of the Long-Short Allocation Level. Such "beta adjustment" is achieved by adding a portion of the performance (whether positive or negative) of the excess return of the FTSE 100^{TM} Total Return Index (i.e. the Benchmark Index) to the performance of the Short Rate (being a GBP interest rate). Investors in Index Linked Products should note:

(1) the beta adjustment (or Excess Beta) will apply when the Beta (as calculated in accordance with paragraph 2.6 of Part D of this Index Methodology) of the Long-Short Allocation Level relative to the Benchmark Index is negative on an Adjustment Date;

(2) the portion of the performance of the Benchmark Index excess return to be added to the performance of the Long-Short Allocation Level will be determined by reference to the Excess Beta;

(3) such Excess Beta is calculated in accordance with paragraph 2.5 of Part D of this Index Methodology by reference to the Target Beta of the Index (which is zero) and the historical average beta of the Long-Short Allocation Level relative to the Benchmark Index. The Excess Beta is subject to a maximum capped value of 0.2 and a minimum of zero; and

(4) where the excess return performance of the Benchmark Index is negative, any beta adjustment will have a negative impact on the performance of the Index.

Investors should note that whilst the application of the beta adjustment (or Excess Beta) aims towards achieving beta neutrality of the Index, that adjustment is limited by a value cap such that the Excess Beta, calculated in accordance with paragraph 2.5 of Part D of this Index Methodology, that may be added to the performance of the Long-Short Allocation Level will be equal to 0.2 or less. Accordingly, the Index may prove not to be beta neutral.

VIBE METHODOLOGY RISK

The VIBE methodology used by the Long Index employs a quantitative risk-weighting strategy that determines the percentage weights of its constituents on a quarterly basis with the aim of equalizing the risk contribution of each constituent. This strategy is designed with the aim of providing diversification among the constituents, with lower volatility, when compared to an equivalent equal-weighted or market capitalization-weighted index. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the VIBE methodology may only become apparent over a long period and may underperform market capitalization-weighted indices during an upward trend in the investment cycle.

Although the Long Index and the Short Index are measures of UK equities, the constituents of the Long Index and the Short Index are selected in different ways. Consequently, the Long Index and the Short Index are not directly comparable in terms of their constituents.

REBALANCING FREQUENCY LIMITATIONS

The Long-Short Allocation Level is rebalanced on a quarterly basis on each Rebalancing Date in order to return the effective weights of the Long Index and the Short Index to equilibrium. However, each of the Long Index and the Short Index will experience a different performance, which means that the respective weights of the Long Index and the Short Index will vary between Rebalancing Dates. As such, the performance of the Long Index and the Short Index may deviate significantly from equilibrium.

As the weight of the Long Index or Short Index within the Index increases, the contribution of the performance of that individual Constituent to the performance of the Index will increase. This may expose investors in Index Linked Products to greater directional risk with respect to UK equities than would have been the case if the Index was rebalanced on a more frequent basis.

FIXED ALGORITHMIC MODEL PARAMETERS

In common with many algorithmic strategies, the Index uses a rules-based methodology which contains fixed parameters. For example, the effective weights of the Long Index and the Short Index are rebalanced on a quarterly basis on each Rebalancing Date. The Index methodology assumes that these parameters and the other fixed parameters used in the calculation of the Index are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index.

THE INDEX WILL BE CANCELLED IF EITHER THE INDEX LEVEL OR THE LONG-SHORT ALLOCATION LEVEL FALLS TO ZERO

The use of a beta adjusted long/short asset allocation strategy means that the Index Level and the Long-Short Allocation Level could fall to zero even if the individual Constituents do not fall to zero. This is possible due to several factors, including: (i) an increase in the value of the Short Index will cause a decline in the Long-Short Allocation Level, (ii) a short position in any asset is subject to the risk of losses which are theoretically unlimited because there is no upper limit on the price to which an asset can rise, and (iii) the Long-Short Allocation Index will decline as a result of both (a) any increase in the value of the Short Index, as previously mentioned, and (b) any decrease in the value of the Long Index.

If the Index Level or the Long-Short Allocation Level falls to zero, the Index will be discontinued and cancelled by the Index Sponsor.

DEDUCTION OF NOTIONAL REPLICATION COST

The Index Level reflects the deduction of a 0.10% annualised notional replication cost. This reflects the deemed cost of replicating the Index. The deduction of this cost will reduce the Index Level.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor on the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.

Part G: Constituent Disclaimers

Constituent Disclaimers

FTSE Disclaimer

The Index or any Index Linked Product are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange Plc (the "Exchange") or by The Financial Times Limited ("FT") (together the “Licensor Parties”) and none of the Licensor Parties make any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Citi Volatility Balanced Beta (VIBE) UK Spread Beta Neutral Index (the “Index") and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. None of the Licensor Parties shall be liable (whether in negligence or otherwise) to any person for any error in the Index and none of the Licensor Parties shall be under any obligation to advise any person of any error therein.

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Index General Conditions

6 August 2012

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Section A: Introduction

Introduction

This document constitutes the Index General Conditions applicable to each index (each, an "**Index**") for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (*General Risks*) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).

Standard detailed rules govern "valuation", that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the "relevant markets"). Other standard rules apply to Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (*Valuations and Adjustments*) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (*Valuations and Adjustments*) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (*General Risks*) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.

Section B: Valuations and Adjustments

Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: "HOLIDAYS")

(a) "Look Back"

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) "Move In Block"

If "Move In Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) "Value What You Can"

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(d) Not postponing to a Disrupted Day

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) "Look Back"

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move in Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) *Postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent 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 in respect of the Index is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.

For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the "**Affected Constituent**"), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(b) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

"**Replacement**" shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

"**Reweighting**" shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.

Section C: General Risks

General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be "investable", but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) Commodity

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.

Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option 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 commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts 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 commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

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

(b) *Commodity Index*

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading “Commodity” above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) *Depositary Receipt*

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) *ETF Share (exchange-traded fund)*

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) *FX Rate*

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) *Inflation Index*

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) 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.

(g) *Mutual Fund Interest*

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.

A mutual fund 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 contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) *Share*

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) *Share Index*

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share 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 financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) *Process following the occurrence of an Adjustment Event*

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) No rights

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) No offer

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) Reinvestment

Whether or not the Index is a “total return index” and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a “total return index”, it will not include any such notional reinvestment.

4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a "**Relevant Person**"), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and *Adjustments*);

(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;

(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;

(d) the Index Sponsor making a modification or change to the Index Conditions; and

(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.

9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.

Section D: Definitions

Definitions

References to the "**applicable Index Methodology**" are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a "Section" shall be references to a section of these Index General Conditions.

References to a "Part" shall be references to a part of the applicable Index Methodology.

"**Adjustment Event**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Affected Constituent**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Affiliate**" shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, "control" of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

"**Amount**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Calculations**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Citi**" shall mean Citigroup Inc. and its Affiliates.

"**Classification**" shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

"**Constituent**" shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as "i" (and the total number of Constituents shall be denoted as "n"), unless specified otherwise.

"**Constituent Closing Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Inclusion Date**" shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

"**Constituent Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Schedule**" shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

"**Corrected Level**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Correction Period**" shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

"**Disrupted Day**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Electronic Page**" shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

"**Eligible Constituent**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

"**Eligible Universe**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

"**Index Base Currency**" shall mean the currency specified as such in the applicable Index Methodology.

"**Index Business Day**" shall have the meaning given to it in the applicable Index Methodology.

"**Index Calculation Agent**" shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

"**Index Conditions**" shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

"**Index Electronic Page**" shall mean (1) the electronic page or source specified as such in Part B (*Key Information*) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

"**Index Launch Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Level**" shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

"**Index Linked Product**" shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

"**Index Sponsor**" shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

"**Index Start Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Start Level**" shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

"**Index Valuation Time**" have the meaning given to it in the applicable Index Methodology.

"**Information**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Rebalancing Date**" shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.

"**Replacement**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Replacement Criteria**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Reweighting**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Scheduled Valuation Date**" shall mean each date specified as such in the applicable Index Methodology.

"**Selection Day**" shall mean each date specified as such in the applicable Index Methodology.

"**Valuation Date**" shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (*Valuations and Adjustments*).

"**Valuation Roll**" shall mean the number specified as such in the applicable Index Methodology.

"**Weight**" shall have the meaning given to it in the applicable Index Methodology.

Section E: Miscellaneous

Miscellaneous

1. CALCULATIONS AND DETERMINATIONS

(a) *General*

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, "**Calculations**") in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index Linked Product.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) *Rounding*

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value ("**Amount**") calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) *Use of estimates*

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, "**Information**") and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) *No verification of Information*

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the

Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) *Corrections*

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) *Reliance*

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) *Not acting as fiduciary or agent*

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) *Dates and times of calculations*

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be “on” or “as at” a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. CONFLICTS OF INTEREST

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents (each, for the purposes of this Section E, a "**Relevant Person**") may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading "Risk Factors", "Investment Considerations" or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor's proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

Section F: Constituent Schedules

Constituent Schedule

SHARE INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Share Index".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Share Indices.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Share Index and a Valuation Date for such Share Index and unless otherwise specified in the applicable Index Methodology, the official closing level of such Share Index on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean (i) in respect of a Single Exchange Index and a Scheduled Trading Day for such Single Exchange Index, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day; and (ii) in respect of a Multiple Exchange Index and a Scheduled Trading Day for such Multiple Exchange Index, (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security; and (y) in respect of any futures contracts or options contracts on such Multiple Exchange Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time when the official closing level of such Multiple Exchange Index is calculated and published by the relevant Share Index Sponsor.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Share Index and a Valuation Time on a Valuation Date for such Share Index, the level of such Share Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share Index and a Scheduled Trading Day for such Share Index, the time when the level of such Share Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Share Index, any Scheduled Trading Day for such Share Index on which a Market Disruption Event occurs.

(i) Single Exchange Index

"**Market Disruption Event**" shall mean, 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 Share Index Sponsor fails to publish the level of such Share Index; or

(ii) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) 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 Scheduled Closing Time on such Exchange Business Day); or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Time on such Exchange Business Day).

(b) Multiple Exchange Index

"**Market Disruption Event**" shall mean, 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 Share Index Sponsor fails to publish the level of such Share Index; or

(ii) any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Exchange in respect of any Component Security 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 Scheduled Closing Time on such Exchange Business Day), and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Closing 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 included in such Share Index at that 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) in the case of a Single Exchange Index, immediately before the occurrence of such Market Disruption Event; or (B) in the case of a Multiple Exchange Index, using the applicable weightings as published by, or derived from data published by, the relevant Share Index Sponsor.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Share Index, two Index Business Days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING SHARE INDICES

(a) Successor Share Index and Successor Share Index Sponsor

If a Share Index is (i) not calculated and announced by the relevant Share Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Share Index, then in each case that index (the "**Successor Share Index**") will be deemed to be the relevant Share Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Share Index Modification and Share Index Cancellation

If a Share Index Sponsor announces that it will make a material change in the formula for or method of calculating a Share Index or in any other way materially modifies that Share Index (other than a modification prescribed in that formula or method to maintain that Share Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Share Index Modification**") or permanently cancels that Share Index and no Successor Share Index exists (a "**Share Index Cancellation**" and, together with a Share Index Modification, each a "**Share Index Adjustment Event**"), then:

(iii) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(iv) the Index Calculation Agent may select a replacement Share Index that has substantially similar characteristics to the Share Index that is being replaced, having regard to the manner in which such Share Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Share Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Component Security**" shall mean, in respect of a Share Index, each share included in such Share Index.

"**Exchange**" shall mean (a) in respect of a Single Exchange Index, each exchange, trading system or quotation system specified as such in respect of such Single Exchange Index in the applicable Index Methodology or any successor to any such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in the relevant Component Securities has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Component Securities on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system); and (b) in respect of a Multiple Exchange Index and each relevant Component Security, the exchange, trading system or quotation system on which each Component Security is principally traded.

"**Exchange Business Day**" shall mean (a) in respect of a Single Exchange Index, any Scheduled Trading Day for such Single Exchange Index on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such 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 Share Index Sponsor publishes the level of such Multiple Exchange Index and on which each relevant 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.

"**Multiple Exchange Index**" shall mean each Share Index specified as such in the applicable Index Conditions.

"**Related Exchange**" shall mean, in respect of a Share Index and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share Index or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in futures contracts or options contracts relating to such Share Index has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such futures contracts or options contracts relating to such Share Index on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share Index, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share Index.

"**Scheduled Closing Time**" shall mean, 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 of 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**" shall mean (a) in respect of a Single Exchange Index, any day on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index is scheduled to be open for trading for their respective regular trading sessions; and (b) in respect of a Multiple Exchange Index, any day on which (i) the Share Index Sponsor in respect of such Multiple Exchange Index is scheduled to publish the level of such Multiple Exchange Index; and (ii) each relevant Related Exchange for 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.

"**Share Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Share Index Sponsor**" shall mean, 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 calculations and adjustments, if any, related to such Share Index; and (b) announces (directly or through an agent) the level of such Share Index on a regular basis.

"**Single Exchange Index**" shall mean each Share Index specified as such in the applicable Index Methodology.

"**X Percentage**" shall mean, 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 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 Share Index Sponsor as part of the market "opening data".

Constituent Schedule

PROPRIETARY INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Proprietary Index".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Proprietary Indices.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Proprietary Index and a Valuation Date for such Proprietary Index, the official closing level of such Proprietary Index on such Valuation Date (or, where the level of such Proprietary Index is only published once a day, the level of such Proprietary Index for such Valuation Date), as displayed on the applicable Electronic Page.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Proprietary Index and a Valuation Time on a Valuation Date for such Proprietary Index, the level of such Proprietary Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Proprietary Index and a Scheduled Trading Day for such Proprietary Index, the time when the level of such Proprietary Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Proprietary Index, any Scheduled Trading Day on which the level of such Proprietary Index is not published by the relevant Proprietary Index Sponsor or any agent appointed by it for such purpose.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Proprietary Index, 30 calendar days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING PROPRIETARY INDICES

(a) Successor Proprietary Index and Successor Proprietary Index Sponsor

If a Proprietary Index is (i) not calculated and announced by the relevant Proprietary Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Proprietary Index, then in each case that index (the "**Successor Proprietary Index**") will be deemed to be the relevant Proprietary Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions of the Index as it determines appropriate to account for such change.

(b) Proprietary Index Modification and Proprietary Index Cancellation

If a Proprietary Index Sponsor announces that it will make a material change in the formula for or method of calculating a Proprietary Index or in any other way materially modifies that Proprietary Index (other than a modification prescribed in that formula or method to maintain that Proprietary Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Proprietary Index Modification**") or permanently cancels that Proprietary Index and no Successor Proprietary Index exists (a "**Proprietary Index Cancellation**" and, together with a Proprietary Index Modification, each a "**Proprietary Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Proprietary Index that has substantially similar characteristics to the Proprietary Index that is being replaced, having regard to the manner in which such Proprietary Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Proprietary Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Proprietary Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Proprietary Index Sponsor**" shall mean, in respect of a Proprietary 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 Proprietary Index; and (b) announces (directly or through an agent) the level of such Proprietary Index on a regular basis.

"**Scheduled Trading Day**" shall mean, in respect of a Proprietary Index, any day on which the Proprietary Index Sponsor in respect of such Proprietary Index is scheduled to publish the level of such Proprietary Index.

Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index

Index Methodology

Citi Investment Strategies

25 November 2011

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Part A: Introduction

Introduction

This document constitutes the "**Index Methodology**" in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology and the Index General Conditions dated 18 November 2011 (as amended from time to time, the "**Index General Conditions**") together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.

Part B: Key Information

Key Information

Index:	Citi Volatility Balanced Beta (VIBE) Equity UK Net Total Return Index (the "**Index**")
Summary of strategy:	The Index tracks the weighted performance of up to 100 UK-listed stocks selected from the S&P United Kingdom[5]. The percentage weight of each stock within the Index is determined on a quarterly basis such that the contribution of each stock to the overall volatility of the Index is equal in accordance with the Citi Volatility Balanced Beta ("**VIBE**") methodology developed by Citigroup Global Markets Limited. A review of the Index is carried out quarterly. On each quarterly selection day, the stocks are reselected, subject to certain exclusions, by reference to the 100 largest stocks by market capitalization in the S&P United Kingdom at the time (or such lesser number of stocks actually in the S&P United Kingdom at the time) and the percentage weight of each stock to be included in the Index is determined in accordance with the Citi VIBE methodology. These new stocks are given effect in their respective weights as of the related quarterly rebalancing date. The S&P United Kingdom is a sub-index of the S&P Europe 350. The S&P Europe 350 is comprised of large capitalization stocks drawn from the 17 major European markets. The size of each market corresponds to its relative size in the index universe based on float-adjusted market value. The S&P United Kingdom will, at any time, comprise the UK-listed components of the S&P Europe 350 and as such the number of components in S&P United Kingdom is not fixed and may be less than 100.
Index Sponsor:	Citigroup Global Markets Limited
Index Calculation Agent:	Standard & Poor's Financial Services LLC
Index Base Currency:	Pound Sterling (GBP)
Index Launch Date:	22 June 2011
Index Start Date:	5 January 2001
Index Start Level:	100
Index Fee:	Not applicable.
Frequency of calculation of the Index Level:	Daily, on each Index Business Day.
Frequency of rebalancing:	Quarterly, on each Rebalancing Date.
Index Electronic Page:	Bloomberg page CIISRLGT <Index>

The Index was launched by the Index Sponsor on the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

[5] The Index will potentially exclude a limited number of stocks in the circumstances described in this Index Methodology.

Part C: Overview of the Index

Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (*Calculation of the Index Level*) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a notional rules-based proprietary index developed by the Index Sponsor.

Generally, constituents of financial indices may be weighted according to different methodologies based on different theories of portfolio diversification, optimization and market representation. Market capitalization weighting, equal-weighting, and more recently, portfolio optimization weighting techniques are frequently used.

The Index assigns weights to its Constituents (as defined in Section D (*Definitions*) of the Index General Conditions) using the Citi Volatility Balanced Beta methodology, a proprietary risk-weighting model developed by Citigroup Global Markets Limited which is described in detail in Part D (*Calculation of the Index Level*) below. The Citi Volatility Balanced Beta methodology determines the Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) of each Constituent on a quarterly basis such that the risk contribution of each Constituent is equal. In determining the risk contribution of each Constituent, the methodology relies exclusively on market price volatility (both historic and implied) as a measure of risk. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry or geographic region.

The Index tracks the weighted performance of up to 100 UK-listed stocks[6] selected from the constituents of the S&P United Kingdom ("**Eligible Universe Index**"). The 100 largest stocks by market capitalization in the S&P United Kingdom (or such lesser number of stocks as may actually be comprised in the S&P United Kingdom from time to time) are referred to as the "**Eligible Universe**".

As outlined above, the Percentage Weight of each Constituent within the Index is determined on a quarterly basis such that the risk contribution of each Constituent is equal in accordance with the Citi Volatility Balanced Beta methodology. On each quarterly Selection Day (as defined in Part F (*Data*) below), the Constituents which will be included in the Index on the related Rebalancing Date (as defined in Part F (*Data*) below) are reselected by reference to the stocks in the Eligible Universe on that Selection Day and the Percentage Weight of each selected Constituent to be included in the Index is determined in accordance with the Citi Volatility Balanced Beta methodology. The Index is rebalanced to replicate notional positions in the selected Constituents in their respective Percentage Weights as of the Rebalancing Date following the relevant Selection Day.

Whenever a stock that is a Constituent of the Index is removed from the Eligible Universe Index, such Constituent is removed from the Index on the same day and the percentage weights of the remaining Constituents are scaled up such that the percentage weight of the removed Constituent is proportionally redistributed to the remaining Constituents. If a stock that is a Constituent of the Index ceases to form part of the Eligible Universe but remains in the Eligible Universe Index (i.e., the stock is ranked lower than 100 by market capitalization), such change shall not by itself result in an adjustment to the Index between Rebalancing Dates.

The introduction of a new stock into the Eligible Universe or the Eligible Universe Index will not result in an adjustment to the Index until the next Rebalancing Date. Changes to the composition of the Eligible Universe Index are normally announced by the sponsor of the Eligible Universe Index in advance of the effective date of such changes.

[6] The Index will potentially exclude a limited number of stocks in the circumstances described in this Index Methodology.

The Citi Volatility Balanced Beta methodology is used to determine weights for the Constituents on a quarterly basis such that the risk contribution of the Constituents in the Index is equal or neutral with respect to the other Constituents and the Index as a whole. This does not mean that the Index is risk-free. The Index is subject to equity market risks. The methodology on which the Index is based may not be successful and may not outperform any alternative strategy that might be employed in respect of the stocks in the Eligible Universe.

The Index is a total return index, with notional reinvestment of net dividends. The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor's Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (*Definitions*) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (*Calculation of the Index Level*) below.

4. QUARTERLY REBALANCING

The Index is rebalanced on a quarterly basis. On each Selection Day, the Index Calculation Agent will select the Constituents from the Eligible Universe that will be included in the Index with effect from the Rebalancing Date following the relevant Selection Day. The Index Calculation Agent will also perform the calculations required to determine the Percentage Weight of each Constituent according to the Citi Volatility Balanced Beta methodology. These Percentage Weights will then be applied to the current Index Level and the Constituent Closing Levels (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of the Constituents on the relevant Rebalancing Date to determine their Weights (as defined in Part D (*Calculation of the Index Level*) below), so that the Index Level, using the new Weights, can then be calculated in the same way as every other Index Business Day.

5. SELECTION OF CONSTITUENTS

The Constituents selected on each Selection Day, from and including the first Selection Day prior to the Index Start Date, will comprise all of the stocks in the Eligible Universe as of such date, other than (i) stocks issued by the Index Sponsor or its Affiliates (as defined in Section D (*Definitions*) of the Index General Conditions), including Citigroup Inc., (ii) any stocks included on the Index Sponsor's Restricted List (being a list of stocks in which the Index Sponsor or any of its Affiliates is not permitted to deal for a particular period due to laws and regulations), and (iii) any stocks for which there is insufficient publicly available historic market data in order to determine historic volatility and exponential moving average statistics in accordance with the Index methodology set out in detail in Part D (*Calculation of the Index Level*) below.

6. CHANGES IN THE ELIGIBLE UNIVERSE INDEX

The Constituents comprising the Index will also be adjusted between Rebalancing Dates to take account of the removal of stocks from the Eligible Universe Index. Stocks which are introduced into the Eligible Universe Index between Rebalancing Dates will not be included in the Index solely as a result of such introduction, but stocks may be introduced into the Index between Rebalancing Dates in accordance with the Index Conditions as a result of certain corporate action events such as mergers.

7. DETERMINATION OF PERCENTAGE WEIGHTS

On each Selection Day, the Index methodology requires the Index Calculation Agent to determine the Percentage Weights of the individual Constituents which will be included within the Index on the related Rebalancing Date. The methodology adopts a four-step process to determine these Percentage Weights.

The first two steps compute variances and correlation parameters with reference to two distinct approaches: implied volatilities (to create a notional implied risk portfolio) and exponential moving average returns (to create a notional trend-following risk portfolio). In the third step, these two notional portfolios are subject to an optimization model that computes percentage weights that aim to achieve an equal contribution to risk for each selected Constituent in each notional portfolio. The final step blends the results of the previous step to obtain an average percentage weight, and also applies a cap to the percentage weight of each selected Constituent.

In the first step, the methodology compares the 120-day implied volatility of each selected Constituent to the 120-day implied volatility of all the other selected Constituents. This process creates a covariance matrix (the "forward-looking covariance matrix"). Covariance establishes the extent to which one variable (in this case, one selected Constituent) reacts similarly to another variable or set of variables (in this case, each other selected Constituent).

In the second step, a covariance matrix comparing the historic 40-day exponential moving average of the returns of each selected Constituent to the historic 40-day exponential moving average of the returns of all other selected Constituents is established (the "trend-following covariance matrix"). The 40-day exponential moving average is observed for each of the selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day. The exponential moving average is a type of moving average in which greater emphasis is given to the more recent history. In the Index, this means that the 40-day exponential moving average applies greater weight to more recent returns of the selected Constituents than their returns at the (oldest) end of the 40-day period.

In the third step, the Index methodology applies a proprietary optimization algorithm to determine percentage weights for each selected Constituent. The optimization algorithm is applied to each covariance matrix separately. The optimization algorithm aims to find percentage weights for each selected Constituent such that each selected Constituent's contribution to index volatility is the same as every other selected Constituent's volatility contribution.

In the final step, the optimal percentage weights obtained in the third step are added together and an average obtained, so that the forward-looking covariance matrix and the trend-following covariance matrix are equally important in the determination of the final percentage weights of the selected Constituents. The average percentage weights for all of the selected Constituents are then added together and normalized to ensure they add to 100%.

The individual selected Constituent percentage weights resulting from this step are subject to a 10% individual maximum percentage weight cap. The purpose of the cap is to avoid concentration risk within the Index, where sudden changes in the value of one Constituent can have a large impact on the Index as a whole.

Percentage weights in excess of 10% are reallocated proportionately to the remaining selected Constituents, subject to the same 10% maximum percentage weight. The result of this calculation fixes the percentage weights for each of the selected Constituents which will be applied on the relevant Rebalancing Date (and is the “Percentage Weight” used in the Index Level calculations).

8. DETERMINATION OF WEIGHTS

On each Rebalancing Date following a Selection Day, the Index Calculation Agent determines the Weight of each selected Constituent within the Index.

The difference between “weight” and “percentage weight” can be understood as the difference between the notional number of stocks of a constituent in an index (the weight) and the proportion that each constituent has to the overall level of the index (the percentage weight). The weight of a constituent is determined in respect of a rebalancing date by reference to the designated percentage weight of the constituent, the level of the index and the price of the constituent on the rebalancing date. The weight of each constituent remains fixed between rebalancing dates save for adjustments as a result of dividends, corporate actions and extraordinary events. Unlike percentage weight, which is a snapshot of the proportion that a certain stock has within the index as a whole, weight assesses the synthetic investment value of that stock within the index. Because stock prices fluctuate, the proportion that each stock contributes to the index on any day depends on the relative performance of that stock compared with the performance of the index as a whole. As such, the percentage weight of a stock in an index can vary from day to day. On the other hand, a constituent included within an index on a certain rebalancing day, and having a certain percentage weight on that day, will be represented by a weight which is fixed until the next rebalancing day.

In the Index, the Index Calculation Agent shall, as of each Rebalancing Date following the Index Start Date, determine the Current Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) of each selected Constituent in the Index on such Rebalancing Date. The Current Percentage Weight is the proportion that the relevant selected Constituent has in the Index as a whole prior to the rebalancing, expressed as a percentage. For the avoidance of doubt, any selected Constituent that is not an existing Constituent in the Index will have a Current Percentage Weight of zero on the Rebalancing Date.

The Weight of each selected Constituent will then be determined as a function of its Percentage Weight and the Index Level (i.e. the Index Level is split into that proportion attributable to the Percentage Weight of each selected Constituent), which is then divided by the price of the relevant selected Constituent.

The Weights of the Constituents will remain constant between Rebalancing Dates, save for adjustments to take account of the economic effect of dividends, corporate actions and certain extraordinary events, as described in detail in Part D (*Calculation of the Index Level*) and Part E (*Dividends, Stocks Splits and Rights Issues*) of this Index Methodology, and Section B (*Valuations and Adjustments*) of the Index General Conditions.

Part D: Calculation of the Index Level

Calculation of the Index Level

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor has appointed Standard & Poor's Financial Services LLC as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time which may be the Index Sponsor or one of its Affiliates.

The Index Calculation Agent's calculations of the Index Level shall be final in the absence of manifest error. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part F (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events (as described in Part E (*Dividends, Stock Splits and Rights Issues*) below), Disrupted Days and Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule: Share*) of the Index General Conditions).

1. DAILY INDEX CALCULATION

1.1 Index Level

The "**Index Level**" on the Index Start Date shall be the Index Start Level.

The "**Index Level**" on each Index Business Day t (following the Index Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of each Constituent's Constituent Closing Level and its prevailing Weight (each as defined below).

$$\text{Index Level}_t = \sum_{i=1}^{n}\left(\text{Constituent Closing Level}_{i,t} \times \text{Weight}_{i,r}\right) + \text{Div}_{Ex}$$

where:

Index Level_t	=	Index Level on Index Business Day t
Constituent Closing $\text{Level}_{i,t}$	=	Constituent Closing Level of Constituent i on Index Business Day t (as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions
$\text{Weight}_{i,r}$	=	Weight of Constituent i on the Rebalancing Date r (or the Index Start Date, as applicable) immediately preceding Index Business Day t

n	=	The number of Constituents included in the Index on Index Business Day t
Div_{Ex}	=	$\sum_{i=1}^{n}\left(\text{Net Dividend}_{i,t} \times \text{Weight}_{i,r}\right)$
Net $\text{Dividend}_{i,t}$	=	Means, in respect of Constituent i: (i) if Index Business Day t is an Ex-Dividend Date in respect of a Dividend (each as defined in Part E (*Dividends, Stock Splits and Rights Issues*) below) for Constituent i, an amount equal to Dividend Amount_i x Dividend Percentage_i (ii) otherwise, zero (0)
Dividend Amount_i	=	As defined in Part E (*Dividends, Stock Splits and Rights Issues*) below
Dividend Percentage_i	=	As defined in Part E (*Dividends, Stock Splits and Rights Issues*) below

On Rebalancing Date r, the Index Level is calculated using the respective Weights (as determined on Rebalancing Date r-1) of each Constituent (as selected on the Selection Day immediately preceding Rebalancing Date r-1), subject to any subsequent adjustment of any Constituent's Weight as a result of any Additional Rebalancing Event, Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event. Beginning with the first Index Business Day following Rebalancing Date r, up to and including Rebalancing Date r+1 (but prior to the rebalancing of the Index on such Rebalancing Date r+1), the Index Level is calculated using the Constituents selected on the Selection Day immediately preceding Rebalancing Date r and their respective Weights (as determined on Rebalancing Date r).

1.2 Weight

The Index Calculation Agent shall determine the Weight of each of the Selected Constituents on the Index Start Date and on each Rebalancing Date, and such Weights shall remain in effect until the end of the following Rebalancing Date, subject to the occurrence of any Additional Rebalancing Event, Dividend Adjustment Event, Stock Split Adjustment Event, Rights Issue Adjustment Event or Adjustment Event.

The Weight for each Selected Constituent in respect of a Rebalancing Date will be calculated by the Index Calculation Agent as the product of the Percentage Weight of the relevant Selected Constituent and the Index Level on such Rebalancing Date (giving the proportion of the Index attributable to that Selected Constituent), which is then divided by the Constituent Closing Level of that Selected Constituent on such Rebalancing Date. The calculation formula is set out in detail below.

The "**Weight**" of each Selected Constituent on the Index Start Date and each Rebalancing Date shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. For this purpose, the Index Start Date shall be deemed to be a Rebalancing Date.

$$\text{Weight}_{i,r} = \frac{\text{Percentage Weight}_{i,r} \times \text{Index Level}_r}{\text{Constituent Closing Level}_{i,r}}$$

where:

$\text{Weight}_{i,r}$	=	Weight of Selected Constituent i on Rebalancing Date r
$\text{Percentage Weight}_{i,r}$	=	Percentage Weight of Selected Constituent i on Rebalancing Date r
Index Level_{r}	=	Index Level on Rebalancing Date r
$\text{Constituent Closing Level}_{i,r}$	=	Constituent Closing Level of Selected Constituent i on Rebalancing Date r

1.3 Current Percentage Weight

The Current Percentage Weight of a Constituent on any Index Business Day is calculated as the Weight which such Constituent had in the Index from, but excluding, the immediately preceding Rebalancing Date r (or the Index Start Date, as the case may be), multiplied by its Constituent Closing Level on such Index Business Day, divided by the Index Level in respect of such Index Business Day.

On each Index Business Day t, the Index Calculation Agent shall calculate the "**Current Percentage Weight**" in respect of each Constituent i in accordance with the following formula:

$$\text{Current Percentage Weight}_{i,t} = \frac{\text{Weight}_{i,r} \times \text{Constituent Closing Level}_{i,t}}{\text{Index Level}_{t}}$$

where:

$\text{Current Percentage Weight}_{i,t}$	=	Current Percentage Weight of Constituent i on Index Business Day t
$\text{Weight}_{i,r}$	=	Weight of Selected Constituent i on the Rebalancing Date r (or the Index Start Date, as the case may be) immediately preceding Index Business Day t
$\text{Constituent Closing Level}_{i,t}$	=	Constituent Closing Level of Constituent i on Index Business Day t
Index Level_{t}	=	Index Level on Index Business Day t

Where Index Business Day t is itself a Rebalancing Date, $\text{Weight}_{i,r}$ and $\text{Constituent Closing Level}_{i,t}$ are determined prior to the rebalancing taking place.

2. CONSTITUENT SELECTION AND INDEX REBALANCING PROCESS

2.1 Selection of Constituents

On each Selection Day, the Index Calculation Agent will determine the stocks within the Eligible Universe on such day (the "**Eligible Constituents**"). The Index Calculation Agent shall then exclude from such list of Eligible Constituents any stocks:

(1) which are issued by the Index Sponsor or its Affiliates, including Citigroup Inc.; or

(2) which, as at the relevant Selection Day, are included on the Index Sponsor's Restricted List (being a list of stocks which the Index Sponsor and/or any of its Affiliates are not permitted to

hold, buy, sell or otherwise deal in for a particular period of time due to laws, regulations or internal policies); or

(3) for which, as at the relevant Selection Day, there is less than 159 Index Business Days of publicly available historic market data, as required to determine the historic volatility and/or exponential moving average statistics in accordance with the Index methodology described below.

The stocks which remain in the list of Eligible Constituents following any such exclusions will be the "**Selected Constituents**" in respect of the relevant Selection Day and will become the "**Constituents**" of the Index after the rebalancing process on the immediately following Rebalancing Date.

2.2 Determination of Percentage Weights – Application of the Citi Volatility Balanced Beta methodology

The Percentage Weights of each Selected Constituent are determined by the Index Calculation Agent on each Selection Day. In order to determine the applicable Percentage Weights, the Index Calculation Agent follows a four-step process. The first two steps each create a covariance matrix, referred to below as the Forward-Looking (or Implied) Covariance Matrix and the Trend-Following (or Historic) Covariance Matrix respectively, each representing the marginal contributions of the Selected Constituents to the overall volatility of the Index.

In the third step, an optimization model is used to find an optimum percentage weight for each Selected Constituent within each covariance matrix.

The fourth step is to determine the average of the two covariance matrix percentage weights for each Selected Constituent, normalize these to a combined aggregate percentage weight of 100%, and then apply an individual maximum percentage weight of 10% to each Selected Constituent, redistributing any excess percentage weight proportionately to the remaining Selected Constituents. This will then determine the respective Percentage Weights for all the Selected Constituents.

This determination process, including the relevant formulae used by the Index Calculation Agent to determine the "**Percentage Weight**" of each Selected Constituent, is set out in detail below:

(1) Construction of the Forward-Looking (or Implied) Covariance Matrix ("FCov") of the Selected Constituents

The covariance matrix can be visualized as a grid in which all the Selected Constituents are represented in rows and columns. The points of intersection in this grid indicate the correlation between each Selected Constituent and every other Selected Constituent. There will be a diagonal line bisecting the grid where a row representing that Selected Constituent intersects with the column representing that same Selected Constituent, and therefore the variance of that Selected Constituent (as the covariance of a Selected Constituent with itself is its variance).

A covariance matrix typically assesses the degree to which two or more stocks covary, or move in tandem. A positive covariance means that the two variables move together (in the same direction), while a negative covariance means that the variables move in opposite directions. Two stocks with positive covariance means that those stocks react to market events in a similar way; if they have negative covariance, it means that they react inversely. The lower the covariance between a number of stocks, the more they can be said to represent diversified stocks.

In the Citi Volatility Balanced Beta model, the Forward-Looking Covariance Matrix is computed as follows:

a. On each Selection Day, the Index Calculation Agent determines an implied volatility value ("**Implied Volatility**") for each Selected Constituent, using the 3-month implied spot volatility of the Reference Vol Index and the beta of the relevant Selected Constituent with respect to the Reference Vol Index measured over the previous 120 Index Business Days. The Implied Volatility calculation is designed such that the Implied Volatility of a Selected Constituent will always be positive.

This can be described formulaically as follows:

$$FVol_{i,k} = \sqrt{\left(\beta_{i,k} \times \frac{IV_k}{100}\right)^2}$$

Where:

$FVol_{i,k}$	=	The Implied Volatility of Selected Constituent i in respect of Selection Day k
IV_k	=	The 3-month implied spot volatility of at-the-money listed options on the Reference Vol Index on Selection Day k, as observed at the Index Valuation Time on the Bloomberg page <UKX Index GV> with the <type ATM> function, or any successor or alternative screen page, as may be determined by the Index Calculation Agent
$\beta_{i,k}$	=	The regression coefficient between the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{Cov(Y_i, B)}{Var(B)}$
$Cov(Y_i,B)$	=	The covariance between the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{\sum_{s=t-N+1}^{t}(Y_{i,s} - \overline{Y_i}) \times (B_s - \overline{B})}{N-1}$; where t=k and N=120
$Var(B)$	=	$Cov(B,B)$
$Cov(B,B)$	=	The covariance between the 120 daily log-returns "B_s" of the Reference Vol Index for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{\sum_{s=t-N+1}^{t}(B_s - \overline{B}) \times (B_s - \overline{B})}{N-1}$; where t=k and N=120
$\overline{Y_i}$	=	The arithmetic average of the N daily log-returns "Y_i"

$\overline{B}$	=	The arithmetic average of the N daily log-returns "B"
$Y_{i,t}$	=	$\ln\frac{\text{Constituent Closing Level}_{i,t}}{\text{Constituent Closing Level}_{i,t-1}}$
Constituent Closing Level$_{i,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent i, then Constituent Closing Level$_{i,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)

Constituent Closing $\text{Level}_{i,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent i, then Constituent Closing $\text{Level}_{i,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
B_t	=	$\ln \frac{I_t}{I_{t-1}}$
I_t	=	Closing level of the Reference Vol Index on Index Business Day t, as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor does not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day t, then I_t shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor
I_{t-1}	=	Closing level of the Reference Vol Index on the Index Business Day immediately preceding Index Business Day t, as published by the Reference Vol Index Sponsor. If the Reference Vol Index Sponsor did not publish, for any reason, a closing level for the Reference Vol Index on Index Business Day t-1, then I_{t-1} shall be deemed to be equal to the closing level of the Reference Vol Index on the preceding day on which a closing level for the Reference Vol Index was published by the Reference Vol Index Sponsor
Reference Vol Index	=	FTSE 100™ Index
Reference Vol Index Sponsor	=	FTSE International Limited, including its successors and assigns
s	=	The series of 120 Index Business Days ending on Selection Day k
$Y_{i,s}$	=	The 120 daily log-returns of Selected Constituent i "$Y_{i,t}$" for the 120 Index Business Days ending on Selection Day k
B_s	=	The 120 daily log-returns of the Reference Vol Index "B_t" for the 120 Index Business Days ending on Selection Day k
Y_i	=	A vector representing the 120 daily log-returns "$Y_{i,s}$" of Selected Constituent i

B	=	A vector representing the 120 daily log-returns "B_s" of the Reference Vol Index
N	=	120

b. Calculate each element FCov(n, m) of the Forward-Looking Covariance Matrix, as follows:

$$\mathrm{FCov}(n, m) = \rho_{n,m} \times \mathrm{FVol}_{n,k} \times \mathrm{FVol}_{m,k}$$

Where:

n, m	=	Each possible combination of two Selected Constituents (i.e. n = 1, …, M; m = 1, …, M; including combinations where n=m)
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above
$\rho_{n,m}$	=	The correlation coefficient between the 120 daily log-returns "$X_{n,s}$" of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "$X_{m,s}$" of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{Cov(X_n, X_m)}{\sqrt{Var(X_n) \times Var(X_n)}}$$
$Cov(X_n,X_m)$	=	The covariance between the 120 daily log-returns "$X_{n,s}$" of Selected Constituent n for the 120 Index Business Days ending on Selection Day k and the 120 daily log-returns "$X_{m,s}$" of Selected Constituent m for the 120 Index Business Days ending on Selection Day k, calculated as follows: $$\frac{\sum_{s=t-N+1}^{t}\left(X_{n,s} - \overline{X_n}\right) \times \left(X_{m,s} - \overline{X_m}\right)}{N-1}$$; where t=k and N=120
$Var(X_n)$	=	$Cov(X_n, X_n)$

$Cov(X_n, X_n)$	=	The covariance between the 120 daily log-returns "$X_{n,s}$" of the Selected Constituent n for the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{\sum_{s=t-N+1}^{t}\left(X_{n,s}-\overline{X_n}\right)\times\left(X_{n,s}-\overline{X_n}\right)}{N-1}$; where t=k and N=120
$\overline{X_n}$	=	The arithmetic average of the N daily log-returns "X_n"
$\overline{X_m}$	=	The arithmetic average of the N daily log-returns "X_m"
$X_{n,t}$	=	$\ln\frac{\text{Constituent Closing Level}_{n,t}}{\text{Constituent Closing Level}_{n,t-1}}$
Constituent Closing Level $_{n,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent n on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent n, then Constituent Closing Level$_{n,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent n on the preceding Scheduled Trading Day for Selected Constituent n that was not a Disrupted Day for Selected Constituent n)
Constituent Closing Level $_{n,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent n on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent n, then Constituent Closing Level$_{n,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent n on the preceding Scheduled Trading Day for Selected Constituent n that was not a Disrupted Day for Selected Constituent n)
$X_{m,t}$	=	$\ln\frac{\text{Constituent Closing Level}_{m,t}}{\text{Constituent Closing Level}_{m,t-1}}$

Constituent Closing Level $_{m,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent m on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent m, then Constituent Closing Level$_{m,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent m on the preceding Scheduled Trading Day for Selected Constituent m that was not a Disrupted Day for Selected Constituent m)
Constituent Closing Level $_{m,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent m on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent m, then Constituent Closing Level$_{m,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent m on the preceding Scheduled Trading Day for Selected Constituent m that was not a Disrupted Day for Selected Constituent m)
s	=	The series of 120 Index Business Days ending on Selection Day k
$X_{n,s}$	=	The 120 daily log-returns of Selected Constituent n "$X_{n,t}$" for the 120 Index Business Days ending on Selection Day k
$X_{m,s}$	=	The 120 daily log-returns of Selected Constituent m "$X_{m,t}$" for the 120 Index Business Days ending on Selection Day k
X_n	=	A vector representing the 120 daily log-returns "$X_{n,s}$" of Selected Constituent n
X_m	=	A vector representing the 120 daily log-returns "$X_{m,s}$" of Selected Constituent m
N	=	120
$FVol_{n,k}$	=	The Implied Volatility for Selected Constituent n on Selection Day k, determined in the same manner as $FVol_{i,k}$ above
$FVol_{m,k}$	=	The Implied Volatility for Selected Constituent m on Selection Day k, determined in the same manner as $FVol_{i,k}$ above

(2) Constructing the Trend-Following Covariance Matrix ("HCov") of the Selected Constituents

In this step, a second set of percentage weights is determined in respect of the Selected Constituents. As in the first step above, a covariance matrix is established to represent all of the Selected Constituents.

In order to compute the Trend-Following Covariance Matrix, instead of creating a covariance matrix based on the correlation and variance of the Selected Constituents with respect to historic volatility, a covariance matrix comparing the historic 40-day exponential moving average of the return of each Selected Constituent to the historic 40-day exponential moving average of the returns of all other Selected Constituents is established. The 40-day exponential moving average is observed for each of the Selected Constituents on each of the 120 Index Business Days ending on the relevant Selection Day.

The exponential moving average ("**EMA**") is a type of moving average in which greater emphasis is given to the more recent history. Moving average itself is a concept in which an average value is obtained for a value observed at a specific frequency during a specific period (in this case the daily return of a Selected Constituent over the preceding 40 Index Business Days), and this average "moves" every day to record the average daily return of a Selected Constituent for the most recent 40 Index Business Days. In the calculations below, the "Decay Factor" is applied to the moving average, which results in the daily returns from more recent Index Business Days affecting the EMA to a greater extent than the daily returns from earlier Index Business Days (i.e. recent data are given more weight than older data). The EMA for a Selected Constituent will react more quickly to recent changes in daily returns than a simple moving average.

a. The Covariance Matrix for the Trend-Following Covariance Matrix is calculated as follows:

On each Selection Day k, the Index Calculation Agent determines for each Selected Constituent i an historic exponential moving average return ("**Exponential Moving Average Return**") for each of the 159 Index Business Days ending on Selection Day k, in accordance with the following formula:

$$EMA_{i,s} = X_{i,s} \times \alpha + EMA_{i,s-1} \times (1 - \alpha)$$

i = 1, …M
s = t-H+1, …t; where t = Selection Day k

Where:

$EMA_{i,\ t-1}$	=	The Exponential Moving Average Return of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t
$EMA_{i,\ t-H+1}$	=	The first Exponential Moving Average Return in the series for Selected Constituent i (i.e., $EMA_{i,\ t-H+1}$) shall be equal to the log-return $X_{i,\ ,t-H+1}$
α	=	2/(K+1)
K	=	40 (the "Decay Factor")

$X_{i,t}$	=	$\ln \frac{\text{Constituent Closing Level}_{i,t}}{\text{Constituent Closing Level}_{i,t-1}}$
Constituent Closing Level $_{i,t}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on Index Business Day t (provided that if Index Business Day t is a Disrupted Day for Selected Constituent i, then Constituent Closing Level$_{i,t}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
Constituent Closing Level $_{i,t-1}$	=	Constituent Closing Level (determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions) of Selected Constituent i on the Index Business Day immediately preceding Index Business Day t (provided that if Index Business Day t-1 is a Disrupted Day for Selected Constituent i, then Constituent Closing Level$_{i,t-1}$ shall be deemed to be equal to the Constituent Closing Level of Selected Constituent i on the preceding Scheduled Trading Day for Selected Constituent i that was not a Disrupted Day for Selected Constituent i)
H	=	159

b. Calculate each element HCov(n, m) of the Trend-Following Covariance Matrix, as follows:

$$\text{HCov}(n, m) = \text{cov}(\text{EMA}_n, \text{EMA}_m) \times 252$$

Where the Exponential Moving Average Returns for each of the 120 Index Business Days preceding the relevant Selection Day are used in the Trend-Following Covariance Matrix:

n, m	=	Each possible combination of two Selected Constituents (i.e. n = 1, …, M; m = 1, …, M; including combinations where n=m)
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above

$cov(EMA_n, EMA_m)$	=	The covariance between the 120 Exponential Moving Average Returns "$EMA_{n,s}$" of Selected Constituent n for each of the 120 Index Business Days ending on Selection Day k and the 120 Exponential Moving Average Returns "$EMA_{m,s}$" of Selected Constituent m for each of the 120 Index Business Days ending on Selection Day k, calculated as follows: $\frac{\sum_{s=t-N+1}^{t}\left(EMA_{n,s} - \overline{EMA_n}\right)\times\left(EMA_{m,s} - \overline{EMA_m}\right)}{N-1}$ where t=k and N=120
$EMA_{n,s}$	=	The 120 Exponential Moving Average Returns of Selected Constituent n "$EMA_{n,t}$" for the 120 Index Business Days ending on Selection Day k
$EMA_{m,s}$	=	The 120 Exponential Moving Average Returns of Selected Constituent m "$EMA_{m,t}$" for the 120 Index Business Days ending on Selection Day k
$\overline{EMA_n}$	=	The arithmetic average of the N Exponential Moving Average Returns "$EMA_{n,s}$"
$\overline{EMA_m}$	=	The arithmetic average of the N Exponential Moving Average Returns "$EMA_{m,s}$"
N	=	120
s	=	The series of 120 Index Business Days ending on Selection Day k

(3) Optimization routine to find Equal-Contribution Weights of the Selected Constituents

Once the covariance matrices are populated in accordance with the formulae in Steps 1 and 2 above, a vector of percentage weights is determined for each covariance matrix, using an optimization model.

The optimization model is used to find the combination of percentage weights for the Selected Constituents that results in the risk contribution of each Selected Constituent being equal. Within the optimization model, the risk contribution of a Selected Constituent is defined as the sensitivity of the volatility of the Selected Constituents collectively to a change in the relative value of the Percentage Weight of the individual Selected Constituent.

To equalize the risk contribution of the Selected Constituents, the model compares the change in the risk contribution of the portfolio of Selected Constituents to a relative change in the Percentage Weight of a Selected Constituent (the "**Constituent Risk Sensitivity**") with the Constituent Risk Sensitivity of each other Selected Constituent, on a pair by pair basis. For example, if there are three Selected Constituents A, B and C, this means there are three pairs: A paired with B, A paired with C and B paired with C. The model finds Percentage Weights for the Selected Constituents in which the pair by pair comparison for all of the Selected Constituents delivers a result in which the Constituent Risk Sensitivity of each Selected Constituent is equal to the Constituent Risk Sensitivity of each other Selected Constituent.

Each vector of weights "w" (and in relation to each covariance matrix, w_1 and w_2) is computed by the same optimization routine, which aims at solving the following non-linear optimization problem under constraints:

$$w_{OPT} = \arg\min f(w)$$

$$f(w) = \sum_{n=1}^{M} \sum_{m=n+1}^{M} \left(w_n \times \left(\sum_{i=1}^{M} \sigma_{n,i} \times w_i \right) - w_m \times \left(\sum_{i=1}^{M} \sigma_{m,i} \times w_i \right) \right)^2$$

subject to:

$$\sum_{i=1}^{M} w_i = 1$$

$$0 \le w_i \le 1; i = 1,..., M$$

where σ_n and σ_m represent the elements (n,m) of Selected Constituent i in the relevant covariance matrix.

The first set of percentage weights w_1 is computed using the Forward-Looking (or Implied) Covariance Matrix in the optimization problem.

The second set of percentage weights w_2 is computed using the Trend-Following (or Historic) Covariance Matrix in the optimization problem.

The percentage weights determined according to this process are carried to step four below

(4) Blending the two sets of percentage weights: determination of the Selected Constituent Percentage Weights

The final Percentage Weights for each Selected Constituent (vector W) is determined as follows:

a. *computation of the uncapped percentage weights (W_{Ui})*

The percentage weights computed for each Selected Constituent as part of the Forward-Looking Covariance Matrix and the Trend-Following Covariance Matrix are then combined and divided by two in accordance with the following formula, so that each Selected Constituent has a blended (average) uncapped percentage weight (W_{Ui}):

$$W_{Ui} = \frac{(w_{1i} + w_{2i})}{2}$$

b. *computation of the normalized uncapped percentage weights (W_{UNi})*

Although the sum of the percentage weights calculated in respect of each covariance matrix should individually equal 100%, the percentage weights attributed to each Selected Constituent may mean that when they are combined and the average calculated as described above, the sum of the average percentage weights may deviate slightly from 100%. A further calculation is therefore made to normalize the uncapped percentage weights. This is achieved by calculating the percentage weight of each Selected Constituent as the quotient of each Selected Constituent's uncapped percentage weight divided by the sum of the uncapped percentage weights for all of the Selected Constituents.

$$W_{UNi} = \frac{W_{Ui}}{\sum_{i=1}^{M} W_{Ui}}$$

c. *determination of capped percentage weights – the Selected Constituent Percentage Weights (W_i)*

Once normalized, the Selected Constituent percentage weights are subjected to an individual percentage weight cap of 10%. The excess percentage weight (the aggregate percentage weight in excess of 10% for all the Selected Constituents) is distributed among the remaining uncapped Selected Constituents in a ratio proportional to their uncapped percentage weights, subject to the same individual percentage weight cap of 10%.

The resulting percentage weights are the Percentage Weights of the Selected Constituents (a vector "W") that will be applied in respect of the Index on the Rebalancing Date following the Selection Day on which these Percentage Weights are determined.

The normalized and uncapped percentage weights are ranked in decreasing percentage weight order, then the following rules are applied to each such percentage weight (for Selected Constituents i=1,… M where M is the number of Selected Constituents in respect of the relevant Selection Day) starting from the highest ranked such percentage weight (i=1, where $E_0 = 0$):

(1) If $W_{UNi} \geq 10\%$ then $W_i = 10\%$ and $E_i = E_{i-1} + W_{UNi} - W_i$

(2) If $W_{UNi} < 10\%$ then $W_i = \mathrm{Min}\left\{10\%; W_{UNi} + \left(E_{i-1} \times \frac{W_{UNi}}{\sum_{j=1}^{M} W_{UNj}}\right)\right\}$

and $E_i = \mathrm{Max}(E_{i-1} - (W_i - W_{UNi})\ ;\ 0)$

Where:

W_i	=	The Percentage Weight of Selected Constituent i
W_{UNi}	=	The normalized uncapped percentage weight of Selected Constituent i

W_{UNj}	=	The normalized uncapped percentage weight of Selected Constituent j, where Selected Constituent j is a member of the subset of Selected Constituents for which W_i has not yet been determined and W_{UNi} is less than the individual weight cap of 10%. For example, if M=100, i=40 (being the Selected Constituent which is ranked 40th by normalized uncapped percentage weight, in decreasing order) and W_{UN40} < 10%, then j is each Selected Constituent i (where i=40,…M)
E_i	=	The excess percentage weight in respect of Selected Constituent i
$\frac{W_{UNi}}{\sum_{j=1}^{n} W_{UNj}}$	=	The proportionate rate to distribute the excess percentage weight to Selected Constituent i
M	=	The number of Selected Constituents determined on Selection Day k in accordance with the methodology described in paragraph 2.1 (*Selection of Constituents*) above
Max	=	Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the greater of such amounts
Min	=	Followed by a series of amounts separated by a semi-colon inside a set of brackets, means the lesser of such amounts

3. ADDITIONAL REBALANCING EVENTS

3.1 Eligible Universe Index Removals

If a stock which is a Constituent of the Index is removed from the Eligible Universe Index (an "**Eligible Universe Index Removal Event**"), then such Constituent (a "**Removed Constituent**") will be removed from the Index on the same day (an "**Additional Rebalancing Date**").

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (*Determining the Percentage Weights of the remaining Constituents*) below.

3.2 Regulatory Events

If either:

(a) the Index Sponsor or any of its Affiliates is required (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will be required) by any applicable law or regulation or policy to unwind positions in a stock which is a Constituent of the Index, or is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to establish or increase positions in such a stock; and/or

(b) due to any applicable law or regulation or policy, the Index Sponsor or the Index Calculation Agent is not permitted (or there is a reasonable likelihood that, within the next 30 Index Business Days, it will not be permitted) to continue to sponsor or calculate, as applicable, an index comprising a stock which is a Constituent of the Index,

(each, a "**Regulatory Event**" and together with an Eligible Universe Index Removal Event, each an "**Additional Rebalancing Event**"), then such Constituent (a "**Removed Constituent**") will be removed from the Index on the date (an "**Additional Rebalancing Date**") designated by the Index Calculation Agent or the Index Sponsor (in which case the Index Sponsor will notify the relevant date to the Index Calculation Agent).

The Percentage Weights of the remaining Constituents will be determined by the Index Calculation Agent in accordance with paragraph 3.3 (*Determining the Percentage Weights of the remaining Constituents*) below.

3.3 Determining the Percentage Weights of the remaining Constituents

Upon the removal of one or more Removed Constituents from the Index on an Additional Rebalancing Date, the Percentage Weights of the remaining Constituents are scaled up such that the Percentage Weight of the Removed Constituent(s) is proportionally redistributed to the remaining Constituents in accordance with the following formula:

$$W_{i,rA} = \frac{CPW_{i,rA}}{\sum_{i=1}^{n} CPW_{i,rA}}$$

where:

$W_{i,rA}$	=	The Percentage Weight of remaining Constituent i which is applied upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date rA;
$CPW_{i,rA}$	=	The Current Percentage Weight of remaining Constituent i in the Index on Additional Rebalancing Date rA prior to the removal of the Removed Constituent(s); and
n	=	The number of Constituents remaining in the Index after the removal of the relevant Removed Constituent(s),

provided however that the Percentage Weight applied to a remaining Constituent i on an Additional Rebalancing Date shall not be greater than 10%. In the event that any such Percentage Weight determined in accordance with the formula above would be greater than 10%, then the Index Calculation Agent shall determine the Percentage Weights to be applied to each remaining Constituent i upon the removal of the relevant Removed Constituent(s) on Additional Rebalancing Date rA, in accordance with the formula set out in paragraph 2.2(4)c.(*determination of capped percentage weights – the Selected Constituent Percentage Weights (W_i)*) of this Part D that is used in the final step of determining the capped Percentage Weights of Selected Constituents on each Selection Day, as if the relevant Additional Rebalancing Date was a Selection Day and the remaining Constituents i were ranked in decreasing Current Percentage $Weight_{i,rA}$ order.

4. REFERENCE INDEX ADJUSTMENTS

4.1 Successor Reference Index and Successor Reference Index Sponsor

If a Reference Index is (i) not calculated and announced by the relevant Reference Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Reference Index, then in each case that index (the "**Successor Reference Index**") will be deemed to be the relevant Reference Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

4.2 Reference Index Modification and Reference Index Cancellation

If a Reference Index Sponsor announces that it will make a material change in the formula for or method of calculating a Reference Index or in any other way materially modifies that Reference Index (other than a modification prescribed in that formula or method to maintain that Reference Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Reference Index Modification**") or permanently cancels that Reference Index and no Successor Reference Index exists (a "**Reference Index Cancellation**" and, together with a Reference Index Modification, each a "**Reference Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

4.3 Cancellation of Reference Index license

If, in respect of a Reference Index, a license granted (if required) to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Reference Index in connection with the Index is terminated, or any such entity's right to use such Reference Index in connection with calculating the Index is otherwise disputed, impaired or ceases for any reason, then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Reference Index that has substantially similar characteristics to the Reference Index that is being replaced, having regard to the manner in which such Reference Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

4.4 Corrections of published levels, prices, rates or values in respect of a Reference Index

If, in respect of a Reference Index, any level, price, rate or value (as applicable) in respect of such Reference Index or any related derivative or other related instrument, 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 in respect of the Index, is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within two Index Business Days after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Reference Index, related derivative or other related instrument (as the case may be) for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, make appropriate adjustments to the Index and the Index Level for the relevant Index Business Day(s).

4.5 Reference Index Definitions

"**Reference Index**" means each of the Eligible Universe Index and the Reference Vol Index.

"**Reference Index Sponsor**" means, in respect of a Reference Index, the corporation or other entity which (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Reference Index and (b) announces (directly or through an agent) the level of such Reference Index.

Part E: Dividends, Stock Splits and Rights Issues

Dividends, Stock Splits and Rights Issues

Upon the occurrence of a Dividend Adjustment Event, a Stock Split Adjustment Event or a Rights Issue Adjustment Event (each as defined below), the Index Calculation Agent will make the appropriate adjustments to the composition of the Index including, in particular, the Weights of the Constituents, in accordance with the methodology set out in this Part E (*Dividends, Stock Splits and Rights Issues*).

For the avoidance of doubt, Dividend Adjustment Events, Stock Split Adjustment Events and Rights Issue Adjustment Events shall be treated in the manner described in this Part E (*Dividends, Stock Splits and Rights Issues*) and shall not constitute Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedule: Share*) of the Index General Conditions) for the purpose of the Index Conditions.

1. DIVIDEND ADJUSTMENTS (REGULAR DIVIDENDS: CASH AND/OR STOCK DIVIDENDS)

Following the declaration by the issuer of any Constituent of a Dividend (as defined below) (a "**Dividend Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Index Business Day following the Ex-Dividend Date (as defined below) in relation to such Dividend in accordance with the formula set out below.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex+1} = \text{Weight}_{i,ex} \times \left(1 + \frac{\text{Dividend Percentage}_i \times \text{Dividend Amount}_i}{\text{Constituent Closing Level}_{i,ex\text{-}1} - \text{Dividend Amount}_i}\right)$$

where:

$\text{Weight}_{i,ex+1}$	=	Weight of Constituent i on the Index Business Day immediately following the applicable Ex-Dividend Date.
$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Dividend Date (or, if such day is not an Index Business Day, on the immediately preceding Index Business Day).
Dividend Percentage_i	=	The applicable Dividend Percentage (as defined below).
Dividend Amount_i	=	The applicable Dividend Amount (as defined below).
Constituent Closing $\text{Level}_{i,ex\text{-}1}$	=	Constituent Closing Level of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend Date.

"**Dividend**" means, in respect of a Constituent, any regular dividend (in the form of a cash dividend and/or a scrip (stock) dividend) declared by the issuer of such Constituent for which the Ex-Dividend Date falls on any day after the Index Start Date (excluding any Extraordinary Dividend).

"**Dividend Amount**" means, in respect of a Dividend:

(1) if such Dividend is a cash dividend, 100% of the gross cash dividend per one stock as declared by the issuer of the relevant Constituent, before the withholding or deduction of taxes at source by or on behalf of any applicable authority having power to tax in respect of such a dividend (an "**Applicable Authority**"), and shall exclude (a) any imputation or other credits, refunds or deductions granted by an Applicable Authority (together, the "**Credits**"), and (b) any taxes, credits, refunds or benefits imposed, withheld, assessed or levied on the Credits referred to in (a) above (converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published).

(2) if such Dividend is a non-cash dividend, an amount per one stock equal to the cash value declared by the issuer of the relevant Constituent (whether or not such non-cash dividend includes stock that are the Constituent) or, if no cash value is declared by the issuer of the relevant Constituent, the cash value of such non-cash dividend as determined by the Index Calculation Agent, calculated by reference, where available, to the closing price of any stocks or the Constituent Closing Level (as the case may be) comprising such non-cash dividend on the last trading day immediately preceding the relevant Ex-Dividend Date, taking into account (where such non-cash dividend consists of the stock of the Constituent) any diluting effect on the theoretical value of the Constituent stock resulting from such non-cash dividend. The cash value of a non-cash dividend shall be converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published.

"**Dividend Percentage**" means, in respect of a Dividend Amount, the Dividend Percentage specified by the Index Sponsor from time to time in respect of the country or jurisdiction ("**Country**") in which the issuer of the relevant Constituent is domiciled for tax purposes. As of the date of this Index Methodology, the Dividend Percentage in respect of the United Kingdom is 100% (on the basis that the Dividend Amount does not include the UK tax credit). The Index Sponsor shall notify the Index Calculation Agent of any change in the Dividend Percentage applicable to any Country, in which case the current Dividend Percentage will be published by the Index Calculation Agent on the Index Electronic Page and available from the Index Sponsor.

"**Ex-Dividend Date**" means, in respect of a stock and a dividend payment which has been announced by the issuer of such stock, the first day on which a purchaser of such stock will not be entitled to receive the relevant dividend payment, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

"**Extraordinary Dividend**" has the meaning given to such term in the Index General Conditions and will generally include any dividend which is described as "special", "extra", "irregular" or a "return of capital".

"**FX Rate**" means, in respect of the notional exchange of one currency to another currency, the applicable WM/Reuters "Closing Spot Rate" as published by The World Markets Company plc in conjunction with Reuters at approximately 4.00 p.m. (London time) on the Ex-Dividend Date or, if such rate is discontinued or unavailable on the relevant day for any reason, such other exchange rate for the relevant currency conversion as the Index Calculation Agent shall determine appropriate by reference to an alternative foreign exchange rate service.

2. DIVIDEND ADJUSTMENTS (EXTRAORDINARY DIVIDENDS, BONUS SHARES)

Following the declaration by the issuer of any Constituent of an Extraordinary Dividend (as defined below) (a "**Dividend Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Dividend Date (as defined below) in relation to such

Extraordinary Dividend in accordance with the formula set out below. If such Ex-Dividend Date is not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\mathrm{Weight}_{i,ex} = \mathrm{Weight}_{i,ex\text{-}1} \times \left(1 + \frac{\text{Dividend Percentage}_i \times \text{Extra Dividend Amount}_i}{\text{Constituent Closing Level}_{i,ex\text{-}1} - \text{Extra Dividend Amount}_i}\right)$$

where:

$\mathrm{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Dividend Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\mathrm{Weight}_{i,ex\text{-}1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend Date.
Dividend $\mathrm{Percentage}_i$	=	The applicable Dividend Percentage (as defined below).
Extra Dividend Amount_i	=	The applicable Extraordinary Dividend Amount (as defined below).
Constituent Closing $\mathrm{Level}_{i,ex\text{-}1}$	=	Constituent Closing Level of Constituent i on the Index Business Day immediately preceding the applicable Ex-Dividend Date.

"**Extraordinary Dividend**" means (i) an "Extraordinary Dividend", as such term is defined in the Index General Conditions and will generally include any dividend (in the form of a cash dividend and/or a scrip (stock) dividend) which is described as "special", "extra", "irregular" or a "return of capital"; or (ii) a free distribution or dividend of stock of such Constituent to existing holders by way of bonus, capitalization or similar issue, for which in each case the applicable Ex-Dividend Date falls on any day after the Index Start Date.

"**Extraordinary Dividend Amount**" means, in respect of an Extraordinary Dividend:

(1) if such Dividend is a cash dividend, 100% of the gross cash dividend per one stock as declared by the issuer of the relevant Constituent, before the withholding or deduction of taxes at source by or on behalf of any applicable authority having power to tax in respect of such a dividend (an "**Applicable Authority**"), and shall exclude (a) any imputation or other credits, refunds or deductions granted by an Applicable Authority (together, the "**Credits**"), and (b) any taxes, credits, refunds or benefits imposed, withheld, assessed or levied on the Credits referred to in (a) above (converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published).

(2) if such Extraordinary Dividend is a non-cash dividend, an amount per one stock equal to the cash value declared by the issuer of the relevant Constituent (whether or not such non-cash dividend includes stock that are the Constituent) or, if no cash value is declared

by the issuer of the relevant Constituent, the cash value of such non-cash dividend as determined by the Index Calculation Agent, calculated by reference, where available, to the closing price of any stocks or the Constituent Closing Level (as the case may be) comprising such non-cash dividend on the last trading day immediately preceding the relevant Ex-Dividend Date, taking into account (where such non-cash dividend consists of the stock of the Constituent) any diluting effect on the theoretical value of the Constituent stock resulting from such non-cash dividend. The cash value of a non-cash dividend shall be converted, if necessary, at the applicable FX Rate for the conversion of the currency in which the relevant Extraordinary Dividend Amount is denominated into the currency in which the Constituent Closing Level of the relevant Constituent is published.

"**Dividend Percentage**" means, in respect of an Extraordinary Dividend Amount, the Dividend Percentage specified by the Index Sponsor from time to time in respect of the Country in which the issuer of the relevant Constituent is domiciled for tax purposes. As of the date of this Index Methodology, the Dividend Percentage in respect of the United Kingdom is 100% (on the basis that the Dividend Amount does not include the UK tax credit). The Index Sponsor shall notify the Index Calculation Agent of any change in the Dividend Percentage applicable to any Country, in which case the current Dividend Percentage will be published by the Index Calculation Agent on the Index Electronic Page and available from the Index Sponsor.

"**Ex-Dividend Date**" means, in respect of a stock and an Extraordinary Dividend, the first day on which a purchaser of such stock will not be entitled to receive the relevant Extraordinary Dividend Amount, as fixed by the issuer of such stock and/or the primary exchange on which such stock is traded.

"**FX Rate**" means, in respect of the notional exchange of one currency to another currency, the applicable WM/Reuters "Closing Spot Rate" as published by The World Markets Company plc in conjunction with Reuters at approximately 4.00 p.m. (London time) on the Ex-Dividend Date or, if such rate is discontinued or unavailable on the relevant day for any reason, such other exchange rate for the relevant currency conversion as the Index Calculation Agent shall determine appropriate by reference to an alternative foreign exchange rate service.

3. DIVIDEND RECOVERY

If, in respect of a Dividend or an Extraordinary Dividend, (a) the gross cash or non-cash dividend declared or estimated by the issuer of the relevant Constituent (a "**Declared Dividend**") to holders of record of the stock in the Constituent is not equal to the gross amount deemed to be paid by the issuer of such Constituent (notwithstanding that such payment is made to either any relevant taxing authority or holders of record) in respect of such Dividend (a "**Dividend Mismatch Event**") or (b) the issuer of the relevant Constituent fails to make any payment or delivery in respect of that Declared Dividend by the third Index Business Day following the relevant due date, then in either case the Index Calculation Agent may (but shall not be obliged to) determine:

(i) any appropriate adjustment to be made to the Index, including the Weight of any Constituent, to account for that Dividend Mismatch Event or non-payment or non-delivery, as the case may be; and

(ii) the effective date of any such adjustment.

In the event that an issuer of a Constituent makes a payment or delivery in respect of a Dividend or an Extraordinary Dividend that has already been the subject of an adjustment in accordance with this paragraph 3 (*Dividend Recovery*), the Index Calculation Agent shall determine any appropriate adjustment(s) to be made in respect of the Index in order to account for the economic effect of such subsequent payment or delivery.

4. STOCK SPLIT ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Stock Split (as defined below) (a "**Stock Split Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Date (as defined below) in relation to such Stock Split in accordance with the formula set out below. If such Ex-Date is not an Index Business Day, the adjustment shall be made on the next following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex\text{-}1} \times \text{Split Ratio}_i$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Date (or, if such day is not an Index Business Day, on the immediately following Index Business Day).
$\text{Weight}_{i,ex\text{-}1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Date.
Split Ratio_i	=	In respect of the applicable Stock Split, the ratio of the new total number of shares (B) for the old total number of shares (A) (e.g., split ratio=B/A) in respect of the Constituent i.

"**Ex- Date**" means, in respect of a Stock Split in respect of a Constituent, the effective date of such Stock Split, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

"**Stock Split**" means, in respect of a Constituent, a stock split, subdivision, reverse stock split, consolidation or similar reclassification of the stock of such Constituent, for which the Ex-Date falls on any day after the Index Start Date.

5. RIGHTS ISSUE ADJUSTMENTS

Following the declaration by the issuer of a Constituent of a Rights Issue (as defined below) (a "**Rights Issue Adjustment Event**"), the Index Calculation Agent shall adjust the Weight of such Constituent on the Ex-Rights Date (as defined below) in relation to such Rights Issue in accordance with the formula set out below. If such Ex-Rights Date is not an Index Business Day, the adjustment shall be made on the following Index Business Day.

The Weight of the relevant Constituent shall be adjusted such that:

$$\text{Weight}_{i,ex} = \text{Weight}_{i,ex\text{-}1} \times \frac{1 + N_i}{1 + \left(\dfrac{S_i}{\text{Constituent Closing Level}_{i,ex\text{-}1}} \right) \times N_i}$$

where:

$\text{Weight}_{i,ex}$	=	Weight of Constituent i on the applicable Ex-Rights Date (or, if such day is not an Index Business Day, on the

		immediately following Index Business Day).
$Weight_{i,ex-1}$	=	Weight of Constituent i on the Index Business Day immediately preceding the applicable Ex-Rights Date.
N_i	=	In respect of the applicable Rights Issue, the rights ratio in respect of such Rights Issue of Constituent i, N = B/A where A is the number of existing stocks and B is the number of new stocks entitlement.
S_i	=	In respect of the applicable Rights Issue, the subscription price per stock in Constituent i.
Constituent Closing $Level_{i,ex-1}$	=	Constituent Closing Level of Constituent i on the Index Business Day for Constituent i immediately preceding the Ex-Rights Date.

"**Ex-Rights Date**" means, in respect of a Rights Issue in respect of a Constituent, the first day on which a purchaser of such stock would not be entitled to participate in such Rights Issue, as fixed by the issuer of such Constituent and/or the primary exchange on which such Constituent is traded.

"**Rights Issue**" means, in respect of a Constituent, a distribution to existing holders of such Constituent of any stock, rights or warrants to purchase shares of such Constituent, in any case for payment (whether in cash or otherwise) at less than their prevailing market price or any other similar event as determined by the Index Calculation Agent and for which the Ex-Rights Date falls on any day after the Index Start Date.

Part F: Data

Data

(As at the Index Launch Date)

The Index shall operate with reference to an Eligible Universe. This Part F sets out the classification and particulars of each Eligible Constituent.

1. Eligible Universe

Eligible Universe	Eligible Universe Index Bloomberg Ticker	Eligible Universe Index Sponsor
100 largest stocks by market capitalization in the S&P United Kingdom (the "**Eligible Universe Index**")	SPUK <Index>	Standard & Poor's

2. Eligible Constituents

Eligible Constituents	Classification
Each constituent of the Eligible Universe from time to time (subject to paragraph 2.1 (*Selection of Constituents*) in Part D (*Calculation of the Index Level*) above)	Share

3. Particulars in respect of each Eligible Constituent

Exchange(s)	Related Exchange(s)	Constituent Schedule
As defined in Section F (*Constituent Schedule: Share*) of the Index General Conditions	All Exchanges	Share

4. Additional Data

Maximum Percentage Weight (as at each Selection Day)	Notional Replication Cost	Notional Spread
10%	Not Applicable	Not Applicable

5. Adjustment Elections

	Scheduled Valuation Date		
	Rebalancing Date	Selection Day	Other
Adjustments (Scheduled Trading Days: “holidays”):	Move In Block	Move In Block	Move In Block
Adjustments (Disrupted Days):	Value What You Can	Move In Block	Look Back
Valuation Roll (Disrupted Days):	5	5	5

In cases where a scheduled Selection Day is postponed due to the occurrence or existence of a Disrupted Day, an Index Level for the day which was originally scheduled to be the Selection Day will be determined in accordance with the methodology set out in the column headed “Other”.

6. Defined Terms

Index Business Day:	Each day which is a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London.
Index Valuation Time:	In respect of an Index Business Day, 11.00 p.m. (London time) on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.
Rebalancing Date:	The third Index Business Day following each Selection Day, subject to adjustment in accordance with section 5 (*Adjustment Elections*) above.
Selection Day:	The first Index Business Day of each January, April, July and October, commencing on the first Index Business Day of January 2001, subject to adjustment in accordance with section 5 (*Adjustment Elections*) above.
Scheduled Valuation Date:	Each Index Business Day.

Part G: Specific Risks

Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (*General Risks*) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

STRATEGY RISK

The Citi Volatility Balanced Beta methodology used by the Index employs a quantitative risk-weighting strategy that determines the percentage weights of the Constituents on a quarterly basis such that the risk contribution of each Constituent is equal. This strategy is designed with the aim of providing diversification among the selected Constituents, with lower volatility, when compared to an equivalent equal-weighted or market capitalization-weighted index. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the Index strategy may only become apparent over a long period and may underperform market capitalization-weighted indices during an upward trend in the investment cycle.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision.

VOLATILITY AS A MEASURE FOR RISK

In determining the risk contribution of each Constituent, the methodology used by the Index relies exclusively on market price volatility as a measure of risk. Although market prices may in theory reflect all available public information, this may not always be the case. Furthermore, there are many types of risk inherent in an equity investment. The Index does not attempt to identify or quantify any specific risks which may be relevant to a stock, sector, industry, country or region, such as commercial, operational, credit, financing, macro, political, regulatory or legal risks. The reliance of the Index solely on volatility as a measure of risk may fail to accurately identify and account for specific risks or fail to adjust for overall risk in line with the objectives of the Index.

INDEX METHODOLOGY LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Conditions. There is no assurance that other methodologies for calculating equal risk-contribution would not result in better performance than the Citi Volatility Balanced Beta methodology.

The Index weights assigned to the Constituents are equally dependent on the percentage weights which the optimization model used by the Index determines would achieve (a) an equal implied risk contribution for each Constituent, and (b) an equal trend-following risk contribution for each Constituent. There can be no assurance that this particular blend of implied and historic volatilities and correlations will be successful over any particular period of time.

CONCENTRATION RISK

The Citi Volatility Balanced Beta methodology used by the Index to identify weights for the Constituents on a quarterly basis will not necessarily result in a less concentrated equity market exposure that the Eligible Universe Index. The Index may be more or less concentrated than the Eligible Universe Index or any benchmark equity index.

The Index methodology limits the maximum weight of each Constituent to 10%, with a resulting reallocation to the other Constituents in the event that the Citi Volatility Balanced Beta methodology would allocate a weight in excess of 10% for any Constituent. While this individual weight constraint is designed to limit a concentration of exposures, it remains possible that a number of Constituents could all be assigned a weight of 10%.

PERFORMANCE RISK

The Index may underperform other indices with the same constituents, where those other indices employ a different weighting scheme. The Citi Volatility Balanced Beta methodology uses a risk-contribution weighting methodology with the aim of improving risk-adjusted returns. The methodology does not seek to outperform the Eligible Universe Index or any other equity benchmark in absolute terms.

REBALANCING FREQUENCY LIMITATIONS

The frequency of rebalancing of the Index is quarterly. The Citi Volatility Balanced Beta optimization model only evaluates the Constituents on the quarterly Selection Days which precede the Rebalancing Dates, which means that new weights are only determined on these days.

As the Constituent Closing Level, historic volatility and exponential moving average of each Constituent and the Index Level itself all move daily, the equal contribution to risk that is determined on a Selection Day may no longer be accurate or valid on any other Index Business Day. As a result, the weights of the Constituents between Rebalancing Dates may deviate significantly from the weights which would be required for the Constituents to contribute equally to risk on an ongoing basis. In particular, the Index may not achieve its objectives during periods of significant change in the volatilities of individual stocks and/or the correlations between stocks. For example, (i) if a group of Constituents which have historically exhibited lower than average volatilities (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in volatility; or (ii) if a group of Constituents which have historically exhibited a lower than average correlation with other Constituents (and have therefore been assigned relatively higher weights by the Index methodology) undergo a sudden increase in correlation, the Index may deviate substantially from the theoretical equal risk-contribution weighting scheme.

FIXED ALGORITHMIC MODEL PARAMETERS

In common with all algorithmic strategies, the Index uses a rules-based methodology which contains fixed parameters. For example, (i) implied volatilities are calculated by reference to 120 daily log-return observations of the Constituents and the 3-month implied spot volatility of a benchmark equity index, and (ii) historic volatilities are calculated by reference to 120 daily exponential moving average observations where each exponential moving average is calculated for a period of 40 Index Business Days. The Index methodology assumes that these observation periods and other fixed parameters are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index.

OPTIMIZATION MODEL PRECISION

The Citi Volatility Balanced Beta methodology employs an optimization algorithm to determine the weights to be applied to the Constituents on each Rebalancing Date. The optimization algorithm is a complex calculation model which is sensitive to the precision of both the original inputs and the interim calculations. Each of these are in turn dependent on the rounding conventions used in the financial market for the primary data and the rounding conventions determined appropriate by the Index Calculation Agent at each stage of the calculation process.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor on the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.

Part H : Index Specific Disclaimers

Index Specific Disclaimers

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Index General Conditions

18 November 2011

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Section A: Introduction

Introduction

This document constitutes the Index General Conditions applicable to each index (each, an "**Index**") for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (*General Risks*) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).

Standard detailed rules govern "valuation", that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the "relevant markets"). Other standard rules apply to Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (*Valuations and Adjustments*) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (*Valuations and Adjustments*) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (*General Risks*) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.

Section B: Valuations and Adjustments

Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: "HOLIDAYS")

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move In Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(d) *Not postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move in Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) *Postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent 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 in respect of the Index is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.

For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the "**Affected Constituent**"), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(b) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

"**Replacement**" shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

"**Reweighting**" shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.

Section C: General Risks

General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be "investable", but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) Commodity

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.

Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option 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 commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts 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 commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

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

(b) *Commodity Index*

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading “Commodity” above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) *Depositary Receipt*

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) *ETF Share (exchange-traded fund)*

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) *FX Rate*

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) *Inflation Index*

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) 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.

(g) *Mutual Fund Interest*

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.

A mutual fund 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 contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) *Share*

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) *Share Index*

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share 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 financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) *Process following the occurrence of an Adjustment Event*

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading "Risk Factors", "Investment Considerations" or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) No rights

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) No offer

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) Reinvestment

Whether or not the Index is a "total return index" and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a "total return index", it will not include any such notional reinvestment.

4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a "**Relevant Person**"), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and *Adjustments*);

(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;

(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;

(d) the Index Sponsor making a modification or change to the Index Conditions; and

(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.

9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the

Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.

Section D: Definitions

Definitions

References to the "**applicable Index Methodology**" are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a "Section" shall be references to a section of these Index General Conditions.

References to a "Part" shall be references to a part of the applicable Index Methodology.

"**Adjustment Event**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Affected Constituent**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Affiliate**" shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, "control" of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

"**Amount**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Calculations**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Citi**" shall mean Citigroup Inc. and its Affiliates.

"**Classification**" shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

"**Constituent**" shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as "i" (and the total number of Constituents shall be denoted as "n"), unless specified otherwise.

"**Constituent Closing Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Inclusion Date**" shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

"**Constituent Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Schedule**" shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

"**Corrected Level**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Correction Period**" shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

"**Disrupted Day**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Electronic Page**" shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

"**Eligible Constituent**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

"**Eligible Universe**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

"**Index Base Currency**" shall mean the currency specified as such in the applicable Index Methodology.

"**Index Business Day**" shall have the meaning given to it in the applicable Index Methodology.

"**Index Calculation Agent**" shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

"**Index Conditions**" shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

"**Index Electronic Page**" shall mean (1) the electronic page or source specified as such in Part B (*Key Information*) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

"**Index Launch Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Level**" shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

"**Index Linked Product**" shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

"**Index Sponsor**" shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

"**Index Start Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Start Level**" shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

"**Index Valuation Time**" have the meaning given to it in the applicable Index Methodology.

"**Information**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Rebalancing Date**" shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.

"**Replacement**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Replacement Criteria**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Reweighting**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Scheduled Valuation Date**" shall mean each date specified as such in the applicable Index Methodology.

"**Selection Day**" shall mean each date specified as such in the applicable Index Methodology.

"**Valuation Date**" shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (*Valuations and Adjustments*).

"**Valuation Roll**" shall mean the number specified as such in the applicable Index Methodology.

"**Weight**" shall have the meaning given to it in the applicable Index Methodology.

Section E: Miscellaneous

Miscellaneous

1. CALCULATIONS AND DETERMINATIONS

(a) *General*

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, "**Calculations**") in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index Linked Product.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) *Rounding*

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value ("**Amount**") calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) *Use of estimates*

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, "**Information**") and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) *No verification of Information*

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) *Corrections*

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) *Reliance*

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) *Not acting as fiduciary or agent*

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) *Dates and times of calculations*

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be “on” or “as at” a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. CONFLICTS OF INTEREST

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents (each, for the purposes of this Section E, a "**Relevant Person**") may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading "Risk Factors", "Investment Considerations" or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor's proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

Section F: Constituent Schedule

Constituent Schedule

SHARE

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Share".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Shares.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Share and a Valuation Date for such Share and unless otherwise specified in the applicable Index Methodology, the official closing price of such Share on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Share and a Valuation Time on a Valuation Date for such Share, the price of such Share at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share and a Scheduled Trading Day for such Share, the time when the price of such Share is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Share, any Scheduled Trading Day for such 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 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 (i) any relevant Exchange of such Share; or (ii) any relevant Related Exchange of futures contracts or options contracts relating to such Share; or

(c) the occurrence or existence 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 (d) or Sub-paragraph (e) of this definition) which disrupts or impairs the ability of market participants in general (i) (on any relevant Exchange) to effect transactions in or to obtain market values for such Share; or (ii) (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

(d) the closure 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

(e) the closure on any Exchange Business Day of any relevant 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 Valuation Time on such Exchange Business Day).

3. ADJUSTMENT EVENTS

"**Adjustment Event**" shall mean, in respect of a Share, the occurrence of any of the events set out below:

(a) a Corporate Action; or

(b) a Delisting; or

(c) an Insolvency; or

(d) a Merger Event; or

(e) a Nationalization; or

(f) a Tender Offer.

(a) Corporate Action

"**Corporate Action**" shall mean, in respect of relevant Shares, any of the following events (provided that, in each case, the relevant event has a diluting or concentrative effect on the theoretical value of the relevant Shares):

(i) a subdivision, consolidation or reclassification of such Shares, unless resulting in a Merger Event; or

(ii) a free distribution or dividend of such Shares to existing holders by way of bonus, capitalization or similar issue; or

(iii) a distribution, issue or dividend to existing holders of such 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 its Shares; or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by such 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; or

(iv) an Extraordinary Dividend; or

(v) a call by the relevant Share Company in respect of such Shares which are not fully paid; or

(vi) a repurchase by the relevant Share Company or any of its subsidiaries of such Shares, whether out of profits or capital, and whether the consideration for such repurchase is cash, securities or otherwise; or

(vii) in respect of the relevant 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 (PROVIDED THAT any adjustment effected as a result of such an event may be readjusted upon any redemption of such rights); or

(viii) any other event which may have a diluting or concentrative effect on the theoretical value of such Shares.

(b) *Delisting*

"**Delisting**" shall mean, in respect of relevant Shares, that any 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 such Exchange (or, where such Exchange is located within the European Union, in any member state of the European Union) or another exchange or quotation system (that is acceptable to the Index Calculation Agent) located in another country (that is acceptable to the Index Calculation Agent). In addition, it will also constitute a Delisting if the relevant Exchange is located in the United States and the relevant Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the NASDAQ Global Select Market and the NASDAQ Global Market (or their respective successors)

(c) *Insolvency*

"**Insolvency**" shall mean, 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 such Shares become legally prohibited from transferring or redeeming such Shares; or (ii) an Insolvency Event occurs in respect of such Share Company.

"**Insolvency Officer**" shall mean an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official.

"**Insolvency Event**" shall mean, in respect of an entity, that such entity (i) is dissolved or has a resolution passed for its dissolution, winding-up or 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) either (A) institutes, or has instituted against it by a Competent Official, a proceeding seeking an Insolvency Judgment, 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 an Insolvency Judgment, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person not described in (A) above and either (1) results in an Insolvency Judgment or the entry of an order for relief or the making of an order for its winding up or liquidation; or (2) is not dismissed, discharged, stayed or restrained, in each case within 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 of its assets; or (v) has a secured party take possession of all or substantially all of 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 of its assets (and such process is not dismissed, discharged, stayed or restrained within 15 days thereafter); or (vii) the holders of securities issued by such entity become legally prohibited from transferring such securities; or (viii) 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**" shall mean, in respect of such entity, a regulator, supervisor or other similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or in the jurisdiction of its head office or home office; "**Insolvency Law**" shall mean any bankruptcy law, insolvency law or other similar law affecting creditors' rights; and "**Insolvency Judgment**" shall mean any judgment of insolvency or bankruptcy or any other relief under any Insolvency Law.

(d) *Merger Event*

"**Merger Event**" shall mean, in respect of 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 it is the continuing entity and which does not result in a reclassification 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 for the relevant Share Company, which results in a transfer of or an irrevocable commitment to transfer all such Shares (other than those owned or controlled by such 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 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.

(e) *Nationalization*

"**Nationalization**" shall mean, in respect of a Share Company, that all the Shares or all the assets or substantially all the assets of such Share Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

(f) *Tender Offer*

"**Tender Offer**" shall mean, 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 assessed with reference to the filings made with governmental or self-regulatory agencies or such other reasonably relevant information.

4. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Share, two Index Business Days.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Share, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Exchange**" shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, the primary exchange, trading system or quotation system in respect of such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such Share has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Share on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system).

"**Exchange Business Day**" shall mean, in respect of a Share, any Scheduled Trading Day for such Share on which each relevant Exchange and each relevant Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such Related Exchange closing prior to its Scheduled Closing Time.

"**Extraordinary Dividend**" shall mean, in respect of a Share, a dividend or a distribution or portion thereof which is determined by the Index Calculation Agent to be an extraordinary dividend relating to such Share having regard to general market consensus.

"**Related Exchange**" shall mean, in respect of a Share and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such futures contracts or options contracts has temporarily relocated (PROVIDED THAT that there is comparable liquidity relative to such futures contracts or options contracts on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share.

"**Scheduled Closing Time**" shall mean, 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**" shall mean, in respect of a Share, any day on which each relevant Exchange and each relevant Related Exchange is scheduled to be open for trading for its regular trading session.

"**Share**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Share Company**" shall mean, in respect of a Share, the issuer of such Share.

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Citi Multi-Asset Systematic Trend (MASTR) Europe Excess Return Index

Index Methodology

Citi Investment Strategies

27 January 2012

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Part A: Introduction

Introduction

This document constitutes the "**Index Methodology**" in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology and the Index General Conditions dated 16 November 2011 (as amended from time to time, the "**Index General Conditions**") together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.

Part B: Key Information

Key Information

Index:	Citi Multi-Asset Systematic Trend (MASTR) Europe Excess Return Index (the "**Index**")
Summary of strategy:	The Index tracks the excess return (i.e. the return above a cash rate) of a trend-following multi-asset allocation strategy that provides variable exposure to four distinct asset classes: equities, real estate, commodities and fixed income. The allocation to each asset class is adjusted, potentially every month, following the monthly observation of a trend-following technical indicator or “signal”. The “signal” which is observed on each monthly observation date is the relationship between the long-term (200 day) and short-term (50 day) averages of the level of each of the potential Index constituents. If the 50-day average of a potential constituent is above its 200-day average, that potential constituent (and its asset class as a whole) is considered to be in an “upward trend”. Conversely, if the 50-day average of a potential constituent is below its 200-day average, that potential constituent (and its asset class as a whole) is considered to be in an “downward trend”. The Index rebalances its allocation to the constituents on a monthly basis. Constituents in asset classes that are considered to be in an upward trend at the time of the monthly observation are included in the Index for the next period. Constituents in asset classes that are considered to be in a downward trend are excluded. The allocation to individual constituents is subject to specified maximum weights to retain a degree of diversification. A volatility limit is also imposed on the Index as a whole, whereby the exposure of the Index to its existing constituents is scaled back proportionally when the volatility of the Index is above a defined threshold. Volatility for these purposes is observed on a daily basis by reference to the weighted performance of the existing constituents of the Index.
Index Sponsor:	Citigroup Global Markets Limited
Index Calculation Agent:	Citigroup Global Markets Limited
Index Base Currency:	Euro (EUR)
Index Launch Date:	15 June 2011
Index Start Date:	29 March 2001
Index Start Level:	1,000
Index Fee:	Not Applicable
Strategic Allocation Start Date:	28 February 2001
Strategic Allocation Start Level:	1,000
Frequency of calculation of the Index Level:	Daily, as of each Index Business Day
Frequency of rebalancing:	Monthly, as of each Rebalancing Date
Index Electronic Page:	Bloomberg page CIISMSEE <Index>

The Index was launched by the Index Sponsor as of the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

Part C: Overview of the Index

Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (*Calculation of the Index Level*) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a rules-based proprietary index developed by the Index Sponsor.

The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

The Index Level is calculated in the Index Base Currency by the Index Calculation Agent as of every Index Business Day (as defined in Part E (*Data*) below) and is generally published on the following Index Business Day. The Index has been calculated on a live basis since the Index Launch Date and has been back-tested for the period since the Index Start Date.

The Index tracks the excess return (i.e. the return above a cash rate) of a trend-following multi-asset allocation strategy. The performance of the Index is dependent on the performance of two distinct components and the allocation of the Index between those two components from time to time. The two components are:

(1) the Strategic Allocation, which represents a notional basket of constituents selected from the Eligible Universe (as defined in Part E (*Data*) below) of market indices (each such market index, an "**Eligible Constituent**") on a monthly basis in accordance with the methodology described below; and

(2) the Cash Constituent, a notional cash constituent which represents a synthetic overnight interest rate for the Index Base Currency.

The Eligible Constituents are organized into groups, each of which nominally represents a particular asset class or segment within an asset class (each such group, an "**Asset Class**"). The Asset Classes broadly represented are: equities, commodities, real estate and fixed income. Where an Asset Class consists of only one Eligible Constituent, all references below to Eligible Constituents in the plural form apply equally in the singular.

This Index methodology (the "**Methodology**") is designed to increase allocation to the Eligible Constituents of an Asset Class when **all** the Eligible Constituents of such Asset Class are observed to be in an Upward Trend (as defined below in this Part C (*Overview of the Index*)). Conversely, when **any** Eligible Constituent of an Asset Class is observed to be in a Downward Trend (as defined below in this Part C (*Overview of the Index*)), the Methodology is designed to decrease allocation away from all Eligible Constituents of that Asset Class. The Upward Trends and Downward Trends relevant to each Eligible Constituent are determined with reference to short and long term averages – an Eligible Constituent that has a 50-day average level that is greater than its 200-day average level is determined to be in an Upward Trend, while an Eligible Constituent will be determined to be in a Downward Trend if its 50-day average is lower than or equal to its 200-day average.

By comparing the 50-day and 200-day averages, a momentum based approach is adopted towards the selection of the Constituents of the Index. When all the Eligible Constituents of an Asset Class are in an Upward Trend and performing increasingly well, all the Eligible Constituents of that Asset Class are selected for inclusion in the Strategic Allocation (as determined pursuant to Part D (*Calculation of the Index Level*) below). By contrast, if any Eligible Constituent of an Asset Class is not performing increasingly well and thus showing a Downward Trend, all the Eligible Constituents within that Asset

Class are ignored (i.e. removed from the Strategic Allocation or not included in the Strategic Allocation at that time).
Whilst the Eligible Constituents of an Asset Class are selected as of a Selection Day, they become Constituents included in the Strategic Allocation only as of the Rebalancing Date following such Selection Day. To ensure that the Index retains a degree of diversification, exposure to each Asset Class is further subject to maximum allocation limits. By applying these rules and determining the Constituents in this manner, the Index Methodology determines a Strategic Allocation for the Index as of each Selection Day. Should the allocation of the Strategic Allocation to Eligible Constituents be less than 100%, the remainder of the Strategic Allocation will be notionally allocated to the Cash Constituent as of the Rebalancing Date following the relevant Selection Day.

In addition, the Index features a volatility control mechanism, which decreases the Exposure (as defined in Part D (*Calculation of the Index Level*)) of the Index to the Strategic Allocation and correspondingly increases the allocation to the Cash Constituent when the volatility of the Index is above a certain threshold. Therefore, the Strategic Allocation and the Cash Constituent contribute a variable proportion to the Index Level, with the Strategic Allocation contributing a higher proportion to the Index in times of low volatility and a lower proportion when volatility is higher. The opposite is true for the Cash Constituent.

Notional costs representing the transaction, replication and currency hedging costs notionally incurred: (1) in gaining notional exposure to the Constituents selected for inclusion in the Strategic Allocation, and (2) in rebalancing the Constituents, are applied to the calculation of the Strategic Allocation Level. Additional notional costs may also be incurred on a daily basis in relation to any adjustment of the Exposure (defined in Part D (*Calculation of the Index Level*) below) to the Strategic Allocation within the Index. These costs will adversely affect the Strategic Allocation Level and, by extension, will also adversely affect the Index Level.

The Citi Multi-Asset Systematic Trend (MASTR) Europe Excess Return Index uses a trend-following methodology to determine weights for the Constituents on a quarterly basis, such that the Index will be exposed to different Constituents from time to time depending on the Asset Class performance trends identified by the Methodology. The Index is subject to a variety of market risks. The Methodology on which the Index is based may not be successful and may not outperform any alternative strategy that might be employed in respect of the Eligible Universe.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

As at the date of this Index Methodology, the Index Sponsor shall also act as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (*Definitions*) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (as defined in Part E (*Data*) below). The Index Level as of each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for that Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (*Calculation of the Index Level*) below.

The Index Level reflects the performance of two components: (1) the Strategic Allocation and (2) the Cash Constituent.

The purpose of distinguishing between the Strategic Allocation and the Cash Constituent is to apply a level of volatility control to the Index. As the volatility of the Strategic Allocation increases above a defined threshold, the Index reduces Exposure to the Strategic Allocation; as the volatility of the Strategic Allocation decreases, Exposure to the Strategic Allocation is increased. The Index is not leveraged, so in all cases the proportion of the Index that is not exposed to the Strategic Allocation is allocated to the Cash Constituent of the Index. The Methodology adjusts the proportion of these two components by observing the volatility of the Strategic Allocation on a daily basis. The Strategic Allocation itself represents a basket of Constituents. Each Constituent will be included in the Strategic Allocation at a Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) equal to the Percentage Weight of the other selected Constituents, up to the limits specified as the Maximum Percentage Weights for each individual Eligible Constituent and the Asset Class Constraints set out in Part E (*Data*) below.

The Gross Index Level (as defined in Part D (Calculation of the Index Level) below) is determined by the Index Calculation Agent as an initial step before the determination of the Index Level as of each Index Business Day. The Index Level as of each Index Business Day is then determined by the Index Calculation Agent by accruing and deducting a cash return (determined on the basis of overnight deposit rates for the Index Base Currency) on a daily basis from the Gross Index Level as of such Index Business Day.

4. MONTHLY REBALANCING

Subject to the occurrence or existence of a Disrupted Day, the Strategic Allocation is rebalanced on a monthly basis as of a Rebalancing Date (as defined in Part E (*Data*) below) which falls on the date which is two Index Business Days after the relevant Selection Day . As of each Selection Day, the Index Calculation Agent will select those Eligible Constituents of the Eligible Universe (as defined in Part E (*Data*) below) that represent Asset Classes in an Upward Trend. These Constituents are notionally included in the Strategic Allocation after the Index Valuation Time as of the relevant Rebalancing Date. The Percentage Weights of these Constituents will be subject to the Asset Class they represent, their Maximum Percentage Weights and the number of Asset Classes in an Upward Trend included in the Strategic Allocation.

The Strategic Allocation Level will also take into account certain costs in the monthly rebalancing of the Strategic Allocation. Such costs are notionally incurred in relation to the adjustment of the exposure to the selected Constituents within the Strategic Allocation.

5. SELECTION OF CONSTITUENTS AND DETERMINATION OF PERCENTAGE WEIGHTS

The Index Methodology selects the components of the Strategic Allocation from seven different Eligible Constituents grouped into four Asset Classes as of each Rebalancing Date.

As of each Selection Day, the Index Methodology requires the Index Calculation Agent to determine the Constituents of the Strategic Allocation. The Eligible Constituents that may be selected for inclusion in the Strategic Allocation as Constituents form a defined selection universe, the "**Eligible Universe**" (as defined in Part E (*Data*) below). Based on the recent performance of the Eligible Constituents and whether the Asset Classes represented by these Eligible Constituents are in an Upward Trend or not, those Eligible Constituents in an Asset Class where all Eligible Constituents are in an Upward Trend will be selected for inclusion in the Strategic Allocation as Constituents. The other Eligible Constituents are excluded from the Strategic Allocation altogether until the next Selection Day.

Also as of each Selection Day, the Index Methodology requires the Index Calculation Agent to determine the Percentage Weights of the selected Constituents in the Strategic Allocation.

These determinations are based on fixed maximum allocations for each Constituent and the number and type of Asset Classes included in the Strategic Allocation as of that Selection Day. The Index Calculation Agent will, as of such Selection Day, determine the Percentage Weights for the Constituents according to the following algorithm:

5.1 Compare 50-day average levels against 200-day average levels

For each Eligible Constituent in the Eligible Universe, the average Constituent Closing Level over the immediately preceding 50 Index Business Days up to and including the relevant Selection Day ("**Short-Term Average Level**") is compared to the average Constituent Closing Level over the immediately preceding 200 Index Business Days up to and including the relevant Selection Day ("**Long-Term Average Level**").

5.2 Determine whether each Eligible Constituent, and each Asset Class, is in an Upward or Downward Trend

If the Short-Term Average Level of an Eligible Constituent is higher than its Long-Term Average Level then such Eligible Constituent is considered to be in an "**Upward Trend**". If the Short-Term Average Level of an Eligible Constituent is lower than or equal to its Long-Term Average Level then such Eligible Constituent is considered to be in a "**Downward Trend**".

If **all** the Eligible Constituents in the same Asset Class are in an Upward Trend then that Asset Class is considered to be in an Upward Trend and all the Eligible Constituents of such Asset Class are selected as Constituents for inclusion in the Strategic Allocation; in all other cases, that Asset Class is considered to be in a Downward Trend.

5.3 Allocate Percentage Weights to selected Constituents in an Asset Class considered to be in an Upward Trend

The Index Methodology selects only those Asset Classes that are considered to be in an Upward Trend. At this stage the Cash Constituent is excluded from the allocation. The Percentage Weights are distributed equally among all selected Constituents, subject to the Maximum Percentage Weight ascribed to each Constituent and subject further to limits represented by the Asset Class Constraints (as defined in Part E (*Data*) below).

For the avoidance of doubt, the Percentage Weight of all Eligible Constituents in an Asset Class considered to be in a Downward Trend will be zero (0).

5.4 Determine allocation to the Cash Constituent

The sum of the Percentage Weights of the selected Constituents and of the Cash Constituent (if any) will always be equal to 100 per cent. The percentage of the Strategic Allocation notionally allocated to the Cash Constituent will be equal to the Maximum Cash Constituent Weight (100%) minus the sum of the Percentage Weights of all selected Constituents within the Strategic Allocation.

6. DETERMINATION OF WEIGHTS

As of each Rebalancing Date following a Selection Day, the Index Calculation Agent determines the Weight of each selected Constituent within the Index.

The difference between "weight" and "percentage weight" can be understood as the difference between the notional investment in a constituent in an index (the weight) and the proportion that each constituent has to the overall level of the index (the percentage weight). The weight of a constituent is determined in respect of a rebalancing date by reference to the designated percentage weight of the constituent, the level of the index and the level of the constituent as of the rebalancing date. The weight of each constituent remains fixed between rebalancing dates save for adjustments as a result of changes to the constituents or extraordinary events. Unlike percentage weight, which is a snapshot of the proportion that a certain constituent has within the index as a whole, weight assesses the synthetic investment value of that constituent within the index. Because constituent levels fluctuate, the proportion that each constituent contributes to the index on any day depends on the relative performance of that constituent compared with the performance of the index as a whole. As such, the percentage weight of a constituent in an index can vary from day to day. On the other hand, a constituent included within an index on a certain rebalancing day, and having a certain percentage weight as of that day, will be represented by a weight which is fixed until the next rebalancing day.

In the Index, the Index Calculation Agent shall, as of each Rebalancing Date following the Index Start Date, determine the Current Percentage Weight (as defined in (as defined in Part D (*Calculation of the Index Level*) below) of each selected Constituent in the Strategic Allocation as of such Rebalancing Date. The Current Percentage Weight is the proportion that the relevant selected Constituent has in the Strategic Allocation as a whole prior to the rebalancing, expressed as a percentage. For the avoidance of doubt, any selected Constituent that is not already an existing Constituent in the Strategic Allocation as of the previous Rebalancing Date will be deemed to have a Current Percentage Weight of zero as of the current Rebalancing Date.

The Weight of each selected Constituent will then be determined as a function of its Percentage Weight and the Strategic Allocation Level (i.e. the Strategic Allocation Level is split into that proportion attributable to the Percentage Weight of each selected Constituent), which is then divided by the Index Constituent Level of the relevant selected Constituent.

To the extent that the Percentage Weight is higher than the Current Percentage Weight of a selected Constituent, a Notional Spread (as defined in Part E (*Data*) below) will be applied to the difference between these two percentages. The Notional Spread is a fixed percentage that represents estimated notional transactional costs that would be incurred by a hypothetical investor notionally purchasing the selected Constituents and serves to reduce the Weight that the selected Constituent would otherwise have had in the Strategic Allocation. Overall, this reduction will lower the Index Level from the level it would otherwise have occupied if notional transactional costs had not been taken into account.

The Weights of the Constituents will remain constant between Rebalancing Dates, save for adjustments to take account of certain extraordinary events, as described in detail in Part D (*Calculation of the Index Level*) and Section B (*Valuations and Adjustments*) of the Index General Conditions.

Part D: Calculation of the Index Level

Calculation of the Index Level

1. INTRODUCTION

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor also acts in the capacity of Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part E (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Additional Adjustment Events as set out below in this Part D, Disrupted Days and Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedules*) of the Index General Conditions).

2. DAILY INDEX CALCULATION

2.1 Index Level

The "**Index Level**" as of the Index Start Date shall be the Index Start Level.

The "**Index Level**" as of each Index Business Day t following the Index Start Date shall be an amount determined by the Index Calculation Agent as of the Index Valuation Time on such Index Business Day t in accordance with the following formula. The formula subtracts a daily cash return from the Gross Index Level (as defined in paragraph 2.2 below).

$$IL_t = IL_{t-1} \times \left[1 + \left(\frac{GIL_t}{GIL_{t-1}} - 1 \right) - \left(Rate_{t-1} \times \frac{t_t - t_{t-1}}{360} \right) \right]$$

where:

IL_t	=	Index Level as of Index Business Day t
IL_{t-1}	=	Index Level as of the Index Business Day immediately preceding Index Business Day t
GIL_t	=	Gross Index Level as of Index Business Day t (as determined in accordance with paragraph 2.2 below)
GIL_{t-1}	=	Gross Index Level as of the Index Business Day immediately preceding Index Business Day t
$Rate_{t-1}$	=	The benchmark rate calculated by the European Central Bank as the weighted average of all overnight unsecured lending transactions in the European interbank market in respect of the Index Business Day immediately

preceding Index Business Day t (as displayed on Bloomberg page EONIA <Index> or such other Electronic Page as the Index Calculation Agent may determine appropriate), provided that if such reference rate is unavailable for any reason, the applicable rate shall be the rate prevailing as of the preceding Index Business Day for which such reference rate is available

$(t_t - t_{t-1})$	=	The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

2.2 Gross Index Level

The "**Gross Index Level**" as of the Index Start Date shall be equal to the Index Start Level.

The "**Gross Index Level**" as of each Index Business Day t following the Index Start Date shall be an amount determined by the Index Calculation Agent as of the Index Valuation Time on such Index Business Day t in accordance with the formula set out below.

The Gross Index Level is a function of (a) the allocation of the Index on each Index Business Day between the Strategic Allocation (as defined in paragraph 3.1 below) and the Cash Constituent (as defined in Part E (*Data*) below), and (b) the respective performances of the Strategic Allocation and the Cash Constituent. The allocation of the Index to the Strategic Allocation is referred to as the Exposure.

The Gross Index Level is also reduced by an amount equal to the Exposure Notional Spread (as defined in paragraph 2.3 below), which reflects certain notional transaction costs.

$$GIL_t = GIL_{t-1} \times \left(1 + Exposure_t \times \left(\frac{SAL_t}{SAL_{t-1}} - 1\right) + \left(1 - Exposure_t\right) \times \left(\frac{ICL_{C,t}}{ICL_{C,t-1}} - 1\right)\right) - ENS_t$$

where:

GIL_t	=	Gross Index Level as of Index Business Day t
GIL_{t-1}	=	Gross Index Level as of the Index Business Day immediately preceding Index Business Day t
$Exposure_t$	=	The Exposure (as defined in paragraph 2.4 below) of the Index to the Strategic Allocation, in respect of Index Business Day t
SAL_t	=	Strategic Allocation Level (as defined in paragraph 3.2 below), as of Index Business Day t
SAL_{t-1}	=	Strategic Allocation Level as of the Index Business Day immediately preceding Index Business Day t
$ICL_{C,t}$	=	The Index Constituent Level (as defined in paragraph 3.5 below) of the Cash Constituent as of Index Business Day t
$ICL_{C,t-1}$	=	The Index Constituent Level of the Cash Constituent as of the Index Business Day immediately preceding Index Business Day t
ENS_t	=	Exposure Notional Spread (as defined in paragraph 2.3 below) in relation to any adjustment of the Exposure in respect of Index Business Day t

2.3 Exposure Notional Spread

The Exposure Notional Spread in respect of each Index Business Day t is the aggregate of the notional transaction costs associated with any adjustment to the Exposure in respect of the relevant Index Business Day, as set out in detail in the formula below. Such notional transaction costs arise because any adjustment of the Exposure of the Index to the Strategic Allocation will require an increase or decrease in the market risk represented by the Strategic Allocation within the Index.

The "**Exposure Notional Spread**" in respect of each Index Business Day t is determined in accordance with the following formula:

$$ENS_t = abs\left(Exposure_t - Exposure_{t-1}\right) \times \sum_{i=1}^{n} ICL_{i,t} \times W_{i,t} \times \frac{Notional\ Spread_i}{2}$$

where:

ENS_t	=	Exposure Notional Spread in respect of Index Business Day t
abs	=	The absolute difference between the two values separated by a minus symbol in the following set of brackets, such that the result is always a positive number
$Exposure_t$	=	Exposure (as defined in paragraph 2.3 below) as of Index Business Day t
$Exposure_{t-1}$	=	Exposure as of the Index Business Day immediately preceding Index Business Day t.
$\sum_{i=1}^{n}$	=	Means the sum of the series of values achieved by calculating the formula following such symbol for each i from 1 through n (inclusive), such that, for example: $\sum_{i=1}^{4}(i+y)$ = [(1 + y) + (2 + y) + (3 + y) + (4 + y)]
n	=	The number of Constituents included in the Index as of Index Business Day t
$ICL_{i,t}$	=	The Index Constituent Level (as defined in paragraph 3.5 below) of Constituent i as of Index Business Day t
$W_{i,t}$	=	The Weight of Constituent i as of Index Business Day t in the Strategic Allocation (as determined in accordance with paragraph 3.3 below)
Notional $Spread_i$	=	The Notional Spread of Constituent i as defined in Part E (*Data*) below

2.4 Exposure

The Exposure of the Index to the Strategic Allocation is determined in respect of each Index Business Day t by reference to the short term volatility of the Strategic Allocation Level (as defined in paragraph 3.2 below) over the period of 21 Index Business Days ending on, and including, the Index Business Day immediately preceding Index Business Day t. The Exposure of the Index to the Strategic Allocation will never be more than 100% and will never be less than 0%.

The Exposure of the Index to the Strategic Allocation will only be adjusted if the difference between the Exposure calculated as of the relevant Index Business Day and the Exposure calculated as of the immediately preceding Index Business Day is greater than the "**Volatility Buffer**" (as defined in Part E (*Data*)). Once determined in relation to Index Business Day t, the Exposure shall be used in the determination of the Index Level as of the Index Valuation Time on such Index Business Day t. The purpose of the Volatility Buffer is to prevent excessive rebalancing between the Strategic Allocation and the Cash Constituent within the Index to adjust for small changes in Exposure.

The "**Exposure**" in respect of Index Business Day t is determined in accordance with the following steps:

(1) Determine the proportion between the Volatility Cap (as defined in Part E (*Data*) below) and the Realized Volatility (as defined below) calculated as of the Index Business Day immediately preceding Index Business Day t:

$$\frac{VC}{RVol_{t-1}}$$

provided that the result may be neither greater than 1 nor less than 0;

(2) Determine the absolute difference between this proportion and the Exposure calculated as of the Index Business Day immediately preceding Index Business Day t in accordance with the following formula:

$$abs\left(\frac{VC}{RVol_{t-1}} - Exposure_{t-1}\right)$$

(3) Determine whether the absolute difference calculated in step (2) above is (i) less than the Volatility Buffer or (ii) equal to or greater than the Volatility Buffer:

(i) If the absolute difference is less than the Volatility Buffer, the Exposure in respect of such Index Business Day t shall be equal to the Exposure as of the immediately preceding Index Business Day;

(ii) In all other cases, the Exposure in respect of such Index Business Day shall be equal to the proportion determined in step (1) above.

This can be mathematically expressed as the following single formula:

$$Exposure_t = \begin{cases} Exposure_{t-1}, & \text{if} \quad abs\left(\min\left(ExpMax, \max\left(ExpMin, \frac{VC}{RVol_{t-1}}\right)\right) - Exposure_{t-1}\right) < VC\ Buffer \\ \min\left(ExpMax, \max\left(ExpMin, \frac{VC}{RVol_{t-1}}\right)\right), & \text{otherwise} \end{cases}$$

where:

$Exposure_t$	=	Exposure in respect of Index Business Day t. Where Index Business Day t is the Index Start Date, Exposure shall be deemed to be 1.
$Exposure_{t-1}$	=	Exposure in respect of the Index Business Day immediately preceding Index Business Day t
VC	=	Volatility Cap (as defined in Part E (*Data*) below)
$RVol_{t-1}$	=	Realized Volatility as of the Index Business Day immediately preceding Index Business Day t

VC Buffer	=	Volatility Buffer (as defined in Part E (*Data*) below)
ExpMax	=	1 (Since the Exposure shall never be greater than 1)
ExpMin	=	0 (Since the Exposure shall never be less than 0)

The "**Realized Volatility**" as of any Index Business Day t for purposes of calculating Exposure is determined according to the following formula:

$$RVol_t = \sqrt{\frac{n \times \sum_{i=0}^{n-1}\left(\ln\left(\frac{SAL_i}{SAL_{i+1}}\right)^2\right) - \left(\sum_{i=0}^{n-1}\ln\left(\frac{SAL_i}{SAL_{i+1}}\right)\right)^2}{n \times (n-1)} \times 252}$$

$RVol_t$	=	Realized Volatility as of Index Business Day t
SAL_i	=	The Strategic Allocation Level as of Index Business Day i. If Index Business Day i is a Disrupted Day in respect of any of the Constituents included in the Strategic Allocation on such Index Business Day, then, for these purposes, SAL_i shall be deemed to be equal to the Strategic Allocation Level as of the immediately preceding Index Business Day that was not a Disrupted Day for any of the applicable Constituents.
SAL_{i+1}	=	The Strategic Allocation Level as of the Index Business Day immediately following Index Business Day i, up to and including Index Business Day t. If Index Business Day i+1 is a Disrupted Day in respect of any of the Constituents included in the Strategic Allocation on such Index Business Day, then, for these purposes, SAL_{i+1} shall be deemed to be equal to the Strategic Allocation Level as of the immediately preceding Index Business Day that was not a Disrupted Day for any of the applicable Constituents.
n	=	21, representing the average number of Index Business Days in a month
i	=	Each Index Business Day from, but excluding, the 21st Index Business Day before Index Business Day t, up to and including, Index Business Day t
ln	=	The natural logarithmic function

3 THE STRATEGIC ALLOCATION

3.1 Description of the Strategic Allocation

The "**Strategic Allocation**" on any Index Business Day t comprises the basket of Constituents selected in accordance with the trend-following methodology, described in detail in paragraph 4 below, in their respective Weights (determined in accordance with paragraph 3.3 below). The Strategic Allocation may be viewed as the core asset allocation of the Index prior to adjusting exposure in accordance with the Exposure determination (as described above) and prior to the deduction of the amounts as part of the determination of both the Gross Index Level and the Index Level. The Cash Constituent will form part of the Strategic Allocation at any time if the sum of the Percentage Weights of all selected Constituents within the Strategic Allocation is less than the Maximum Cash Constituent Weight (being 100%).

3.2 Strategic Allocation Level

The "**Strategic Allocation Level**" as of the Strategic Allocation Start Date shall be the Strategic Allocation Start Level.

The "**Strategic Allocation Level**" as of each Index Business Day t (following the Strategic Allocation Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of the Index Constituent Level of each Constituent within the Strategic Allocation and its prevailing Weight (each as defined below).

$$SAL_t = \sum_{i=1}^{n} \left(ICL_{i,t} \times Weight_{i,r} \right)$$

where:

SAL_t	=	Strategic Allocation Level as of Index Business Day t
$ICL_{i,t}$	=	Index Constituent Level of Constituent i as of Index Business Day t (as determined in accordance with paragraph 3.5 below)
$Weight_{i,r}$	=	Weight of Constituent i as of the immediately preceding Rebalancing Date r (or the Strategic Allocation Start Date, as the case may be), as determined in accordance with paragraph 3.3 below
n	=	The number of selected Constituents included in the Strategic Allocation as of Index Business Day t

On Rebalancing Date r, the Strategic Allocation Level is calculated using the respective Weights (as determined on Rebalancing Date r-1) of each selected Constituent (as selected on the Selection Day immediately preceding Rebalancing Date r-1), subject to any subsequent adjustment of any Constituent's Weight as a result of any Additional Adjustment Event or Adjustment Event. Beginning with the first Index Business Day following Rebalancing Date r, up to and including Rebalancing Date r+1 (but prior to the rebalancing of the Index on such Rebalancing Date r+1), the Strategic Allocation Level is calculated using the Constituents selected on the Selection Day immediately preceding Rebalancing Date r and their respective Weights (as determined on Rebalancing Date r).

3.3 Weight

The Index Calculation Agent shall determine the Weight of each of the selected Constituents on the Strategic Allocation Start Date and on each Rebalancing Date. Such Weights shall remain in effect until after the Index Valuation Time on the following Rebalancing Date (when a rebalanced Strategic Allocation takes effect), subject to the occurrence of any Adjustment Event or any Additional Adjustment Event. For the avoidance of doubt, the calculation of the Index Level as of an Index Business Day which falls on a Rebalancing Date utilizes the Weights determined on the previous Rebalancing Date; the Weights determined on the current Rebalancing Date shall only be used in the calculation of the Index Level as of the following Index Business Day.

If the Percentage Weight determined for a selected Constituent in respect of a Rebalancing Date is less than or equal to its Current Percentage Weight (as defined in paragraph 3.4 below), then the Weight for that selected Constituent will be calculated by the Index Calculation Agent as the product of the Percentage Weight of that selected Constituent and the Strategic Allocation Level (giving the proportion of the Strategic Allocation attributable to that selected Constituent), which is then divided by the Index Constituent Level of that new Constituent. The calculation formula is set out in detail below in paragraph (1).

If the Percentage Weight determined for a selected Constituent in respect of a Rebalancing Date is greater than its Current Percentage Weight, then the Weight for that selected Constituent will be calculated by the Index Calculation Agent in the manner described above, except that instead of simply using the Percentage Weight of the selected Constituent to determine the proportion of the Strategic Allocation attributable to that selected Constituent, the Index Calculation Agent will use that Percentage

Weight less an amount which is calculated by applying the Notional Spread to the difference between the Percentage Weight and the Current Percentage Weight. The calculation formula is set out in detail below in paragraph (2).

The "**Weight**" of each selected Constituent on the Strategic Allocation Start Date and each Rebalancing Date shall be an amount determined by the Index Calculation Agent in accordance with the applicable formula of the two formulae set out below:

(1) If, in relation to a selected Constituent i, the Percentage Weight of such selected Constituent i on Rebalancing Date r is less than or equal to the Current Percentage Weight of the same Constituent i on Rebalancing Date r, the Weight of such selected Constituent i shall be calculated in accordance with the following formula:

$$\text{Weight}_{i,r} = \frac{\text{Strategic Allocation Level}_r}{\text{Index Constituent Level}_{i,r}} \times \text{Percentage Weight}_{i,r}$$

or

(2) If, in relation to a selected Constituent i, the Percentage Weight of such selected Constituent i on Rebalancing Date r is greater than the Current Percentage Weight of the same Constituent i on Rebalancing Date r, the Weight of such selected Constituent i shall be calculated in accordance with the following formula:

$$\text{Weight}_{i,r} = \frac{\text{Strategic Allocation Level}_r}{\text{Index Constituent Level}_{i,r}} \times \left(\text{CPW}_{i,r} + \left(\text{PW}_{i,r} - \text{CPW}_{i,r} \right) \times \frac{1}{1 + \text{NS}_i} \right)$$

where:

$\text{Weight}_{i,r}$	=	Weight of selected Constituent i on Rebalancing Date r
Strategic Allocation Level_r	=	Strategic Allocation Level as of Rebalancing Date r
Index Constituent Level_r	=	Index Constituent Level of selected Constituent i on Rebalancing Date r
Percentage $\text{Weight}_{i,r}$ or $\text{PW}_{i,r}$	=	Percentage Weight of selected Constituent i on Rebalancing Date r
$\text{CPW}_{i,r}$	=	Current Percentage Weight of selected Constituent i on Rebalancing Date r. Where Constituent i was not already included in the Strategic Allocation as of the Rebalancing Date prior to Rebalancing Date r, $\text{CPW}_{i,r}$ shall be deemed to be zero
NS_i	=	Notional Spread in respect of selected Constituent i as defined in Part E (*Data*) below

For the avoidance of doubt, only the calculation formula set out in paragraph (1) above is applicable for the purposes of determining the Weight of each selected Constituent as of the Strategic Allocation Start Date and in that context, all references to "Rebalancing Date r" in the formula shall be read as a reference to the Strategic Allocation Start Date.

3.4 Current Percentage Weight

The Current Percentage Weight of a Constituent on any Index Business Day is calculated as the Weight which such Constituent had in the Strategic Allocation from, but excluding, the immediately preceding Rebalancing Date r (or the Strategic Allocation Start Date, as the case may be), multiplied by its Index Constituent Level on such Index Business Day, divided by the Strategic Allocation Level in respect of such Index Business Day.

As of each Index Business Day t, the Index Calculation Agent shall calculate the "**Current Percentage Weight**" in respect of each Constituent i in accordance with the following formula:

$$\text{Current Percentage Weight}_{i,t} = \frac{\text{Weight}_{i,r} \times \text{Index Constituent Level}_{i,t}}{\text{Strategic Allocation Level}_t}$$

where:

Current Percentage $\text{Weight}_{i,t}$	=	Current Percentage Weight of Constituent i on Index Business Day t
$\text{Weight}_{i,r}$	=	Weight of selected Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or the Strategic Allocation Start Date, as the case may be)
Index Constituent $\text{Level}_{i,t}$	=	Index Constituent Level of Constituent i on Index Business Day t
Strategic Allocation Level_t	=	Strategic Allocation Level as of Index Business Day t

Where Index Business Day t is itself a Rebalancing Date, $\text{Weight}_{i,r}$ and Index Constituent $\text{Level}_{i,t}$ are determined prior to the rebalancing taking effect.

3.5 Index Constituent Level

As of each Index Business Day t, the Index Calculation Agent shall calculate the "**Index Constituent Level**" of each Constituent i in accordance with the following formula:

$$\text{Index Constituent Level}_{i,t} = \text{Index Constituent Level}_{i,r} \times \frac{\text{Constituent Closing Level}_{i,t}}{\text{Constituent Closing Level}_{i,r}} \times \left(1 - \text{NRC}_i \times \frac{(t_t - t_r)}{365}\right)$$

where:

Index Constituent $\text{Level}_{i,t}$	=	Index Constituent Level of Constituent i on Index Business Day t
Index Constituent $\text{Level}_{i,r}$	=	Index Constituent Level of Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be). The Index Constituent Level of each Constituent on the Strategic Allocation Start Date, or upon its introduction or reintroduction into the Strategic Allocation, is deemed to be equal to its Constituent Closing Level on the Strategic Allocation Start Date or the relevant Rebalancing Date, as the case may be
Constituent Closing $\text{Level}_{i,t}$	=	Constituent Closing Level (as determined in accordance with paragraph 3.6 below) of Constituent i on Index Business Day t
Constituent Closing $\text{Level}_{i,r}$	=	Constituent Closing Level of Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be)
NRC_i	=	Notional Replication Cost of Constituent i (as defined in Part E (*Data*) below)

$(t_t - t_r)$	=	The number of calendar days from, and including, the Rebalancing Date r immediately preceding Index Business Day t (or from, and including, the Strategic Allocation Start Date, as the case may be) to, but excluding, Index Business Day t. For the avoidance of doubt, if Index Business Day t is itself a Rebalancing Date, $(t_t - t_r)$ will be equal to the number of calendar days from, and including, the preceding Rebalancing Date (or from, and including, the Strategic Allocation Start Date, as the case may be) to, but excluding, the current Rebalancing Date.

3.6 Constituent Closing Level

Constituents

(1) Except as specified below, the Constituent Closing Level of each Constituent on any Index Business Day t shall be as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions and the Constituent Schedule applicable to the relevant Constituent.

Cash Constituent

(2) In respect of the Cash Constituent, the Constituent Closing Level on any Index Business Day t shall be determined in accordance with the following formula:

$$CL_t = CL_{t-1} \times \left(1 + Rate_{t-1} \times \frac{dc(t-1,t)}{360}\right)$$

Where:

CL_t	=	Constituent Closing Level of the Cash Constituent on Index Business Day t. Where Index Business Day t is the Strategic Allocation Start Date, the Constituent Closing Level has a notional value of EUR 1,000
CL_{t-1}	=	Constituent Closing Level of the Cash Constituent on the Index Business Day immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be)
$Rate_{t-1}$	=	The benchmark rate calculated by the European Central Bank as the weighted average of all overnight unsecured lending transactions in the European interbank market in respect of the Index Business Day immediately preceding Index Business Day t (as displayed on Bloomberg page EONIA <Index> or such other Electronic Page as the Index Calculation Agent may determine appropriate), provided that if such reference rate is unavailable for any reason, the applicable rate shall be the rate prevailing as of the preceding Index Business Day for which such reference rate is available
dc(t-1,t)	=	The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

Joint Constituent

(3) The Constituent Closing Level of the Joint Constituent shall be determined as follows:

$$CCL_{JC,t} = CCL_{JC,r} \times \left(1 + 0.6 \times \left(\frac{FxCL_{SPTRH,t}}{FxCL_{SPTRH,r}} - 1\right) + 0.4 \times \left(\frac{FxCL_{MSCIJPY,t}}{FxCL_{MSCIJPY,r}} - 1\right)\right)$$

Where:

$CCL_{JC,t}$ = Constituent Closing Level of the Joint Constituent as of Index Business Day t. Where Index Business Day t is the Strategic Allocation Start Date, the Constituent Closing Level of the Joint Constituent shall be deemed to be 1,000

$CCL_{JC,r}$ = Constituent Closing Level of the Joint Constituent as of the Rebalancing Date immediately preceding Index Business Day t or as of the Strategic Allocation Start Date, as the case may be

$FxCL_{SPTRH,t}$ = FX Hedged Closing Level of the constituent with Bloomberg code SPTR <Index> as of Index Business Day t

$FxCL_{SPTRH,r}$ = FX Hedged Closing Level of the constituent with Bloomberg code SPTR <Index> as of the Rebalancing Date immediately preceding Index Business Day t or as of the Strategic Allocation Start Date, as the case may be

$FxCL_{MSCIJPY,t}$ = FX Hedged Closing Level of the constituent with Bloomberg code NDDLJN <Index> as of Index Business Day t

$FxCL_{MSCIJPY,r}$ = FX Hedged Closing Level of the constituent with Bloomberg code NDDLJN <Index> as of the Rebalancing Date immediately preceding Index Business Day t or as of the Strategic Allocation Start Date, as the case may be

Constituents expressed to be FX Hedged

(4) Subject to the elections set out in Part E (*Data*), the Constituent Closing Level of any Constituent stated in Part E (*Data*) below to be "FX Hedged" as of any Index Business Day t shall be equal to their **"FX Hedged Closing Level"** as determined according to the following formula:

$$FxCL_{i,t} = \left[1 + \left(\frac{CL_{i,t}}{CL_{i,r}} - 1\right) + \left(\frac{CL_{i,t}}{CL_{i,r}} - 1\right) \times \left(\frac{FX_t}{FX_r} - 1\right) + \left(\frac{FXh_r}{FX_r} - 1\right) \times \frac{dy_t}{TD}\right] \times FxCL_{i,r}$$

where:

$FxCL_{i,t}$ = FX Hedged Closing Level of Constituent i as of Index Business Day t. Where Index Business Day t is the Strategic Allocation Start Date, the FX Hedged Closing Level of Constituent i shall be deemed to be 1,000

$FxCL_{i,r}$ = FX Hedged Closing Level of Constituent i as of the Rebalancing Date immediately preceding Index Business Day t or as of the Strategic Allocation Start Date, as the case may be

$CL_{i,t}$ = Constituent Closing Level of Constituent i as of Index Business Day t as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions and the Constituent Schedule applicable to such Constituent

$CL_{i,r}$ = Constituent Closing Level of Constituent i, as of the Rebalancing Date immediately preceding Index Business Day t or as of the Strategic Allocation Start Date, as the case may be, as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions and the Constituent Schedule applicable to such Constituent

FX_t = Spot FX Rate as defined in Part E (*Data*) as of Index Business Day t

FX_r = Spot FX Rate as defined in Part E (*Data*) as of the Rebalancing Date immediately preceding Index Business Day t or as of the Strategic Allocation Start Date, as the case may be

FXh_r	=	Forward FX Rate as defined in Part E (*Data*) as of the Rebalancing Date immediately preceding Index Business Day t or as of the Strategic Allocation Start Date, as the case may be
dy_t	=	On Index Business Day t, the number of calendar days from and including the Rebalancing Date immediately preceding Index Business Day t (or from, and including, the Strategic Allocation Start Date, as the case may be) up to but excluding Index Business Day t
TD	=	The number of calendar days between and including the Rebalancing Date immediately preceding Index Business Day t (or from, and including, the Strategic Allocation Start Date, as the case may be) up to but excluding the Rebalancing Date occurring immediately after Index Business Day t

4 CONSTITUENT SELECTION AND INDEX REBALANCING PROCESS

4.1 Selection of Constituents

On each monthly Selection Day, the Index Calculation Agent will determine which of the Eligible Constituents (as set out in Part E (*Data*) below) will become "**Constituents**" of the Strategic Allocation following the rebalancing process after the Index Valuation Time on the immediately following Rebalancing Date (or the Strategic Allocation Start Date, as the case may be). The Constituents selected on a Selection Day in respect of the related Rebalancing Date are referred to as "selected Constituents" pending the rebalancing at such Rebalancing Date.

4.2 Determination of Percentage Weights

The Percentage Weight of each selected Constituent is determined by the Index Calculation Agent on each Selection Day. Each Constituent selected for inclusion in the Strategic Allocation is given an equal Percentage Weight with other Constituents selected from the Eligible Universe, subject to the constraints below. In order to determine the selected Constituents and their Percentage Weights, the Index Calculation Agent follows a three-step process. The percentage allocation of the remainder of the Index (if any) to the Cash Constituent is determined as a fourth and final step in this process.

(1) Determine the Signal for each Eligible Constituent, by comparing the Short-term Average Constituent Closing Level to the Long-term Average Constituent Closing Level

For each Eligible Constituent, the Short-term Average Constituent Closing Level (being the arithmetic average of the Constituent Closing Levels of the relevant Eligible Constituent for the 50 Index Business Days ending on the relevant Selection Day) is compared to the Long-term Average Constituent Closing Level (being the arithmetic average of the Constituent Closing Levels of the relevant Eligible Constituent for the 200 Index Business Days ending on the relevant Selection Day).

If the Short-term Average Constituent Level is higher than the Short-term Average Constituent Level then the Signal is one ("1") for that Eligible Constituent, otherwise it is zero ("0"), in accordance with the following formula:

$$\text{Signal}_i = \begin{cases} 1 & \text{if} \quad \text{avg}(CL_{i,t-sw+1},\ldots,CL_{i,t}) > \text{avg}(CL_{i,t-lw+1},\ldots,CL_{i,t}) \\ 0 & \text{otherwise} \end{cases}$$

where:

Signal_i	=	The Signal in respect of an Eligible Constituent i

$avg(CL_{i,t-sw+1},...,CL_{i,t})$ = The "**Short-term Average Constituent Closing Level**", determined as the arithmetic average of the Constituent Closing Levels of Eligible Constituent i for each of the 50 Index Business Days preceding (and including) Selection Day t. If any such Index Business Day was a Disrupted Day in respect of Eligible Constituent i, then the Constituent Closing Level of Eligible Constituent i in respect of such Disrupted Day shall be deemed to be equal to the Constituent Closing Level of Eligible Constituent i on the immediately preceding Index Business Day which was not a Disrupted Day for Eligible Constituent i.

$avg(CL_{i,t-lw+1},...,CL_{i,t})$ = The "**Long-term Average Constituent Closing Level**", determined as an arithmetic average of the Constituent Closing Levels of Eligible Constituent i for each of the 200 Index Business Days preceding (and including) Selection Day t. If any such Index Business Day was a Disrupted Day in respect of Eligible Constituent i, then the Constituent Closing Level of Eligible Constituent i in respect of such Disrupted Day shall be deemed to be equal to the Constituent Closing Level of Eligible Constituent i on the immediately preceding Index Business Day which was not a Disrupted Day for Eligible Constituent i.

(2) Determine the Signal in respect of each Asset Class

On each Selection Day, a Signal of one ("1") or zero ("0") is assigned to each Asset Class (as detailed in Part E (*Data*) below) represented by the Eligible Constituents.

An Asset Class shall be assigned a Signal of one ("1") in respect of a Selection Day if **all** Eligible Constituents within that Asset Class have also been assigned a Signal of one ("1") on such Selection Day. On the other hand, an Asset Class shall be assigned a Signal of zero ("0") in respect of a Selection Day if **any** Eligible Constituent within that Asset Class has been assigned a Signal of zero ("0") on such Selection Day.

(3) Determine Percentage Weights, subject to Constituent and Asset Class Constraints

Those Eligible Constituents for which the Asset Class Signal is 1 are included in the Strategic Allocation as "**selected Constituents**". The algorithm seeks to assign equal Percentage Weights to the selected Constituents, however this is subject to two restrictions:

(i) the Percentage Weight assigned to each Constituent may not exceed the Maximum Percentage Weight applicable to the relevant Constituent; and

(ii) the aggregate of the Percentage Weights assigned to the Constituents of the same Asset Class Constraint Type (as specified in Part E (*Data*) below) may not exceed the Maximum Percentage Weight for that Asset Class Constraint Type (as specified in Part E (*Data*) below).

The "**Percentage Weight**" assigned to each selected Constituent in respect of a Selection Day is expressed according to the following formula:

$$PW_i = \min\left(PWMax_i, \min\left(\frac{1}{sum(AssetClass_i Constituents)} \times AssetClass\,Constraint_i, \frac{1}{sum(Selected\,Constituents_n)}\right)\right)$$

where:

PW_i	=	The Percentage Weight determined in respect of Constituent i on the relevant Selection Day k
$PWmax_i$	=	The Maximum Percentage Weight of Constituent i as set out in Part E (*Data*) below
min	=	The lower of the amounts separated by a comma within the set of brackets immediately following the "min" symbol
$sum(AssetClass_iConstituents)$	=	In respect of the Asset Class in which Constituent i belongs, the number of Eligible Constituents within such Asset Class (as set out in Part E (*Data*) below)
Asset Class $Constraint_i$	=	The Maximum Percentage Weight relating to the Asset Class in which Constituent i belongs as set out in the "Asset Class Constraints" section in Part E (*Data*) below
$sum(Selected\ Constituents_n)$	=	The number of Eligible Constituents that have been selected as Constituents in respect of Selection Day k, as a result of either: (1) a Signal of 1 being assigned to the relevant Eligible Constituent, or (2) a Signal of 1 being assigned to the Asset Class in which the relevant Eligible Constituent is comprised

Eligible Constituents which are not selected Constituents are assigned a Percentage Weights of zero in respect of the relevant Selection Day k.

(4) Determine the allocation of the Strategic Allocation to the Cash Constituent

If the Percentage Weight assigned to any selected Constituent in respect of a Selection Day k is restricted as a result of either the Maximum Percentage Weight applicable to that Constituent or the Maximum Percentage Weight for the Asset Class Constraint Type applicable to that Constituent, then the "excess" allocation will be assigned to the Cash Constituent for the purpose of determining the Percentage Weights in respect of such Selection Day k.

The Percentage Weight (if any) assigned to the Cash Constituent in respect of a Selection Day shall be determined as a percentage equal to the Maximum Cash Constituent Weight (being 100%) minus the sum of the Percentage Weights of the other Constituents selected on the relevant Selection Day for inclusion within the Strategic Allocation. The sum of the Percentage Weights of all the Constituents within the Strategic Allocation and the percentage allocation to the Cash Constituent (if any) will always be equal to 100 per cent.

5 ADDITIONAL ADJUSTMENT EVENTS

5.1 Adjustments in relation to the Joint Constituent

The provisions of the Constituent Schedule relating to a Share Index are expressed to be applicable to the Joint Constituent and shall be jointly applicable to the indices which constitute the Joint Constituent. Each such underlying index of the Joint Constituent shall be regarded as a Share Index in its own right and any determinations made in respect of each such underlying index shall be deemed to be extended to, and shall affect, the Joint Constituent as a single Constituent where applicable.

5.2 Adjustments in relation to the Spot FX Rate and the FX Forward Rate

If, in respect of either the Spot FX Rate or the FX Forward Rate, such relevant rate is neither published at the specified time nor published on such other page as may replace the page (or such other page as may be nominated by the information vendor) for the purpose of displaying rates or prices comparable to that rate, the Spot FX Rate and FX Forward Rate shall be the rate determined by the Index Calculation Agent taking into account all information that in good faith it deems relevant.

5.3 Eligible Constituent Licensing Event

If, in respect of any Eligible Constituent, any license granted to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Eligible Constituent in connection with the Index is terminated, or any such entity's right to use such Eligible Constituent in connection with calculating the Index is otherwise disputed, impaired or ceases for any reason, then regardless of whether such Eligible Constituent is, at that time, a Constituent:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Eligible Constituent that has substantially similar characteristics to the Eligible Constituent that is being replaced, having regard to the manner in which such Eligible Constituent is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

Part E: Data

Data

(As at the Index Start Date)

The Index shall operate with reference to an Eligible Universe. This Part E sets out the particulars of each Eligible Constituent and certain elections and inputs relating to the calculation of the Index. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in Part D (*Calculation of the Index Level*).

1. Eligible Universe

	Eligible Constituents	**Electronic Page**	**Constituent Schedule**
1	MSCI Daily Net TR Europe Index	MSDEE15N <Index>	Share Index
2*	S&P 500 Total Return Index	SPTR <Index>	Share Index
	MSCI Japan Net Total Return Index	NDDLJN <Index>	Share Index
3	MSCI Emerging Markets Daily Net TR EUR Index	MSDEEEMN <Index>	Share Index
4	FTSE EPRA/NAREIT Developed Europe Index	EPRA <Index>	Share Index
5	S&P GSCI Gold Total Return Index	SPGCGCTR <Index>	Commodity Index
6	S&P GSCI Non-Livestock Total Return Index	SPGSNLTR <Index>	Commodity Index
7	Citigroup Germany GBI All Maturities Local Currency Index	SBDML <Index>	Bond Index

*In relation to 2 in the table above, the Eligible Constituent is the "**Joint Constituent**", as calculated and adjusted pursuant to Part D (*Calculation of the Index Level*).

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2. **Particulars in respect of each Eligible Constituent**

	Eligible Constituent$_i$	Type of Index	Exchange(s)	Related Exchange(s)	Replacement Criteria
1	MSCI Daily Net TR Europe Index	Multiple Exchange Index	As specified in the definition of "Exchange in Share Index Constituent Schedule	Not Applicable	Exposure to large and mid cap listed European equities
2	S&P 500 Total Return Index	Single Exchange Index	New York Stock Exchange and NASDAQ Stock Market, Inc.	All Exchanges	Exposure to large cap US equities
	MSCI Japan Net Total Return Index	Multiple Exchange Index	Tokyo Stock Exchange, Osaka Stock Exchange, JASDAQ and Nagoya Stock Exchange	Eurex	Exposure to listed Japanese equities
3	MSCI Emerging Markets Daily Net TR EUR Index	Multiple Exchange Index	As specified in the definition of "Exchange" in the Share Index Constituent Schedule	Not Applicable	Exposure to global emerging market equities
4	FTSE EPRA/NAREIT Developed Europe Index	Multiple Exchange Index	As specified in the definition of "Exchange in Share Index Constituent Schedule	Euronext.Liffe (London)	Exposure to European real estate
5	S&P GSCI Gold Total Return Index	Not Applicable	As specified in the definition of "Exchange" in the Commodity Index Constituent Schedule	All Exchanges	Exposure to gold
6	S&P GSCI Non-Livestock Total Return Index	Not Applicable	As specified in the definition of "Exchange" in the Commodity Index Constituent Schedule	All Exchanges	Exposure to non-livestock commodities
7	Citigroup Germany GBI All Maturities Local Currency Index	Not Applicable	Not Applicable	Not Applicable	Exposure to German government debt

3. **Additional data in respect of each Eligible Constituent**

Eligible Constituent$_i$	Asset Class	Asset Class Constraint Type	FX Hedged	Maximum Percentage Weight	Notional Spread	Notional Replication Cost
1	Equity	1	No	25%	0.06%	0.00%
2	Equity	1	Yes	25%	0.30%	0.22% (60% x 0.06% + 40% x 0.45%)
3	Equity	1	No	25%	0.70%	0.50%
4	Real Estate	1	No	25%	0.10%	0.45%
5	Commodity A	2	Yes	20%	0.30%	0.18%
6	Commodity B	3	Yes	30%	0.60%	0.23%
7	Fixed Income	4	No	50%	0.24%	0.00%

4. **Cash Constituent**

Electronic Page	Asset Class	Asset Class Constraint Type	FX Hedged	Maximum Cash Constituent Weight	Notional Replication Cost	Notional Spread
EONIA <Index>	N/A	N/A	No	100%	0.00%	0.00%

5. **Asset Class Constraints**

Asset Class Constraint Type	Maximum Percentage Weight
1	70%
2	100%
3	100%
4	100%

6. **Exposure calculation parameters**

Volatility Cap	Volatility Buffer
5%	5%

7. Adjustment Elections

	Scheduled Valuation Date		
	Rebalancing Date	**Selection Day**	**Other**
Adjustments (Scheduled Trading Days: "holidays"):	Move In Block	Look Back	Look Back
Adjustments (Disrupted Days):	Value What You Can	Move In Block	Look Back
Valuation Roll (Disrupted Days):	5	5	5

Defined Terms

Index Business Day:	Each day which is (1) a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London, New York and the principal financial centre of the Index Base Currency and (2) a day on which the Trans-European Automated Real-Time Gross-Settlement Express Transfer System is open.
Index Valuation Time:	In respect of an Index Business Day as of 11.00 p.m.(London time) on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.
Rebalancing Date:	The final Index Business Day of each calendar month commencing on the final Index Business Day of February 2001, subject to adjustment in accordance with section 7 (*Adjustment Elections*) above.
Selection Day:	The day falling two scheduled Index Business Days prior to each Rebalancing Date or the Strategic Allocation Start Date, as the case may be.
Scheduled Valuation Date:	Each Index Business Day.
Forward FX Rate:	Means, in relation to: a) JPY-denominated Constituents, the rate quoted on Bloomberg page JPYEUR1M <Crncy> for foreign exchange transactions in the currency pair JPYEUR for settlement in one month and b) USD-denominated Constituents, the rate quoted on Bloomberg page USDEUR1M <Crncy> for foreign exchange transactions in the currency pair USDEUR for settlement in one month, in each case as of 5 p.m. (New York time) on the date for which the Forward FX Rate is to be determined.

Spot FX Rate:	Means, in relation to: a) JPY-denominated Constituents, the rate quoted on Bloomberg page JPYEUR <Crncy> ("**JPYEUR**") for foreign exchange transactions in the currency pair JPYEUR for settlement on the same day and b) USD-denominated Constituents, the rate quoted on Bloomberg page USDEUR <Crncy> ("**USDEUR**") for foreign exchange transactions in the currency pair USDEUR for settlement on the same day, in each case as of 5 p.m. (New York time) on the date for which the Spot FX Rate is to be determined.

Part F: Specific Risks

Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (*General Risks*) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

MOMENTUM INVESTING

The methodology uses a technical indicator commonly known as a “Double Cross” method to identify positive or negative momentum in the price movements of each Constituent and by extension, the momentum of each Asset Class. There is no guarantee that this method will work under all market conditions, for instance, in volatile market conditions where Constituents experience large price movements. If the market constantly changes directions, then the technical indicator may not work as intended by the methodology. Momentum investing may not necessarily outperform other investment methodologies.

EXCESS RETURN INDEX

The Index is an “excess return” index. In general terms, an excess return index measures the returns that could be achieved through an unfunded investment in the assets comprised in the relevant index.

The Index Level is calculated on a daily basis by subtracting an amount reflecting the returns that would be available from an investment in cash at a benchmark overnight interest rate for the Index Base Currency. The deduction of cash returns in this manner will act as a drag on the performance of the Index. As a result, the Index will underperform a “price return” or “total return” index following the same methodology. Equally, investing in an Index Linked Product linked to the Index may not realise the same return as could be achieved from a direct investment in the assets comprised in the Index from time to time.

CONCENTRATION RISK

The Index aims to provide a degree of diversification amongst selected Constituents categorised into certain pre-defined Asset Classes. The nature of the trend-following methodology used by the Index is that only Eligible Constituents which form part of Asset Classes that are deemed to be in an Upward Trend will be included in the Strategic Allocation for the relevant period. If an Asset Class as a whole is deemed to be in a Downward Trend, none of the Eligible Constituents which form part of that Asset Class will be included in the Strategic Allocation for the relevant period.

As a result, it is possible that the Strategic Allocation may be rebalanced on a Rebalancing Date such that it is allocated to only one Asset Class with the balance allocated to the Cash Constituent. For example, the Strategic Allocation could comprise only Commodity Indices and the Cash Constituent. It is also possible that the Strategic Allocation comprises **only** of the Cash Constituent. As such, the diversification achieved by the Index may be limited.

REBALANCING FREQUENCY LIMITATIONS

The frequency of rebalancing of the Index is monthly. The methodology only evaluates the Constituents as of the Selection Day preceding each Rebalancing Date, which means that the composition of the Strategic Allocation is determined as of the Selection Day and effected as of the relevant Rebalancing Date, at which point the Strategic Allocation is fixed for a month until the next Rebalancing Date. A short gap in time exists between each Selection Day and Rebalancing Date. In certain circumstances, this gap might not allow any changes which may be desirable to optimizing the selection of Constituents which make up the Strategic Allocation if sudden changes in the performance momentum of the Constituents (or by extension, the Asset Class) occur between a Selection Day and the relevant Rebalancing Date or indeed, shortly after each Rebalancing Date.

CATEGORISATION BY ASSET CLASS

The methodology used by the Index employs a quantitative strategy which assumes that Constituents may be categorised into certain pre-determined Asset Classes. Such categorisation is intended to form part of the methodology. The categorisation is not intended to imply any Constituent as being indicative of such Asset Class as a whole, nor is it implied that by virtue of being grouped together in this manner, the Constituents will perform in exactly the same direction or magnitude at all times. In particular, some Asset Classes only contain one Constituent; such categorisation is only for the operation of the methodology and not intended to imply that such sole Constituent, by itself, may be taken to represent an entire class of assets.

DIVERSIFICATION STRATEGY

Exposure limits are assigned at both the Asset Class level and to individual Constituents. As far as possible, any notional investment in the Constituents is equally weighted as between the Constituents. This equal weighting, together with the maximum exposure limits set on each Asset Class as a whole, is designed to ensure diversification of investment.

Mainstream theory postulates that diversification of investment balances upside returns with downside risk. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the Index strategy may only become apparent over a long period and may underperform other methodologies of determining the optimal notional positions to hold during an upward trend in the investment cycle.

Furthermore, diversification among Asset Classes is subject to the outcome of applying the “Double Cross” method in the manner discussed above. Such an outcome might lead to limited diversification of the Constituents which form the Strategic Allocation.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision, , in particular, they should be aware of the Maximum Percentage Weight that is stipulated in relation to each Constituent to assess the extent to which the composition of the Strategic Allocation may be diversified. In cases where the Maximum Percentage Weight specified in relation to a Constituent is very low in comparison to other Constituents, the benefits of diversification to be gained from a inclusion of such a Constituent in the Strategic Allocation may well be limited.

PERFORMANCE RISK

The Index may underperform other indices with the same Constituents, where those other indices employ, among other things, a different weighting scheme. The methodology does not seek to outperform the Eligible Universe or any other equity benchmark in absolute terms.

INDEX METHODOLOGY LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Conditions. There is no assurance that other methodologies for determining performance momentum and optimizing diversification with equivalent Constituents would not result in better performance than the Index.

FIXED ALGORITHMIC MODEL PARAMETERS

The Index uses a rules-based methodology which contains fixed parameters. For example, (i) the 50-day average and 200-day average is compared as of the Selection Day to determine the performance momentum of each Constituent (and by extension, of each Asset Class) and (ii) the Volatility Cap is deemed to be indicative of the limits beyond which the realized volatility of the Strategic Allocation will hinder the performance of the Index. The Index methodology assumes that these observation periods and other fixed parameters are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index. For instance, a higher Volatility Cap may improve the upside return on the same Strategic Allocation.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor as of the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.

Part G : Constituent Disclaimers

Constituent Disclaimers

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Index General Conditions

16 November 2011

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Section A: Introduction

Introduction

This document constitutes the Index General Conditions applicable to each index (each, an "**Index**") for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (*General Risks*) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).

Standard detailed rules govern "valuation", that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the "relevant markets"). Other standard rules apply to

Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (*Valuations and Adjustments*) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (*Valuations and Adjustments*) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (*General Risks*) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.

Section B: Valuations and Adjustments

Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: "HOLIDAYS")

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move In Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(d) *Not postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move in Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) *Postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent 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 in respect of the Index is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.

For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the "**Affected Constituent**"), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(b) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

"**Replacement**" shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

"**Reweighting**" shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.

Section C: General Risks

General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be "investable", but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) Commodity

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.

Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option 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 commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts 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 commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

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

(b) Commodity Index

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading "Commodity" above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) Depositary Receipt

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) ETF Share (exchange-traded fund)

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in

any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) *FX Rate*

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) *Inflation Index*

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) 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.

(g) *Mutual Fund Interest*

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.

A mutual fund 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 contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) *Share*

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an

Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) *Share Index*

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share 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 financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) *Process following the occurrence of an Adjustment Event*

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such

Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading "Risk Factors", "Investment Considerations" or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) No rights

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) No offer

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) Reinvestment

Whether or not the Index is a "total return index" and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a "total return index", it will not include any such notional reinvestment.

4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a "**Relevant Person**"), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and *Adjustments*);

(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;

(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;

(d) the Index Sponsor making a modification or change to the Index Conditions; and

(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.

9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.

Section D: Definitions

Definitions

References to the "**applicable Index Methodology**" are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a "Section" shall be references to a section of these Index General Conditions.

References to a "Part" shall be references to a part of the applicable Index Methodology.

"**Adjustment Event**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Affected Constituent**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Affiliate**" shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, "control" of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

"**Amount**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Calculations**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Citi**" shall mean Citigroup Inc. and its Affiliates.

"**Classification**" shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

"**Constituent**" shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as "i" (and the total number of Constituents shall be denoted as "n"), unless specified otherwise.

"**Constituent Closing Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Inclusion Date**" shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

"**Constituent Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Schedule**" shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

"**Corrected Level**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Correction Period**" shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

"**Disrupted Day**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Electronic Page**" shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

"**Eligible Constituent**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

"**Eligible Universe**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

"**Index Base Currency**" shall mean the currency specified as such in the applicable Index Methodology.

"**Index Business Day**" shall have the meaning given to it in the applicable Index Methodology.

"**Index Calculation Agent**" shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

"**Index Conditions**" shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

"**Index Electronic Page**" shall mean (1) the electronic page or source specified as such in Part B (*Key Information*) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

"**Index Launch Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Level**" shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

"**Index Linked Product**" shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

"**Index Sponsor**" shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

"**Index Start Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Start Level**" shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

"**Index Valuation Time**" have the meaning given to it in the applicable Index Methodology.

"**Information**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Rebalancing Date**" shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.

"**Replacement**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Replacement Criteria**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Reweighting**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Scheduled Valuation Date**" shall mean each date specified as such in the applicable Index Methodology.

"**Selection Day**" shall mean each date specified as such in the applicable Index Methodology.

"**Valuation Date**" shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (*Valuations and Adjustments*).

"**Valuation Roll**" shall mean the number specified as such in the applicable Index Methodology.

"**Weight**" shall have the meaning given to it in the applicable Index Methodology.

Section E: Miscellaneous

Miscellaneous

1. CALCULATIONS AND DETERMINATIONS

(a) *General*

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, "**Calculations**") in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index Linked Product.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) *Rounding*

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value ("**Amount**") calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) *Use of estimates*

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, "**Information**") and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) *No verification of Information*

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) *Corrections*

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) *Reliance*

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) *Not acting as fiduciary or agent*

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) *Dates and times of calculations*

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be “on” or “as at” a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. CONFLICTS OF INTEREST

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents (each, for the purposes of this Section E, a “**Relevant Person**”) may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor’s proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

Section F: Constituent Schedules

Constituent Schedule

SHARE INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a “Share Index”.

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Share Indices.

References to a “Paragraph” shall be references to a paragraph of this Constituent Schedule and references to a “Sub-paragraph” shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

“**Constituent Closing Level**” shall mean, in respect of a Share Index and a Valuation Date for such Share Index and unless otherwise specified in the applicable Index Methodology, the official closing level of such Share Index on such Valuation Date, as displayed on the applicable Electronic Page.

“**Valuation Time**” shall mean (i) in respect of a Single Exchange Index and a Scheduled Trading Day for such Single Exchange Index, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day; and (ii) in respect of a Multiple Exchange Index and a Scheduled Trading Day for such Multiple Exchange Index, (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security; and (y) in respect of any futures contracts or options contracts on such Multiple Exchange Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time when the official closing level of such Multiple Exchange Index is calculated and published by the relevant Share Index Sponsor.

(b) Intraday valuations

“**Constituent Level**” shall mean, in respect of a Share Index and a Valuation Time on a Valuation Date for such Share Index, the level of such Share Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

“**Valuation Time**” shall mean, in respect of a Share Index and a Scheduled Trading Day for such Share Index, the time when the level of such Share Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

“**Disrupted Day**” shall mean, 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**” shall mean, 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 Share Index Sponsor fails to publish the level of such Share Index; or

(ii) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) 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 Scheduled Closing Time on such Exchange Business Day); or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Closing Time on such Exchange Business Day).

(b) Multiple Exchange Index

"**Market Disruption Event**" shall mean, 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 relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Exchange in respect of any Component Security 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 Scheduled Closing Time on such Exchange Business Day), and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Closing 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 included in such Share Index at that 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) in the case of a Single Exchange Index, immediately before the occurrence of such Market Disruption Event; or (B) in the case of a Multiple Exchange Index, using the applicable weightings as published by, or derived from data published by, the relevant Share Index Sponsor.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Share Index, two Index Business Days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING SHARE INDICES

(a) Successor Share Index and Successor Share Index Sponsor

If a Share Index is (i) not calculated and announced by the relevant Share Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Share Index, then in each case that index (the "**Successor Share Index**") will be deemed to be the relevant Share Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Share Index Modification and Share Index Cancellation

If a Share Index Sponsor announces that it will make a material change in the formula for or method of calculating a Share Index or in any other way materially modifies that Share Index (other than a modification prescribed in that formula or method to maintain that Share Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Share Index Modification**") or permanently cancels that Share Index and no Successor Share Index exists (a "**Share Index Cancellation**" and, together with a Share Index Modification, each a "**Share Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Share Index that has substantially similar characteristics to the Share Index that is being replaced, having regard to the manner in which such Share Index is used in the calculation of the Index, in which case the Index

Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Share Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Component Security**" shall mean, in respect of a Share Index, each share included in such Share Index.

"**Exchange**" shall mean (a) in respect of a Single Exchange Index, each exchange, trading system or quotation system specified as such in respect of such Single Exchange Index in the applicable Index Methodology or any successor to any such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in the relevant Component Securities has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Component Securities on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system); and (b) in respect of a Multiple Exchange Index and each relevant Component Security, the exchange, trading system or quotation system on which each Component Security is principally traded.

"**Exchange Business Day**" shall mean (a) in respect of a Single Exchange Index, any Scheduled Trading Day for such Single Exchange Index on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such 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 Share Index Sponsor publishes the level of such Multiple Exchange Index and on which each relevant 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.

"**Multiple Exchange Index**" shall mean each Share Index specified as such in the applicable Index Conditions.

"**Related Exchange**" shall mean, in respect of a Share Index and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share Index or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in futures contracts or options contracts relating to such Share Index has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such futures contracts or options contracts relating to such Share Index on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share Index, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share Index.

"**Scheduled Closing Time**" shall mean, 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 of 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**" shall mean (a) in respect of a Single Exchange Index, any day on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index is scheduled to be open for trading for their respective regular trading sessions; and (b) in respect of a Multiple Exchange Index, any day on which (i) the Share Index Sponsor in respect of such Multiple Exchange Index is scheduled to publish the level of such Multiple Exchange Index; and (ii) each relevant Related Exchange for 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.

"**Share Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Share Index Sponsor**" shall mean, 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 calculations and adjustments, if any, related to such Share Index; and (b) announces (directly or through an agent) the level of such Share Index on a regular basis.

"**Single Exchange Index**" shall mean each Share Index specified as such in the applicable Index Methodology.

"**X Percentage**" shall mean, 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 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 Share Index Sponsor as part of the market "opening data".

Constituent Schedule

COMMODITY INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Commodity Index".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Commodity Indices.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Commodity Index and a Valuation Date for such Commodity Index, and unless otherwise specified in the applicable Index Methodology, 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**" shall mean, in respect of a Commodity Index, a Constituent Closing Level and a Scheduled Trading Day for such Commodity Index, 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: (x) in respect of any 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 (y) in respect of any futures contracts or options contracts relating to such Commodity Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time when the official closing level of such Commodity Index for such day is calculated and published by the relevant Commodity Index Sponsor.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Commodity Index and a Valuation Time on a Valuation Date for such Commodity Index, the level of such Commodity Index at such time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Commodity Index and a Scheduled Trading Day for such Commodity Index, the time when the level of such Commodity Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which a Market Disruption Event occurs.

"**Market Disruption Event**" shall mean, in respect of a Commodity Index, the occurrence of any of the events set out below:

(i) the relevant Commodity Index Sponsor fails to publish the level of such Commodity Index; or

(ii) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (i) any relevant Exchange, of Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or (ii) any relevant Related Exchange, of futures contracts or options contracts relating to such Commodity Index; or

(iv) the occurrence or existence 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 (e) or Sub-paragraph (f) of this definition) which materially disrupts or impairs the ability of market participants in general (i) (on any relevant Exchange) to effect transactions in or to obtain market values for Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or (ii) (on any relevant Related Exchange) to effect transactions in or to obtain market values for futures contracts or options contracts relating to such Commodity Index; or

(v) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Exchange in respect of 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 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 Scheduled Closing Time on such Exchange Business Day); or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 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 Scheduled Closing Time on such Exchange Business Day).

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Commodity Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component included in such Commodity Index at that time, then the relevant percentage contribution of such Component to the level of such Commodity Index shall be based on a comparison of (i) the portion of the level of such Commodity Index attributable to such Component; and (ii) the overall level of such Commodity Index immediately before the occurrence of such Market Disruption Event.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Commodity Index, 30 calendar days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING COMMODITY INDICES

(a) Successor Commodity Index and Successor Commodity Index Sponsor

If a Commodity Index is (i) not calculated and announced by the relevant Commodity Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Commodity Index, then in each case that index (the "**Successor Commodity Index**") will be deemed to be the relevant Commodity Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Commodity Index Modification and Commodity Index Cancellation

If a Commodity Index Sponsor announces that it will make a material change in the formula for or method of calculating a Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Commodity Index Modification**") or permanently cancels that Commodity Index and no Successor Commodity Index exists (a "**Commodity Index Cancellation**" and, together with a Commodity Index Modification, each a "**Commodity Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Commodity Index that has substantially similar characteristics to the Commodity Index that is being replaced, having regard to the manner in which such Commodity Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Commodity Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Commodity Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Commodity Index Sponsor**" shall mean, 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.

"**Component**" shall mean, in respect of a Commodity Index, each component included in such Commodity Index.

"**Exchange**" shall mean, in respect of a Commodity Index and each relevant Component, and unless otherwise specified in the applicable Index Methodology, the primary exchange, trading system or quotation system in respect of such Component or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such Component has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Component on such temporary exchange, trading system or quotation system as on the original exchange, trading system or quotation system).

"**Exchange Business Day**" shall mean, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which the relevant Commodity Index Sponsor publishes the level of such Commodity Index.

"**Related Exchange**" shall mean, in respect of a Commodity Index, and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Commodity Index or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in futures contracts or options contracts relating to such Commodity Index has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such futures contracts or options contracts relating to such Commodity Index on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Commodity Index, then “**Related Exchange**” shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Commodity Index.

“**Scheduled Closing Time**” shall mean, in respect of a Commodity Index, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Commodity 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**” shall mean, in respect of a Commodity Index, any day on which the Commodity Index Sponsor in respect of such Commodity Index is scheduled to publish the level of such Commodity Index.

Constituent Schedule

BOND INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Bond Index".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Bond Indices.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Bond Index and a Valuation Date for such Bond Index and unless otherwise specified in the applicable Index Methodology, the official closing level of such Bond Index on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Bond Index and a Scheduled Trading Day for such Bond Index, the time at which the official closing level of such Bond Index is calculated and published by the relevant Bond Index Sponsor.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Bond Index and a Valuation Time on a Valuation Date for such Bond Index, the level of such Bond Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Bond Index and a Scheduled Trading Day for such Bond Index, the time when the level of such Bond Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Bond Index, any Scheduled Trading Day for such Bond Index on which a Market Disruption Event occurs.

"**Market Disruption Event**" shall mean, in respect of a Bond Index, the occurrence of any of the events set out below:

(i) the relevant Bond Index Sponsor fails to publish the level of such Bond Index; or

(ii) the occurrence or existence at any time on any Scheduled Trading Day for such Bond Index of any event, or market conditions, which materially disrupts or impairs the ability of market participants in general to acquire, dispose of or otherwise effect transactions in, or to obtain market values for, Component Securities which in aggregate comprise 20 per cent. or more of the level of such Bond Index; or

(iii) the occurrence or existence at any time on any Scheduled Trading Day for such Bond Index of any event, or market conditions, which materially reduces the liquidity in Component Securities which in aggregate comprise 20 per cent. or more of the level of such Bond Index; or

(iv) a general moratorium is declared in respect of bond trading or general banking activities in any of the jurisdictions in which the Component Securities of such Bond Index are primarily traded.

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Bond Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component Security included in such Bond Index at that time, then the relevant percentage contribution of such Component Security to the level of such Bond Index shall be based on a comparison of (i) the portion of the level of such Bond Index attributable to such Component Security; and (ii) the overall level of such Bond Index, using the applicable weightings as published by, or derived from data published by, the relevant Bond Index Sponsor.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Bond Index, two Index Business Days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING BOND INDICES

(a) Successor Bond Index and Successor Bond Index Sponsor

If a Bond Index is (i) not calculated and announced by the relevant Bond Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Bond Index, then in each case that index (the "**Successor Bond Index**") will be deemed to be the relevant Bond Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Bond Index Modification and Bond Index Cancellation

If a Bond Index Sponsor announces that it will make a material change in the formula for or method of calculating a Bond Index or in any other way materially modifies that Bond Index (other than a modification prescribed in that formula or method to maintain that Bond Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Bond Index Modification**") or permanently cancels that Bond Index and no Successor Bond Index exists (a "**Bond Index Cancellation**" and, together with a Bond Index Modification, each a "**Bond Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Bond Index that has substantially similar characteristics to the Bond Index that is being replaced, having regard to the manner in which such Bond Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Bond Index, the criteria specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Bond Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Bond Index Sponsor**" shall mean, in respect of a Bond 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 Bond Index; and (b) announces (directly or through an agent) the level of such Bond Index on a regular basis.

"**Component Security**" shall mean, in respect of a Bond Index, each fixed income instrument included in such Bond Index.

"**Scheduled Trading Day**" shall mean, in respect of a Bond Index, any day on which the Bond Index Sponsor in respect of such Bond Index is scheduled to publish the level of such Bond Index.

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Citi Multi-Asset Systematic Trend (MASTR) US Excess Return Index

Index Methodology

Citi Investment Strategies

27 January 2012

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Part A: Introduction

Introduction

This document constitutes the "**Index Methodology**" in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology and the Index General Conditions dated 16 November 2011 (as amended from time to time, the "**Index General Conditions**") together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.

Part B: Key Information

Key Information

Index:	Citi Multi-Asset Systematic Trend (MASTR) US Excess Return Index (the "**Index**")
Summary of strategy:	The Index tracks the excess return (i.e. the return above a cash rate) of a trend-following multi-asset allocation strategy that provides variable exposure to four distinct asset classes: equities, real estate, commodities and fixed income. The allocation to each asset class is adjusted, potentially every month, following the monthly observation of a trend-following technical indicator or "signal". The "signal" which is observed on each monthly observation date is the relationship between the long-term (200 day) and short-term (50 day) averages of the level of each of the potential Index constituents. If the 50-day average of a potential constituent is above its 200-day average, that potential constituent (and its asset class as a whole) is considered to be in an "upward trend". Conversely, if the 50-day average of a potential constituent is below its 200-day average, that potential constituent (and its asset class as a whole) is considered to be in an "downward trend". The Index rebalances its allocation to the constituents on a monthly basis. Constituents in asset classes that are considered to be in an upward trend at the time of the monthly observation are included in the Index for the next period. Constituents in asset classes that are considered to be in a downward trend are excluded. The allocation to individual constituents is subject to specified maximum weights to retain a degree of diversification. A volatility limit is also imposed on the Index as a whole, whereby the exposure of the Index to its existing constituents is scaled back proportionally when the volatility of the Index is above a defined threshold. Volatility for these purposes is observed on a daily basis by reference to the weighted performance of the existing constituents of the Index.
Index Sponsor:	Citigroup Global Markets Limited
Index Calculation Agent:	Citigroup Global Markets Limited
Index Base Currency:	US dollars (USD)
Index Launch Date:	15 June 2011
Index Start Date:	29 March 2001
Index Start Level:	1,000
Index Fee:	Not Applicable
Strategic Allocation Start Date:	28 February 2001
Strategic Allocation Start Level:	1,000
Frequency of calculation of the Index Level:	Daily, as of each Index Business Day
Frequency of rebalancing:	Monthly, as of each Rebalancing Date
Index Electronic Page:	Bloomberg page CIISMSEU <Index>

The Index was launched by the Index Sponsor as of the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

Part C: Overview of the Index

Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (*Calculation of the Index Level*) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a rules-based proprietary index developed by the Index Sponsor.

The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

The Index Level is calculated in the Index Base Currency by the Index Calculation Agent as of every Index Business Day (as defined in Part E (*Data*) below) and is generally published on the following Index Business Day. The Index has been calculated on a live basis since the Index Launch Date and has been back-tested for the period since the Index Start Date.

The Index tracks the excess return (i.e. the return above a cash rate) of a trend-following multi-asset allocation strategy. The performance of the Index is dependent on the performance of two distinct components and the allocation of the Index between those two components from time to time. The two components are:

(1) the Strategic Allocation, which represents a notional basket of constituents selected from the Eligible Universe (as defined in Part E (*Data*) below) of market indices (each such market index, an "**Eligible Constituent**") on a monthly basis in accordance with the methodology described below; and

(2) the Cash Constituent, a notional cash constituent which represents a synthetic overnight interest rate for the Index Base Currency.

The Eligible Constituents are organized into groups, each of which nominally represents a particular asset class or segment within an asset class (each such group, an "**Asset Class**"). The Asset Classes broadly represented are: equities, commodities, real estate and fixed income. Where an Asset Class consists of only one Eligible Constituent, all references below to Eligible Constituents in the plural form apply equally in the singular.

This Index methodology (the "**Methodology**") is designed to increase allocation to the Eligible Constituents of an Asset Class when **all** the Eligible Constituents of such Asset Class are observed to be in an Upward Trend (as defined below in this Part C (*Overview of the Index*)). Conversely, when **any** Eligible Constituent of an Asset Class is observed to be in a Downward Trend (as defined below in this Part C (*Overview of the Index*)), the Methodology is designed to decrease allocation away from all Eligible Constituents of that Asset Class. The Upward Trends and Downward Trends relevant to each Eligible Constituent are determined with reference to short and long term averages – an Eligible Constituent that has a 50-day average level that is greater than its 200-day average level is determined to be in an Upward Trend, while an Eligible Constituent will be determined to be in a Downward Trend if its 50-day average is lower than or equal to its 200-day average.

By comparing the 50-day and 200-day averages, a momentum based approach is adopted towards the selection of the Constituents of the Index. When all the Eligible Constituents of an Asset Class are in an Upward Trend and performing increasingly well, all the Eligible Constituents of that Asset Class are selected for inclusion in the Strategic Allocation (as determined pursuant to Part D (*Calculation of the Index Level*) below). By contrast, if any Eligible Constituent of an Asset Class is not performing increasingly well and thus showing a Downward Trend, all the Eligible Constituents within that Asset Class are ignored (i.e., removed from the Strategic Allocation or not included in the Strategic Allocation at that time).

Whilst the Eligible Constituents of an Asset Class are selected as of a Selection Day, they become Constituents included in the Strategic Allocation only as of the Rebalancing Date following such Selection Day.

To ensure that the Index retains a degree of diversification, exposure to each Asset Class is further subject to maximum allocation limits. By applying these rules and determining the Constituents in this manner, the Index Methodology determines a Strategic Allocation for the Index as of each Selection Day. Should the allocation of the Strategic Allocation to Eligible Constituents be less than 100%, the remainder of the Strategic Allocation will be notionally allocated to the Cash Constituent as of the Rebalancing Date following the relevant Selection Day.

In addition, the Index features a volatility control mechanism, which decreases the Exposure (as defined in Part D (*Calculation of the Index Level*)) of the Index to the Strategic Allocation and correspondingly increases the allocation to the Cash Constituent when the volatility of the Index is above a certain threshold. Therefore, the Strategic Allocation and the Cash Constituent contribute a variable proportion to the Index Level, with the Strategic Allocation contributing a higher proportion to the Index in times of low volatility and a lower proportion when volatility is higher. The opposite is true for the Cash Constituent.

Notional costs representing the transaction, replication and currency hedging costs notionally incurred: (1) in gaining notional exposure to the Constituents selected for inclusion in the Strategic Allocation, and (2) in rebalancing the Constituents, are applied to the calculation of the Strategic Allocation Level. Additional notional costs may also be incurred on a daily basis in relation to any adjustment of the Exposure (defined in Part D (*Calculation of the Index Level*) below) to the Strategic Allocation within the Index. These costs will adversely affect the Strategic Allocation Level and, by extension, will also adversely affect the Index Level.

The Citi Multi-Asset Systematic Trend (MASTR) US Excess Return Index uses a trend-following methodology to determine weights for the Constituents on a quarterly basis, such that the Index will be exposed to different Constituents from time to time depending on the Asset Class performance trends identified by the Methodology. The Index is subject to a variety of market risks. The Methodology on which the Index is based may not be successful and may not outperform any alternative strategy that might be employed in respect of the Eligible Universe.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

As at the date of this Index Methodology, the Index Sponsor shall also act as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (*Definitions*) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (as defined in Part E (*Data*) below). The Index Level as of each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for that Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (*Calculation of the Index Level*) below.

The Index Level reflects the performance of two components: (1) the Strategic Allocation and (2) the Cash Constituent.

The purpose of distinguishing between the Strategic Allocation and the Cash Constituent is to apply a level of volatility control to the Index. As the volatility of the Strategic Allocation increases above a defined threshold, the Index reduces Exposure to the Strategic Allocation; as the volatility of the Strategic Allocation decreases, Exposure to the Strategic Allocation is increased. The Index is not leveraged, so in all cases the proportion of the Index that is not exposed to the Strategic Allocation is allocated to the Cash Constituent of the Index. The Methodology adjusts the proportion of these two components by observing the volatility of the Strategic

Allocation on a daily basis. The Strategic Allocation itself represents a basket of Constituents. Each Constituent will be included in the Strategic Allocation at a Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) equal to the Percentage Weight of the other selected Constituents, up to the limits specified as the Maximum Percentage Weights for each individual Eligible Constituent and the Asset Class Constraints set out in Part E (*Data*) below.

The Gross Index Level (as defined in Part D (*Calculation of the Index Level*) below) is determined by the Index Calculation Agent as an initial step before the determination of the Index Level as of each Index Business Day. The Index Level as of each Index Business Day is then determined by the Index Calculation Agent by accruing and deducting a cash return (determined on the basis of overnight deposit rates for the Index Base Currency) on a daily basis from the Gross Index Level as of such Index Business Day.

4. MONTHLY REBALANCING

Subject to the occurrence or existence of a Disrupted Day, the Strategic Allocation is rebalanced on a monthly basis as of a Rebalancing Date (as defined in Part E (*Data*) below) which falls on the date which is two Index Business Days after the relevant Selection Day. As of each Selection Day, the Index Calculation Agent will select those Eligible Constituents of the Eligible Universe (as defined in Part E (*Data*) below) that represent Asset Classes in an Upward Trend. These Constituents are notionally included in the Strategic Allocation after the Index Valuation Time as of the relevant Rebalancing Date. The Percentage Weights of these Constituents will be subject to the Asset Class they represent, their Maximum Percentage Weights and the number of Asset Classes in an Upward Trend included in the Strategic Allocation.

The Strategic Allocation Level will also take into account certain costs in the monthly rebalancing of the Strategic Allocation. Such costs are notionally incurred in relation to the adjustment of the exposure to the selected Constituents within the Strategic Allocation.

5. SELECTION OF CONSTITUENTS AND DETERMINATION OF PERCENTAGE WEIGHTS

The Index Methodology selects the components of the Strategic Allocation from seven different Eligible Constituents grouped into four Asset Classes as of each Rebalancing Date.

As of each Selection Day, the Index Methodology requires the Index Calculation Agent to determine the Constituents of the Strategic Allocation. The Eligible Constituents that may be selected for inclusion in the Strategic Allocation as Constituents form a defined selection universe, the "**Eligible Universe**" (as defined in Part E (*Data*) below). Based on the recent performance of the Eligible Constituents and whether the Asset Classes represented by these Eligible Constituents are in an Upward Trend or not, those Eligible Constituents in an Asset Class where all Eligible Constituents are in an Upward Trend will be selected for inclusion in the Strategic Allocation as Constituents. The other Eligible Constituents are excluded from the Strategic Allocation altogether until the next Selection Day.

Also as of each Selection Day, the Index Methodology requires the Index Calculation Agent to determine the Percentage Weights of the selected Constituents in the Strategic Allocation.

These determinations are based on fixed maximum allocations for each Constituent and the number and type of Asset Classes included in the Strategic Allocation as of that Selection Day. The Index Calculation Agent will, as of such Selection Day, determine the Percentage Weights for the Constituents according to the following algorithm:

5.1 Compare 50-day average levels against 200-day average levels

For each Eligible Constituent in the Eligible Universe, the average Constituent Closing Level over the immediately preceding 50 Index Business Days up to and including the relevant Selection Day (“**Short-Term Average Level**”) is compared to the average Constituent Closing Level over the immediately preceding 200 Index Business Days up to and including the relevant Selection Day (“**Long-Term Average Level**”).

5.2 Determine whether each Eligible Constituent, and each Asset Class, is in an Upward or Downward Trend

If the Short-Term Average Level of an Eligible Constituent is higher than its Long-Term Average Level then such Eligible Constituent is considered to be in an “**Upward Trend**”. If the Short-Term Average Level of an

Eligible Constituent is lower than or equal to its Long-Term Average Level then such Eligible Constituent is considered to be in a "**Downward Trend**".

If **all** the Eligible Constituents in the same Asset Class are in an Upward Trend then that Asset Class is considered to be in an Upward Trend and all the Eligible Constituents of such Asset Class are selected as Constituents for inclusion in the Strategic Allocation; in all other cases, that Asset Class is considered to be in a Downward Trend.

5.3 *Allocate Percentage Weights to selected Constituents in an Asset Class considered to be in an Upward Trend*

The Index Methodology selects only those Asset Classes that are considered to be in an Upward Trend. At this stage the Cash Constituent is excluded from the allocation. The Percentage Weights are distributed equally among all selected Constituents, subject to the Maximum Percentage Weight ascribed to each Constituent and subject further to limits represented by the Asset Class Constraints (as defined in Part E (*Data*) below).

For the avoidance of doubt, the Percentage Weight of all Eligible Constituents in an Asset Class considered to be in a Downward Trend will be zero (0).

5.4 *Determine allocation to the Cash Constituent*

The sum of the Percentage Weights of the selected Constituents and of the Cash Constituent (if any) will always be equal to 100 per cent. The percentage of the Strategic Allocation notionally allocated to the Cash Constituent will be equal to the Maximum Cash Constituent Weight (100%) minus the sum of the Percentage Weights of all selected Constituents within the Strategic Allocation.

6. DETERMINATION OF WEIGHTS

As of each Rebalancing Date following a Selection Day, the Index Calculation Agent determines the Weight of each selected Constituent within the Index.

The difference between "weight" and "percentage weight" can be understood as the difference between the notional investment in a constituent in an index (the weight) and the proportion that each constituent has to the overall level of the index (the percentage weight). The weight of a constituent is determined in respect of a rebalancing date by reference to the designated percentage weight of the constituent, the level of the index and the level of the constituent as of the rebalancing date. The weight of each constituent remains fixed between rebalancing dates save for adjustments as a result of changes to the constituents or extraordinary events. Unlike percentage weight, which is a snapshot of the proportion that a certain constituent has within the index as a whole, weight assesses the synthetic investment value of that constituent within the index. Because constituent levels fluctuate, the proportion that each constituent contributes to the index on any day depends on the relative performance of that constituent compared with the performance of the index as a whole. As such, the percentage weight of a constituent in an index can vary from day to day. On the other hand, a constituent included within an index on a certain rebalancing day, and having a certain percentage weight as of that day, will be represented by a weight which is fixed until the next rebalancing day.

In the Index, the Index Calculation Agent shall, as of each Rebalancing Date following the Index Start Date, determine the Current Percentage Weight (as defined in (as defined in Part D (*Calculation of the Index Level*) below) of each selected Constituent in the Strategic Allocation as of such Rebalancing Date. The Current Percentage Weight is the proportion that the relevant selected Constituent has in the Strategic Allocation as a whole prior to the rebalancing, expressed as a percentage. For the avoidance of doubt, any selected Constituent that is not already an existing Constituent in the Strategic Allocation as of the previous Rebalancing Date will be deemed to have a Current Percentage Weight of zero as of the current Rebalancing Date.

The Weight of each selected Constituent will then be determined as a function of its Percentage Weight and the Strategic Allocation Level (i.e. the Strategic Allocation Level is split into that proportion attributable to the Percentage Weight of each selected Constituent), which is then divided by the Index Constituent Level of the relevant selected Constituent.

To the extent that the Percentage Weight is higher than the Current Percentage Weight of a selected Constituent, a Notional Spread (as defined in Part E (*Data*) below) will be applied to the difference between these two percentages. The Notional Spread is a fixed percentage that represents estimated notional transactional costs that would be incurred by a hypothetical investor notionally purchasing the selected Constituents and serves to reduce the Weight that the selected Constituent would otherwise have had in the Strategic Allocation. Overall, this reduction will lower the Index Level from the level it would otherwise have occupied if notional transactional costs had not been taken into account.

The Weights of the Constituents will remain constant between Rebalancing Dates, save for adjustments to take account of certain extraordinary events, as described in detail in Part D (*Calculation of the Index Level*) and Section B (*Valuations and Adjustments*) of the Index General Conditions.

Part D: Calculation of the Index Level

Calculation of the Index Level

1. INTRODUCTION

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor also acts in the capacity of Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part E (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Additional Adjustment Events as set out below in this Part D, Disrupted Days and Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedules*) of the Index General Conditions).

2. DAILY INDEX CALCULATION

2.1 Index Level

The "**Index Level**" as of the Index Start Date shall be the Index Start Level.

The "**Index Level**" as of each Index Business Day t following the Index Start Date shall be an amount determined by the Index Calculation Agent as of the Index Valuation Time on such Index Business Day t in accordance with the following formula. The formula subtracts a daily cash return from the Gross Index Level (as defined in paragraph 2.2 below).

$$IL_t = IL_{t-1} \times \left[1 + \left(\frac{GIL_t}{GIL_{t-1}} - 1\right) - \left(Rate_{t-1} \times \frac{t_t - t_{t-1}}{360}\right)\right]$$

where:

IL_t	=	Index Level as of Index Business Day t
IL_{t-1}	=	Index Level as of the Index Business Day immediately preceding Index Business Day t
GIL_t	=	Gross Index Level as of Index Business Day t (as determined in accordance with paragraph 2.2 below)
GIL_{t-1}	=	Gross Index Level as of the Index Business Day immediately preceding Index Business Day t
$Rate_{t-1}$	=	The Federal Funds effective rate (representing the overnight rate at which depository institutions lend USD balances at the Federal Reserve) in respect

		of the Index Business Day immediately preceding Index Business Day t (as displayed on Bloomberg page FEDL01 <Index> or such other Electronic Page as the Index Calculation Agent may determine appropriate), provided that if such reference rate is unavailable for any reason, the applicable rate shall be the rate prevailing as of the preceding Index Business Day for which such reference rate is available
$(t_t - t_{t-1})$	=	The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

2.2 Gross Index Level

The "**Gross Index Level**" as of the Index Start Date shall be equal to the Index Start Level.

The "**Gross Index Level**" as of each Index Business Day t following the Index Start Date shall be an amount determined by the Index Calculation Agent as of the Index Valuation Time on such Index Business Day t in accordance with the formula set out below.

The Gross Index Level is a function of (a) the allocation of the Index on each Index Business Day between the Strategic Allocation (as defined in paragraph 3.1 below) and the Cash Constituent (as defined in Part E (*Data*) below), and (b) the respective performances of the Strategic Allocation and the Cash Constituent. The allocation of the Index to the Strategic Allocation is referred to as the Exposure.

The Gross Index Level is also reduced by an amount equal to the Exposure Notional Spread (as defined in paragraph 2.3 below), which reflects certain notional transaction costs.

$$GIL_t = GIL_{t-1} \times \left(1 + Exposure_t \times \left(\frac{SAL_t}{SAL_{t-1}} - 1\right) + \left(1 - Exposure_t\right) \times \left(\frac{ICL_{C,t}}{ICL_{C,t-1}} - 1\right)\right) - ENS_t$$

where:

GIL_t	=	Gross Index Level as of Index Business Day t
GIL_{t-1}	=	Gross Index Level as of the Index Business Day immediately preceding Index Business Day t
$Exposure_t$	=	The Exposure (as defined in paragraph 2.4 below) of the Index to the Strategic Allocation, in respect of Index Business Day t
SAL_t	=	Strategic Allocation Level (as defined in paragraph 3.2 below), as of Index Business Day t
SAL_{t-1}	=	Strategic Allocation Level as of the Index Business Day immediately preceding Index Business Day t
$ICL_{C,t}$	=	The Index Constituent Level (as defined in paragraph 3.5 below) of the Cash Constituent as of Index Business Day t
$ICL_{C,t-1}$	=	The Index Constituent Level of the Cash Constituent as of the Index Business Day immediately preceding Index Business Day t
ENS_t	=	Exposure Notional Spread (as defined in paragraph 2.3 below) in relation to any adjustment of the Exposure in respect of Index Business Day t

2.3 Exposure Notional Spread

The Exposure Notional Spread in respect of each Index Business Day t is the aggregate of the notional transaction costs associated with any adjustment to the Exposure in respect of the relevant Index Business Day, as set out in detail in the formula below. Such notional transaction costs arise because any adjustment of the Exposure of the Index to the Strategic Allocation will require an increase or decrease in the market risk represented by the Strategic Allocation within the Index.

The "**Exposure Notional Spread**" in respect of each Index Business Day t is determined in accordance with the following formula:

$$\mathrm{ENS}_t = \mathrm{abs}\left(\mathrm{Exposure}_t - \mathrm{Exposure}_{t-1}\right) \times \sum_{i=1}^{n}\left(\mathrm{ICL}_{i,t} \times \mathrm{W}_{i,t} \times \frac{\mathrm{Notional\ Spread}_i}{2}\right)$$

where:

ENS_t	=	Exposure Notional Spread in respect of Index Business Day t
abs	=	The absolute difference between the two values separated by a minus symbol in the following set of brackets, such that the result is always a positive number
$Exposure_t$	=	Exposure (as defined in paragraph 2.4 below) as of Index Business Day t
$Exposure_{t-1}$	=	Exposure as of the Index Business Day immediately preceding Index Business Day t.
$\sum_{i=1}^{n}$		means the sum of the series of values achieved by calculating the formula following such symbol for each i from 1 through to n (inclusive), such that, for example: $\sum_{i=1}^{4}(i+y)$ = [(1 + y) + (2 + y) + (3 + y) + (4 + y)]
n	=	The number of Constituents included in the Index as of Index Business Day t
$ICL_{i,t}$	=	The Index Constituent Level (as defined in paragraph 3.5 below) of Constituent i as of Index Business Day t
$W_{i,t}$	=	The Weight of Constituent i as of Index Business Day t in the Strategic Allocation (as determined in accordance with paragraph 3.3 below)
Notional $Spread_i$	=	The Notional Spread of Constituent i (as defined in Part E (*Data*) below)

2.4 Exposure

The Exposure of the Index to the Strategic Allocation is determined in respect of each Index Business Day t by reference to the short term volatility of the Strategic Allocation Level (as defined in paragraph 3.2 below) over the period of 21 Index Business Days ending on, and including, the Index Business Day immediately preceding Index Business Day t. The Exposure of the Index to the Strategic Allocation will never be more than 100% and will never be less than 0%.

The Exposure of the Index to the Strategic Allocation will only be adjusted if the difference between the Exposure calculated as of the relevant Index Business Day and the Exposure calculated as of the immediately preceding Index Business Day is greater than the Volatility Buffer (as defined in Part E (*Data*)). Once determined in relation to Index Business Day t, the Exposure shall be used in the determination of the Index Level as of the Index Valuation Time on such Index Business Day t. The purpose of the Volatility Buffer is to prevent excessive rebalancing between the Strategic Allocation and the Cash Constituent within the Index to adjust for small changes in Exposure.

The “**Exposure**” in respect of Index Business Day t is determined in accordance with the following steps:

(1) Determine the proportion between the Volatility Cap (as defined in Part E (*Data*) below) and the Realized Volatility (as defined below) calculated as of the Index Business Day immediately preceding Index Business Day t:

$$\frac{VC}{RVol_{t-1}}$$

provided that the result may be neither greater than 1 nor less than 0.

(2) Determine the absolute difference between this proportion and the Exposure calculated as of the Index Business Day immediately preceding Index Business Day t in accordance with the following formula:

$$abs\left(\frac{VC}{RVol_{t-1}} - Exposure_{t-1}\right)$$

(3) Determine whether the absolute difference calculated in step (2) above is (i) less than the Volatility Buffer or (ii) equal to or greater than the Volatility Buffer:

(i) If the absolute difference is less than the Volatility Buffer, the Exposure in respect of such Index Business Day t shall be equal to the Exposure as of the immediately preceding Index Business Day;

(ii) In all other cases, the Exposure in respect of such Index Business Day shall be equal to the proportion determined in step (1) above.

This can be mathematically expressed as the following single formula:

$$Exposure_t = \begin{cases} Exposure_{t-1}, & \text{if } \quad abs\left(\min\left(ExpMax, \max\left(ExpMin, \frac{VC}{RVol_{t-1}}\right)\right) - Exposure_{t-1}\right) < \text{VC Buffer} \\ \min\left(ExpMax, \max\left(ExpMin, \frac{VC}{RVol_{t-1}}\right)\right), & \text{otherwise} \end{cases}$$

where:

$Exposure_t$	=	Exposure in respect of Index Business Day t. Where Index Business Day t is the Index Start Date, Exposure shall be deemed to be 1.
$Exposure_{t-1}$	=	Exposure in respect of the Index Business Day immediately preceding Index Business Day t
VC	=	Volatility Cap (as defined in Part E (*Data*) below)
$RVol_{t-1}$	=	Realized Volatility as of the Index Business Day immediately preceding Index Business Day t
VC Buffer	=	Volatility Buffer (as defined in Part E (*Data*) below)
ExpMax	=	1 (Since the Exposure shall never be greater than 1)
ExpMin	=	0 (Since the Exposure shall never be less than 0)

The "**Realized Volatility**" as of any Index Business Day t for purposes of calculating Exposure is determined according to the following formula:

$$RVol_t = \sqrt{\frac{n \times \sum_{i=0}^{n-1}\left(\ln\left(\frac{SAL_i}{SAL_{i+1}}\right)^2\right) - \left(\sum_{i=0}^{n-1}\ln\left(\frac{SAL_i}{SAL_{i+1}}\right)\right)^2}{n \times (n-1)} \times 252}$$

$RVol_t$	=	Realized Volatility as of Index Business Day t
SAL_i	=	The Strategic Allocation Level as of Index Business Day i. If Index Business Day i is a Disrupted Day in respect of any of the Constituents included in the Strategic Allocation on such Index Business Day, then, for these purposes, SAL_i shall be deemed to be equal to the Strategic Allocation Level as of the immediately preceding Index Business Day that was not a Disrupted Day for any of the applicable Constituents.
SAL_{i+1}	=	The Strategic Allocation Level as of the Index Business Day immediately following Index Business Day i, up to and including Index Business Day t. If Index Business Day i+1 is a Disrupted Day in respect of any of the Constituents included in the Strategic Allocation on such Index Business Day, then, for these purposes, SAL_{i+1} shall be deemed to be equal to the Strategic Allocation Level as of the immediately preceding Index Business Day that was not a Disrupted Day for any of the applicable Constituents.
n	=	21, representing the average number of Index Business Days in a month
i	=	Each Index Business Day from, but excluding, the 21st Index Business Day before Index Business Day t, up to and including, Index Business Day t
ln	=	The natural logarithmic function

3. THE STRATEGIC ALLOCATION

3.1 Description of the Strategic Allocation

The "**Strategic Allocation**" on any Index Business Day t comprises the basket of Constituents selected in accordance with the trend-following methodology, described in detail in paragraph 4 below, in their respective Weights (determined in accordance with paragraph 3.3 below). The Strategic Allocation may be viewed as the core asset allocation of the Index prior to adjusting exposure in accordance with the Exposure determination (as described above) and prior to the deduction of the amounts as part of the determination of both the Gross Index Level and the Index Level. The Cash Constituent will form part of the Strategic Allocation at any time if the sum of the Percentage Weights of all selected Constituents within the Strategic Allocation is less than the Maximum Cash Constituent Weight (being 100%).

3.2 Strategic Allocation Level

The "**Strategic Allocation Level**" as of the Strategic Allocation Start Date shall be the Strategic Allocation Start Level.

The "**Strategic Allocation Level**" as of each Index Business Day t (following the Strategic Allocation Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of the Index Constituent Level of each Constituent within the Strategic Allocation and its prevailing Weight (each as defined below).

$$SAL_t = \sum_{i=1}^{n}\left(ICL_{i,t} \times Weight_{i,r}\right)$$

where:

SAL_t	=	Strategic Allocation Level as of Index Business Day t
$ICL_{i,t}$	=	Index Constituent Level of Constituent i as of Index Business Day t (as determined in accordance with paragraph 3.5 below)
$Weight_{i,r}$	=	Weight of Constituent i as of the immediately preceding Rebalancing Date r (or the Strategic Allocation Start Date, as the case may be), as determined in accordance with paragraph 3.3 below
n	=	The number of selected Constituents included in the Strategic Allocation as of Index Business Day t

On Rebalancing Date r, the Strategic Allocation Level is calculated using the respective Weights (as determined on Rebalancing Date r-1) of each selected Constituent (as selected on the Selection Day immediately preceding Rebalancing Date r-1), subject to any subsequent adjustment of any Constituent's Weight as a result of any Additional Adjustment Event or Adjustment Event. Beginning with the first Index Business Day following Rebalancing Date r, up to and including Rebalancing Date r+1 (but prior to the rebalancing of the Index on such Rebalancing Date r+1), the Strategic Allocation Level is calculated using the Constituents selected on the Selection Day immediately preceding Rebalancing Date r and their respective Weights (as determined on Rebalancing Date r).

3.3 Weight

The Index Calculation Agent shall determine the Weight of each of the selected Constituents on the Strategic Allocation Start Date and on each Rebalancing Date. Such Weights shall remain in effect until after the Index Valuation Time on the following Rebalancing Date (when a rebalanced Strategic Allocation takes effect), subject to the occurrence of any Adjustment Event or any Additional Adjustment Event. For the avoidance of doubt, the calculation of the Index Level as of an Index Business Day which falls on a Rebalancing Date utilizes the Weights determined on the previous Rebalancing Date; the Weights determined on the current Rebalancing Date shall only be used in the calculation of the Index Level as of the following Index Business Day.

If the Percentage Weight determined for a selected Constituent in respect of a Rebalancing Date is less than or equal to its Current Percentage Weight (as defined in paragraph 3.4 below), then the Weight for that selected Constituent will be calculated by the Index Calculation Agent as the product of the Percentage Weight of that selected Constituent and the Strategic Allocation Level (giving the proportion of the Strategic Allocation attributable to that selected Constituent), which is then divided by the Index Constituent Level of that new Constituent. The calculation formula is set out in detail below in paragraph (1).

If the Percentage Weight determined for a selected Constituent in respect of a Rebalancing Date is greater than its Current Percentage Weight, then the Weight for that selected Constituent will be calculated by the Index Calculation Agent in the manner described above, except that instead of simply using the Percentage Weight of the selected Constituent to determine the proportion of the Strategic Allocation attributable to that selected Constituent, the Index Calculation Agent will use that Percentage Weight less an amount which is calculated by applying the Notional Spread to the difference between the Percentage Weight and the Current Percentage Weight. The calculation formula is set out in detail below in paragraph (2).

The "**Weight**" of each selected Constituent on the Strategic Allocation Start Date and each Rebalancing Date shall be an amount determined by the Index Calculation Agent in accordance with the applicable formula of the two formulae set out below:

(1) If, in relation to a selected Constituent i, the Percentage Weight of such selected Constituent i on Rebalancing Date r is less than or equal to the Current Percentage Weight of the same Constituent i on Rebalancing Date r, the Weight of such selected Constituent i shall be calculated in accordance with the following formula:

$$\text{Weight}_{i,r} = \frac{\text{Strategic Allocation Level}_r}{\text{Index Constituent Level}_{i,r}} \times \text{Percentage Weight}_{i,r}$$

or

(2) If, in relation to a selected Constituent i, the Percentage Weight of such selected Constituent i on Rebalancing Date r is greater than the Current Percentage Weight of the same Constituent i on Rebalancing Date r, the Weight of such selected Constituent i shall be calculated in accordance with the following formula:

$$\text{Weight}_{i,r} = \frac{\text{Strategic Allocation Level}_r}{\text{Index Constituent Level}_{i,r}} \times \left(\text{CPW}_{i,r} + (\text{PW}_{i,r} - \text{CPW}_{i,r}) \times \frac{1}{1 + \text{NS}_i} \right)$$

where:

$\text{Weight}_{i,r}$	=	Weight of selected Constituent i on Rebalancing Date r
Strategic Allocation Level_r	=	Strategic Allocation Level as of Rebalancing Date r
Index Constituent Level_r	=	Index Constituent Level of selected Constituent i on Rebalancing Date r
Percentage $\text{Weight}_{i,r}$ or $\text{PW}_{i,r}$	=	Percentage Weight of selected Constituent i on Rebalancing Date r
$\text{CPW}_{i,r}$	=	Current Percentage Weight of selected Constituent i on Rebalancing Date r. Where Constituent i was not already included in the Strategic Allocation as of the Rebalancing Date prior to Rebalancing Date r, $\text{CPW}_{i,r}$ shall be deemed to be zero
NS_i	=	Notional Spread in respect of selected Constituent i, as defined in Part E (*Data*) below

For the avoidance of doubt, only the calculation formula set out in paragraph (1) above is applicable for the purposes of determining the Weight of each selected Constituent as of the Strategic Allocation Start Date and in that context, all references to “Rebalancing Date r” in the formula shall be read as a reference to the Strategic Allocation Start Date.

3.4 Current Percentage Weight

The Current Percentage Weight of a Constituent on any Index Business Day is calculated as the Weight which such Constituent had in the Strategic Allocation from, but excluding, the immediately preceding Rebalancing Date r (or the Strategic Allocation Start Date, as the case may be), multiplied by its Index Constituent Level on such Index Business Day, divided by the Strategic Allocation Level in respect of such Index Business Day.

As of each Index Business Day t, the Index Calculation Agent shall calculate the “**Current Percentage Weight**” in respect of each Constituent i in accordance with the following formula:

$$\text{Current Percentage Weight}_{i,t} = \frac{\text{Weight}_{i,r} \times \text{Index Constituent Level}_{i,t}}{\text{Strategic Allocation Level}_t}$$

where:

Current Percentage $\text{Weight}_{i,t}$	=	Current Percentage Weight of Constituent i on Index Business Day t

$\text{Weight}_{i,r}$	=	Weight of selected Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or the Strategic Allocation Start Date, as the case may be)
$\text{Index Constituent Level}_{i,t}$	=	Index Constituent Level of Constituent i on Index Business Day t
$\text{Strategic Allocation Level}_{t}$	=	Strategic Allocation Level as of Index Business Day t

Where Index Business Day t is itself a Rebalancing Date, $\text{Weight}_{i,r}$ and $\text{Index Constituent Level}_{i,t}$ are determined prior to the rebalancing taking effect.

3.5 Index Constituent Level

As of each Index Business Day t, the Index Calculation Agent shall calculate the "**Index Constituent Level**" of each Constituent i in accordance with the following formula:

$$\text{Index Constituent Level}_{i,t} = \text{Index Constituent Level}_{i,r} \times \frac{\text{Constituent Closing Level}_{i,t}}{\text{Constituent Closing Level}_{i,r}} \times \left(1 - \text{NRC}_i \times \frac{(t_t - t_r)}{365}\right)$$

where:

Index Constituent $\text{Level}_{i,t}$	=	Index Constituent Level of Constituent i on Index Business Day t
Index Constituent $\text{Level}_{i,r}$	=	Index Constituent Level of Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be). The Index Constituent Level of each Constituent on the Strategic Allocation Start Date, or upon its introduction or reintroduction into the Strategic Allocation, is deemed to be equal to its Constituent Closing Level on the Strategic Allocation Start Date or the relevant Rebalancing Date, as the case may be
Constituent Closing $\text{Level}_{i,t}$	=	Constituent Closing Level (as determined in accordance with paragraph 3.6 below) of Constituent i on Index Business Day t
Constituent Closing $\text{Level}_{i,r}$	=	Constituent Closing Level of Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be)
NRC_i	=	Notional Replication Cost of Constituent i (as defined in Part E (*Data*) below)
$(t_t - t_r)$	=	The number of calendar days from, and including, the Rebalancing Date r immediately preceding Index Business Day t (or from, and including, the Strategic Allocation Start Date, as the case may be) to, but excluding, Index Business Day t. For the avoidance of doubt, if Index Business Day t is itself a Rebalancing Date, $(t_t - t_r)$ will be equal to the number of calendar days from, and including, the preceding Rebalancing Date (or from, and including, the Strategic Allocation Start Date, as the case may be) to, but excluding, the current Rebalancing Date

3.6 Constituent Closing Level

Constituents

(1) Except as specified below, the Constituent Closing Level of each Constituent on any Index Business Day t shall be as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions and the Constituent Schedule applicable to the relevant Constituent.

Cash Constituent

(2) In respect of the Cash Constituent, the Constituent Closing Level on any Index Business Day t shall be determined in accordance with the following formula:

$$CL_{C,t} = CL_{C,t-1} \times \left(1 + Rate_{t-1} \times \frac{dc(t-1,t)}{360}\right)$$

Where:

$CL_{C,t}$	=	Constituent Closing Level of the Cash Constituent on Index Business Day t. Where Index Business Day t is the Strategic Allocation Start Date, the Constituent Closing Level has a notional value of USD 1,000
$CL_{C,t-1}$	=	Constituent Closing Level of the Cash Constituent on the Index Business Day immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be)
$Rate_{t-1}$	=	The Federal Fund effective rate (representing the overnight rate at which depository institutions lend USD balances at the Federal Reserve) in respect of the Index Business Day immediately preceding Index Business Day t (as displayed on Bloomberg page FEDL01 <Index> or such other Electronic Page as the Index Calculation Agent may determine appropriate), provided that if such reference rate is unavailable for any reason, the applicable rate shall be the rate prevailing as of the preceding Index Business Day for which such reference rate is available
dc(t-1,t)	=	The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

4. CONSTITUENT SELECTION AND INDEX REBALANCING PROCESS

4.1 Selection of Constituents

On each monthly Selection Day, the Index Calculation Agent will determine which of the Eligible Constituents (as set out in Part E (*Data*) below) will become "**Constituents**" of the Strategic Allocation following the rebalancing process after the Index Valuation Time on the immediately following Rebalancing Date (or the Strategic Allocation Start Date, as the case may be). The Constituents selected on a Selection Day in respect of the related Rebalancing Date are referred to as "selected Constituents" pending the rebalancing at such Rebalancing Date.

4.2 Determination of Percentage Weights

The Percentage Weight of each selected Constituent is determined by the Index Calculation Agent on each Selection Day. Each Constituent selected for inclusion in the Strategic Allocation is given an equal Percentage Weight with other Constituents selected from the Eligible Universe, subject to the constraints below. In order to determine the selected Constituents and their Percentage Weights, the Index Calculation Agent follows a three-step process. The percentage allocation of the remainder of the Index (if any) to the Cash Constituent is determined as a fourth and final step in this process.

(1) Determine the Signal for each Eligible Constituent, by comparing the Short-term Average Constituent Closing Level to the Long-term Average Constituent Closing Level

For each Eligible Constituent, the Short-term Average Constituent Closing Level (being the arithmetic average of the Constituent Closing Levels of the relevant Eligible Constituent for the 50 Index Business Days ending on the relevant Selection Day) is compared to the Long-term Average Constituent Closing Level (being the arithmetic average of the Constituent Closing Levels of the relevant Eligible Constituent for the 200 Index Business Days ending on the relevant Selection Day).

If the Short-term Average Constituent Level is higher than the Short-term Average Constituent Level, then the Signal is one ("1") for that Eligible Constituent, otherwise it is zero ("0"), in accordance with the following formula:

$$\text{Signal}_i = \begin{cases} 1 & \text{if} \quad \text{avg}(CL_{i,t-sw+1},\ldots,CL_{i,t}) > \text{avg}(CL_{i,t-lw+1},\ldots,CL_{i,t}) \\ 0 & \text{otherwise} \end{cases}$$

where:

Signal_i	=	The Signal in respect of an Eligible Constituent i
$\text{avg}(CL_{i,t-sw+1},\ldots,CL_{i,t})$	=	The "**Short-term Average Constituent Closing Level**", determined as the arithmetic average of the Constituent Closing Levels of Eligible Constituent i for each of the 50 Index Business Days preceding (and including) Selection Day t. If any such Index Business Day was a Disrupted Day in respect of Eligible Constituent i, then the Constituent Closing Level of Eligible Constituent i in respect of such Disrupted Day shall be deemed to be equal to the Constituent Closing Level of Eligible Constituent i on the immediately preceding Index Business Day which was not a Disrupted Day for Eligible Constituent i.
$\text{avg}(CL_{i,t-lw+1},\ldots,CL_{i,t})$	=	The "**Long-term Average Constituent Closing Level**", determined as an arithmetic average of the Constituent Closing Levels of Eligible Constituent i for each of the 200 Index Business Days preceding (and including) Selection Day t. If any such Index Business Day was a Disrupted Day in respect of Eligible Constituent i, then the Constituent Closing Level of Eligible Constituent i in respect of such Disrupted Day shall be deemed to be equal to the Constituent Closing Level of Eligible Constituent i on the immediately preceding Index Business Day which was not a Disrupted Day for Eligible Constituent i.

(2) Determine the Signal in respect of each Asset Class

On each Selection Day, a Signal of one ("1") or zero ("0") is assigned to each Asset Class (as detailed in Part E (*Data*) below) represented by the Eligible Constituents.

An Asset Class shall be assigned a Signal of one ("1") in respect of a Selection Day if **all** Eligible Constituents within that Asset Class have also been assigned a Signal of one ("1") on such Selection Day. On the other hand, an Asset Class shall be assigned a Signal of zero ("0") in respect of a Selection Day if **any** Eligible Constituent within that Asset Class has been assigned a Signal of zero ("0") on such Selection Day.

(3) Determine Percentage Weights, subject to Constituent and Asset Class Constraints

Those Eligible Constituents for which the Asset Class Signal is 1 are included in the Strategic Allocation as "**selected Constituents**". The algorithm seeks to assign equal Percentage Weights to the selected Constituents, however this is subject to two restrictions:

(i) the Percentage Weight assigned to each Constituent may not exceed the Maximum Percentage Weight applicable to the relevant Constituent; and

(ii) the aggregate of the Percentage Weights assigned to the Constituents of the same Asset Class Constraint Type (as specified in Part E (*Data*) below) may not exceed the Maximum Percentage Weight for that Asset Class Constraint Type (as specified in Part E (*Data*) below).

The "**Percentage Weight**" assigned to each selected Constituent in respect of a Selection Day is expressed according to the following formula:

$$PW_i = \min\left(PWMax_i, \min\left(\frac{1}{\text{sum}(\text{AssetClass}_i\text{Constituents})} \times \text{AssetClass Constraint}_i, \frac{1}{\text{sum}(\text{Selected Constituents}_n)}\right)\right)$$

where:

PW_i	=	The Percentage Weight determined in respect of Constituent i on the relevant Selection Day k
$PWmax_i$	=	The Maximum Percentage Weight of Constituent i, as set out in Part E (*Data*) below
min	=	The lower of the amounts separated by a comma within the set of brackets immediately following the "min" symbol
sum($AssetClass_i$Constituents)	=	In respect of the Asset Class in which Constituent i belongs, the number of Eligible Constituents within such Asset Class (as set out in Part E (*Data*) below)
Asset Class $Constraint_i$	=	The Maximum Percentage Weight relating to the Asset Class in which Constituent i belongs (as set out in the "Asset Class Constraints" section in Part E (*Data*) below)
sum(Selected $Constituents_n$)	=	The number of Eligible Constituents that have been selected as Constituents in respect of Selection Day k, as a result of either: (1) a Signal of 1 being assigned to the relevant Eligible Constituent, or (2) a Signal of 1 being assigned to the Asset Class in which the relevant Eligible Constituent is comprised

Eligible Constituents which are not selected Constituents are assigned a Percentage Weights of zero in respect of the relevant Selection Day k.

(4) Determine the allocation of the Strategic Allocation to the Cash Constituent

If the Percentage Weight assigned to any selected Constituent in respect of a Selection Day k is restricted as a result of either the Maximum Percentage Weight applicable to that Constituent or the Maximum Percentage Weight for the Asset Class Constraint Type applicable to that Constituent, then the "excess" allocation will be assigned to the Cash Constituent for the purpose of determining the Percentage Weights in respect of such Selection Day k.

The Percentage Weight (if any) assigned to the Cash Constituent in respect of a Selection Day shall be determined as a percentage equal to the Maximum Cash Constituent Weight (being 100%) minus the sum of the Percentage Weights of the other Constituents selected on the relevant Selection Day for inclusion within the Strategic Allocation. The sum of the Percentage Weights of all the Constituents within the Strategic Allocation and the percentage allocation to the Cash Constituent (if any) will always be equal to 100 per cent.

5. ADDITIONAL ADJUSTMENT EVENTS

5.1 Eligible Constituent Licensing Event

If, in respect of any Eligible Constituent, any license granted to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Eligible Constituent in connection with the Index is terminated, or any such entity's right to use such Eligible Constituent in connection with calculating the Index is otherwise disputed, impaired or ceases for any reason, then regardless of whether such Eligible Constituent is, at that time, a Constituent:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Eligible Constituent that has substantially similar characteristics to the Eligible Constituent that is being replaced, having regard to the manner in which such Eligible Constituent is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

Part E: Data

Data

(As at the Index Start Date)

The Index shall operate with reference to an Eligible Universe. This Part E sets out the particulars of each Eligible Constituent and certain elections and inputs relating to the calculation of the Index. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in Part D (*Calculation of the Index Level*).

1. Eligible Universe

	Eligible Constituents	**Electronic Page**	**Constituent Schedule**
1	S&P 500 Total Return Index	SPTR <Index>	Share Index
2	MSCI Daily TR Net EAFE USD	NDDUEAFE <Index>	Share Index
3	MSCI Daily TR Net Emerging Markets USD	NDUEEGF <Index>	Share Index
4	Dow Jones US Real Estate Total Return Index	DJUSRET <Index>	Share Index
5	S&P GSCI Gold Total Return Index	SPGCGCTR <Index>	Commodity Index
6	S&P GSCI Non-Livestock Total Return Index	SPGSNLTR <Index>	Commodity Index
7	Citigroup Treasury Local Currency Index	SBGT <Index>	Bond Index

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2. Particulars in respect of each Eligible Constituent

	Eligible Constituent	Type of Index	Exchange(s)	Related Exchange(s)	Replacement Criteria
1	S&P 500 Total Return Index	Single Exchange Index	New York Stock Exchange and NASDAQ Stock Market, Inc.	All Exchanges	Exposure to large cap US equities
2	MSCI Daily TR Net EAFE USD	Multiple Exchange Index	As specified in the definition of "Exchange" in the Share Index Constituent Schedule	Not Applicable	Exposure to equities from developed markets, excluding North America
3	MSCI Daily TR Net Emerging Markets USD	Multiple Exchange Index	As specified in the definition of "Exchange" in the Share Index Constituent Schedule	Not Applicable	Exposure to emerging market equities
4	Dow Jones US Real Estate Total Return Index	Single Exchange Index	New York Stock Exchange and NASDAQ Stock Market, Inc.	All Exchanges	Exposure to US real estate
5	S&P GSCI Gold Total Return Index	Not Applicable	As specified in the definition of "Exchange" in the Commodity Index Constituent Schedule	All Exchanges	Exposure to gold
6	S&P GSCI Non-Livestock Total Return Index	Not Applicable	As specified in the definition of "Exchange" in the Commodity Index Constituent Schedule	All Exchanges	Exposure to non-livestock commodities
7	Citigroup Treasury Local Currency Index	Not Applicable	Not Applicable	Not Applicable	Exposure to US government debt

3. Additional data in respect of each Eligible Constituent

Eligible Constituent$_i$	Asset Class	Asset Class Constraint Type	Maximum Percentage Weight	Notional Spread	Notional Replication Cost
1	Equity	1	25%	0.06%	0.06%
2	Equity	1	25%	0.30%	0.20%
3	Equity	1	25%	0.70%	0.70%
4	Real Estate	1	25%	0.10%	0.20%
5	Commodity A	2	20%	0.30%	0.18%
6	Commodity B	3	30%	0.60%	0.23%
7	Fixed Income	4	50%	0.24%	0.07%

4. Cash Constituent

Electronic Page	Asset Class	Asset Class Constraint Type	Maximum Cash Constituent Weight	Notional Replication Cost	Notional Spread
FEDL01 <Index>	N/A	N/A	100%	0.00%	0.00%

5. Asset Class Constraints

Asset Class Constraint Type	Maximum Percentage Weight
1	70%
2	20%
3	30%
4	50%

6. Exposure calculation parameters

Volatility Cap	Volatility Buffer
5%	5%

7. Adjustment Elections

	Scheduled Valuation Date		
	Rebalancing Date	**Selection Day**	**Other**
Adjustments (Scheduled Trading Days: "holidays"):	Move In Block	Look Back	Look Back
Adjustments (Disrupted Days):	Value What You Can	Move In Block	Look Back
Valuation Roll (Disrupted Days):	5	5	5

8. Defined Terms

Index Business Day:	Each day which is a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London, New York and the principal financial centre of the Index Base Currency.
Index Valuation Time:	In respect of an Index Business Day as of 11.00 p.m. (London time) on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.
Rebalancing Date:	The final Index Business Day of each calendar month commencing on the final Index Business Day of February 2001, subject to adjustment in accordance with section 7 (*Adjustment Elections*) above.
Selection Day:	The day falling two scheduled Index Business Days prior to each Rebalancing Date or the Strategic Allocation Start Date, as the case may be.
Scheduled Valuation Date:	Each Index Business Day.

Part F: Specific Risks

Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (*General Risks*) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

MOMENTUM INVESTING

The methodology uses a technical indicator commonly known as a “Double Cross” method to identify positive or negative momentum in the price movements of each Constituent and by extension, the momentum of each Asset Class. There is no guarantee that this method will work under all market conditions, for instance, in volatile market conditions where Constituents experience large price movements. If the market constantly changes directions, then the technical indicator may not work as intended by the methodology. Momentum investing may not necessarily outperform other investment methodologies.

EXCESS RETURN INDEX

The Index is an “excess return” index. In general terms, an excess return index measures the returns that could be achieved through an unfunded investment in the assets comprised in the relevant index.

The Index Level is calculated on a daily basis by subtracting an amount reflecting the returns that would be available from an investment in cash at a benchmark overnight interest rate for the Index Base Currency. The deduction of cash returns in this manner will act as a drag on the performance of the Index. As a result, the Index will underperform a “price return” or “total return” index following the same methodology. Equally, investing in an Index Linked Product linked to the Index may not realise the same return as could be achieved from a direct investment in the assets comprised in the Index from time to time.

CONCENTRATION RISK

The Index aims to provide a degree of diversification amongst selected Constituents categorised into certain pre-defined Asset Classes. The nature of the trend-following methodology used by the Index is that only Eligible Constituents which form part of Asset Classes that are deemed to be in an Upward Trend will be included in the Strategic Allocation for the relevant period. If an Asset Class as a whole is deemed to be in a Downward Trend, none of the Eligible Constituents which form part of that Asset Class will be included in the Strategic Allocation for the relevant period.

As a result, it is possible that the Strategic Allocation may be rebalanced on a Rebalancing Date such that it is allocated to only one Asset Class with the balance allocated to the Cash Constituent. For example, the Strategic Allocation could comprise only Commodity Indices and the Cash Constituent. It is also possible that the Strategic Allocation comprises **only** of the Cash Constituent. As such, the diversification achieved by the Index may be limited.

REBALANCING FREQUENCY LIMITATIONS

The frequency of rebalancing of the Index is monthly. The methodology only evaluates the Constituents as of the Selection Day preceding each Rebalancing Date, which means that the composition of the Strategic Allocation is determined as of the Selection Day and effected as of the relevant Rebalancing Date, at which point the Strategic Allocation is fixed for a month until the next Rebalancing Date. A short gap in time exists between each Selection Day and Rebalancing Date. In certain circumstances, this gap might not allow any changes which may be desirable to optimizing the selection of Constituents which make up the Strategic Allocation if sudden changes in the performance momentum of the Constituents (or by extension, the Asset Class) occur between a Selection Day and the relevant Rebalancing Date or indeed, shortly after each Rebalancing Date.

CATEGORISATION BY ASSET CLASS

The methodology used by the Index employs a quantitative strategy which assumes that Constituents may be categorised into certain pre-determined Asset Classes. Such categorisation is intended to form part of the methodology. The categorisation is not intended to imply any Constituent as being indicative of such Asset Class as a whole, nor is it implied that by virtue of being grouped together in this manner, the Constituents will perform in exactly the same direction or magnitude at all times. In particular, some Asset Classes only contain one Constituent; such categorisation is only for the operation of the methodology and not intended to imply that such sole Constituent, by itself, may be taken to represent an entire class of assets.

DIVERSIFICATION STRATEGY

Exposure limits are assigned at both the Asset Class level and to individual Constituents. As far as possible, any notional investment in the Constituents is equally weighted as between the Constituents. This equal weighting, together with the maximum exposure limits set on each Asset Class as a whole, is designed to ensure diversification of investment.

Mainstream theory postulates that diversification of investment balances upside returns with downside risk. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the Index strategy may only become apparent over a long period and may underperform other methodologies of determining the optimal notional positions to hold during an upward trend in the investment cycle.

Furthermore, diversification among Asset Classes is subject to the outcome of applying the “Double Cross” method in the manner discussed above. Such an outcome might lead to limited diversification of the Constituents which form the Strategic Allocation.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision, in particular, they should be aware of the Maximum Percentage Weight that is stipulated in relation to each Constituent to assess the extent to which the composition of the Strategic Allocation may be diversified. In cases where the Maximum Percentage Weight specified in relation to a Constituent is very low in comparison to other Constituents, the benefits of diversification to be gained from a inclusion of such a Constituent in the Strategic Allocation may well be limited.

PERFORMANCE RISK

The Index may underperform other indices with the same Constituents, where those other indices employ, among other things, a different weighting scheme. The methodology does not seek to outperform the Eligible Universe or any other equity benchmark in absolute terms.

INDEX METHODOLOGY LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Conditions. There is no assurance that other methodologies for determining performance momentum and optimizing diversification with equivalent Constituents would not result in better performance than the Index.

FIXED ALGORITHMIC MODEL PARAMETERS

The Index uses a rules-based methodology which contains fixed parameters. For example, (i) the 50-day average and 200-day average is compared as of the Selection Day to determine the performance momentum of each Constituent (and by extension, of each Asset Class) and (ii) the Volatility Cap is deemed to be indicative of the limits beyond which the realized volatility of the Strategic Allocation will hinder the performance of the Index. The Index methodology assumes that these observation periods and other fixed parameters are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index. For instance, a higher Volatility Cap may improve the upside return on the same Strategic Allocation.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor as of the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.

Part G : Constituent Disclaimers

Constituent Disclaimers

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Index General Conditions

16 November 2011

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Section A: Introduction

Introduction

This document constitutes the Index General Conditions applicable to each index (each, an "**Index**") for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (*General Risks*) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).

Standard detailed rules govern "valuation", that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the "relevant markets"). Other standard rules apply to

Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (*Valuations and Adjustments*) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (*Valuations and Adjustments*) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (*General Risks*) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.

Section B: Valuations and Adjustments

Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: "HOLIDAYS")

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move In Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(d) *Not postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) *"Look Back"*

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) *"Move In Block"*

If "Move in Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) *"Value What You Can"*

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) *Postponing to a Disrupted Day*

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent 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 in respect of the Index is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.

For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the "**Affected Constituent**"), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(b) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

"**Replacement**" shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

"**Reweighting**" shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.

Section C: General Risks

General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be "investable", but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) Commodity

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.

Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option 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 commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts 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 commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

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

(b) Commodity Index

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading “Commodity” above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) Depositary Receipt

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) ETF Share (exchange-traded fund)

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in

any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) *FX Rate*

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) *Inflation Index*

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) 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.

(g) *Mutual Fund Interest*

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.

A mutual fund 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 contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) *Share*

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an

Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) *Share Index*

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share 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 financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) *Process following the occurrence of an Adjustment Event*

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such

Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) *No rights*

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) *No offer*

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) *Reinvestment*

Whether or not the Index is a “total return index” and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a “total return index”, it will not include any such notional reinvestment.

4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a “**Relevant Person**”), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and *Adjustments*);

(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;

(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;

(d) the Index Sponsor making a modification or change to the Index Conditions; and

(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.

9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.

Section D: Definitions

Definitions

References to the “**applicable Index Methodology**” are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a “Section” shall be references to a section of these Index General Conditions.

References to a “Part” shall be references to a part of the applicable Index Methodology.

“**Adjustment Event**” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“**Affected Constituent**” shall have the meaning given to it in Section B (*Valuations and Adjustments*).

“**Affiliate**” shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, “control” of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

“**Amount**” shall have the meaning given to it in Section E (*Miscellaneous*).

“**Calculations**” shall have the meaning given to it in Section E (*Miscellaneous*).

“**Citi**” shall mean Citigroup Inc. and its Affiliates.

“**Classification**” shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

“**Constituent**” shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as “i” (and the total number of Constituents shall be denoted as “n”), unless specified otherwise.

“**Constituent Closing Level**” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“**Constituent Inclusion Date**” shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

“**Constituent Level**” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“**Constituent Schedule**” shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

“**Corrected Level**” shall have the meaning given to it in Section B (*Valuations and Adjustments*).

“**Correction Period**” shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

“**Disrupted Day**” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“**Electronic Page**” shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

"**Eligible Constituent**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

"**Eligible Universe**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

"**Index Base Currency**" shall mean the currency specified as such in the applicable Index Methodology.

"**Index Business Day**" shall have the meaning given to it in the applicable Index Methodology.

"**Index Calculation Agent**" shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

"**Index Conditions**" shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

"**Index Electronic Page**" shall mean (1) the electronic page or source specified as such in Part B (*Key Information*) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

"**Index Launch Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Level**" shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

"**Index Linked Product**" shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

"**Index Sponsor**" shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

"**Index Start Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Start Level**" shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

"**Index Valuation Time**" have the meaning given to it in the applicable Index Methodology.

"**Information**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Rebalancing Date**" shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.

"**Replacement**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Replacement Criteria**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Reweighting**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Scheduled Valuation Date**" shall mean each date specified as such in the applicable Index Methodology.

"**Selection Day**" shall mean each date specified as such in the applicable Index Methodology.

"**Valuation Date**" shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (*Valuations and Adjustments*).

"**Valuation Roll**" shall mean the number specified as such in the applicable Index Methodology.

"**Weight**" shall have the meaning given to it in the applicable Index Methodology.

Section E: Miscellaneous

Miscellaneous

1. CALCULATIONS AND DETERMINATIONS

(a) *General*

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, "**Calculations**") in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index Linked Product.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) *Rounding*

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value ("**Amount**") calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) *Use of estimates*

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, "**Information**") and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) *No verification of Information*

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) *Corrections*

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) *Reliance*

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) *Not acting as fiduciary or agent*

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) *Dates and times of calculations*

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be “on” or “as at” a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. CONFLICTS OF INTEREST

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents (each, for the purposes of this Section E, a “**Relevant Person**”) may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor’s proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

Section F: Constituent Schedules

Constituent Schedule

SHARE INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a “Share Index”.

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Share Indices.

References to a “Paragraph” shall be references to a paragraph of this Constituent Schedule and references to a “Sub-paragraph” shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

“**Constituent Closing Level**” shall mean, in respect of a Share Index and a Valuation Date for such Share Index and unless otherwise specified in the applicable Index Methodology, the official closing level of such Share Index on such Valuation Date, as displayed on the applicable Electronic Page.

“**Valuation Time**” shall mean (i) in respect of a Single Exchange Index and a Scheduled Trading Day for such Single Exchange Index, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day; and (ii) in respect of a Multiple Exchange Index and a Scheduled Trading Day for such Multiple Exchange Index, (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security; and (y) in respect of any futures contracts or options contracts on such Multiple Exchange Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time when the official closing level of such Multiple Exchange Index is calculated and published by the relevant Share Index Sponsor.

(b) Intraday valuations

“**Constituent Level**” shall mean, in respect of a Share Index and a Valuation Time on a Valuation Date for such Share Index, the level of such Share Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

“**Valuation Time**” shall mean, in respect of a Share Index and a Scheduled Trading Day for such Share Index, the time when the level of such Share Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

“**Disrupted Day**” shall mean, 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**” shall mean, 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 Share Index Sponsor fails to publish the level of such Share Index; or

(ii) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) 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 Scheduled Closing Time on such Exchange Business Day); or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Closing Time on such Exchange Business Day).

(b) Multiple Exchange Index

"**Market Disruption Event**" shall mean, 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 relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Exchange in respect of any Component Security 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 Scheduled Closing Time on such Exchange Business Day), and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Closing 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 included in such Share Index at that 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) in the case of a Single Exchange Index, immediately before the occurrence of such Market Disruption Event; or (B) in the case of a Multiple Exchange Index, using the applicable weightings as published by, or derived from data published by, the relevant Share Index Sponsor.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Share Index, two Index Business Days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING SHARE INDICES

(a) Successor Share Index and Successor Share Index Sponsor

If a Share Index is (i) not calculated and announced by the relevant Share Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Share Index, then in each case that index (the "**Successor Share Index**") will be deemed to be the relevant Share Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Share Index Modification and Share Index Cancellation

If a Share Index Sponsor announces that it will make a material change in the formula for or method of calculating a Share Index or in any other way materially modifies that Share Index (other than a modification prescribed in that formula or method to maintain that Share Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Share Index Modification**") or permanently cancels that Share Index and no Successor Share Index exists (a "**Share Index Cancellation**" and, together with a Share Index Modification, each a "**Share Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Share Index that has substantially similar characteristics to the Share Index that is being replaced, having regard to the manner in which such Share Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Share Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Component Security**" shall mean, in respect of a Share Index, each share included in such Share Index.

"**Exchange**" shall mean (a) in respect of a Single Exchange Index, each exchange, trading system or quotation system specified as such in respect of such Single Exchange Index in the applicable Index Methodology or any successor to any such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in the relevant Component Securities has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Component Securities on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system); and (b) in respect of a Multiple Exchange Index and each relevant Component Security, the exchange, trading system or quotation system on which each Component Security is principally traded.

"**Exchange Business Day**" shall mean (a) in respect of a Single Exchange Index, any Scheduled Trading Day for such Single Exchange Index on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such 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 Share Index Sponsor publishes the level of such Multiple Exchange Index and on which each relevant 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.

"**Multiple Exchange Index**" shall mean each Share Index specified as such in the applicable Index Conditions.

"**Related Exchange**" shall mean, in respect of a Share Index and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share Index or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in futures contracts or options contracts relating to such Share Index has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such futures contracts or options contracts relating to such Share Index on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share Index, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share Index.

"**Scheduled Closing Time**" shall mean, 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 of 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**" shall mean (a) in respect of a Single Exchange Index, any day on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index is scheduled to be open for trading for their respective regular trading sessions; and (b) in respect of a Multiple Exchange Index, any day on which (i) the Share Index Sponsor in respect of such Multiple Exchange Index is scheduled to publish the level of such Multiple Exchange Index; and (ii) each relevant Related Exchange for 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.

"**Share Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Share Index Sponsor**" shall mean, 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 calculations and adjustments, if any, related to such Share Index; and (b) announces (directly or through an agent) the level of such Share Index on a regular basis.

"**Single Exchange Index**" shall mean each Share Index specified as such in the applicable Index Methodology.

"**X Percentage**" shall mean, 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 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 Share Index Sponsor as part of the market "opening data".

Constituent Schedule

COMMODITY INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Commodity Index".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Commodity Indices.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Commodity Index and a Valuation Date for such Commodity Index, and unless otherwise specified in the applicable Index Methodology, 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**" shall mean, in respect of a Commodity Index, a Constituent Closing Level and a Scheduled Trading Day for such Commodity Index, 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: (x) in respect of any 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 (y) in respect of any futures contracts or options contracts relating to such Commodity Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time when the official closing level of such Commodity Index for such day is calculated and published by the relevant Commodity Index Sponsor.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Commodity Index and a Valuation Time on a Valuation Date for such Commodity Index, the level of such Commodity Index at such time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Commodity Index and a Scheduled Trading Day for such Commodity Index, the time when the level of such Commodity Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which a Market Disruption Event occurs.

"**Market Disruption Event**" shall mean, in respect of a Commodity Index, the occurrence of any of the events set out below:

(i) the relevant Commodity Index Sponsor fails to publish the level of such Commodity Index; or

(ii) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (i) any relevant Exchange, of Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or (ii) any relevant Related Exchange, of futures contracts or options contracts relating to such Commodity Index; or

(iv) the occurrence or existence 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 (e) or Sub-paragraph (f) of this definition) which materially disrupts or impairs the ability of market participants in general (i) (on any relevant Exchange) to effect transactions in or to obtain market values for Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or (ii) (on any relevant Related Exchange) to effect transactions in or to obtain market values for futures contracts or options contracts relating to such Commodity Index; or

(v) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Exchange in respect of 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 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 Scheduled Closing Time on such Exchange Business Day); or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 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 Scheduled Closing Time on such Exchange Business Day).

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Commodity Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component included in such Commodity Index at that time, then the relevant percentage contribution of such Component to the level of such Commodity Index shall be based on a comparison of (i) the portion of the level of such Commodity Index attributable to such Component; and (ii) the overall level of such Commodity Index immediately before the occurrence of such Market Disruption Event.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Commodity Index, 30 calendar days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING COMMODITY INDICES

(a) Successor Commodity Index and Successor Commodity Index Sponsor

If a Commodity Index is (i) not calculated and announced by the relevant Commodity Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Commodity Index, then in each case that index (the "**Successor Commodity Index**") will be deemed to be the relevant Commodity Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Commodity Index Modification and Commodity Index Cancellation

If a Commodity Index Sponsor announces that it will make a material change in the formula for or method of calculating a Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Commodity Index Modification**") or permanently cancels that Commodity Index and no Successor Commodity Index exists (a "**Commodity Index Cancellation**" and, together with a Commodity Index Modification, each a "**Commodity Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Commodity Index that has substantially similar characteristics to the Commodity Index that is being replaced, having regard to the manner in which such Commodity Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Commodity Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Commodity Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Commodity Index Sponsor**" shall mean, 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.

"**Component**" shall mean, in respect of a Commodity Index, each component included in such Commodity Index.

"**Exchange**" shall mean, in respect of a Commodity Index and each relevant Component, and unless otherwise specified in the applicable Index Methodology, the primary exchange, trading system or quotation system in respect of such Component or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such Component has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Component on such temporary exchange, trading system or quotation system as on the original exchange, trading system or quotation system).

"**Exchange Business Day**" shall mean, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which the relevant Commodity Index Sponsor publishes the level of such Commodity Index.

"**Related Exchange**" shall mean, in respect of a Commodity Index, and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Commodity Index or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in futures contracts or options contracts relating to such Commodity Index has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such futures contracts or options contracts relating to such Commodity Index on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Commodity Index, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Commodity Index.

"**Scheduled Closing Time**" shall mean, in respect of a Commodity Index, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Commodity 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**" shall mean, in respect of a Commodity Index, any day on which the Commodity Index Sponsor in respect of such Commodity Index is scheduled to publish the level of such Commodity Index.

Constituent Schedule

BOND INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Bond Index".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Bond Indices.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Bond Index and a Valuation Date for such Bond Index and unless otherwise specified in the applicable Index Methodology, the official closing level of such Bond Index on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Bond Index and a Scheduled Trading Day for such Bond Index, the time at which the official closing level of such Bond Index is calculated and published by the relevant Bond Index Sponsor.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Bond Index and a Valuation Time on a Valuation Date for such Bond Index, the level of such Bond Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Bond Index and a Scheduled Trading Day for such Bond Index, the time when the level of such Bond Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Bond Index, any Scheduled Trading Day for such Bond Index on which a Market Disruption Event occurs.

"**Market Disruption Event**" shall mean, in respect of a Bond Index, the occurrence of any of the events set out below:

(i) the relevant Bond Index Sponsor fails to publish the level of such Bond Index; or

(ii) the occurrence or existence at any time on any Scheduled Trading Day for such Bond Index of any event, or market conditions, which materially disrupts or impairs the ability of market participants in general to acquire, dispose of or otherwise effect transactions in, or to obtain market values for, Component Securities which in aggregate comprise 20 per cent. or more of the level of such Bond Index; or

(iii) the occurrence or existence at any time on any Scheduled Trading Day for such Bond Index of any event, or market conditions, which materially reduces the liquidity in Component Securities which in aggregate comprise 20 per cent. or more of the level of such Bond Index; or

(iv) a general moratorium is declared in respect of bond trading or general banking activities in any of the jurisdictions in which the Component Securities of such Bond Index are primarily traded.

(i)
For the purposes of determining whether or not a Market Disruption Event exists in respect of a Bond Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component Security included in such Bond Index at that time, then the relevant percentage contribution of such Component Security to the level of such Bond Index shall be based on a comparison of (i) the portion of the level of such Bond Index attributable to such Component Security; and (ii) the overall level of such Bond Index, using the applicable weightings as published by, or derived from data published by, the relevant Bond Index Sponsor.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Bond Index, two Index Business Days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING BOND INDICES

(a) Successor Bond Index and Successor Bond Index Sponsor

If a Bond Index is (i) not calculated and announced by the relevant Bond Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Bond Index, then in each case that index (the "**Successor Bond Index**") will be deemed to be the relevant Bond Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Bond Index Modification and Bond Index Cancellation

If a Bond Index Sponsor announces that it will make a material change in the formula for or method of calculating a Bond Index or in any other way materially modifies that Bond Index (other than a modification prescribed in that formula or method to maintain that Bond Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Bond Index Modification**") or permanently cancels that Bond Index and no Successor Bond Index exists (a "**Bond Index Cancellation**" and, together with a Bond Index Modification, each a "**Bond Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Bond Index that has substantially similar characteristics to the Bond Index that is being replaced, having regard to the manner in which such Bond Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Bond Index, the criteria specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Bond Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Bond Index Sponsor**" shall mean, in respect of a Bond 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 Bond Index; and (b) announces (directly or through an agent) the level of such Bond Index on a regular basis.

"**Component Security**" shall mean, in respect of a Bond Index, each fixed income instrument included in such Bond Index.

"**Scheduled Trading Day**" shall mean, in respect of a Bond Index, any day on which the Bond Index Sponsor in respect of such Bond Index is scheduled to publish the level of such Bond Index.

Citi Multi-Asset Systematic Trend (MASTR) Asia Excess Return Index

Index Methodology

Citi Investment Strategies

27 January 2012

Table of Contents

Part A: Introduction

Introduction

This document constitutes the "**Index Methodology**" in respect of the Index (as defined below) and is made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

This Index Methodology and the Index General Conditions dated 16 November 2011 (as amended from time to time, the "**Index General Conditions**") together comprise the Index Conditions applicable to the Index and must be read together. In the case of any inconsistency between this Index Methodology and the Index General Conditions, this Index Methodology shall prevail in respect of the Index.

Full information in respect of the Index is only available on the basis of the combination of this Index Methodology and the Index General Conditions.

Full information in respect of any Index Linked Product is only available on the basis of the combination of this Index Methodology and the Index General Conditions and the confirmation, prospectus or offering document (however described) in respect of such Index Linked Product.

This Index Methodology may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) of the Index General Conditions for a description of the circumstances in which a change to this Index Methodology may be required.

Terms used in this Index Methodology but not defined in this Index Methodology shall have the meanings given to them in the Index General Conditions.

Part B: Key Information

Key Information

Index:	Citi Multi-Asset Systematic Trend (MASTR) Asia Excess Return Index (the "**Index**")
Summary of strategy:	The Index tracks the excess return (i.e. the return above a cash rate) of a trend-following multi-asset allocation strategy that provides variable exposure to three distinct asset classes: equities, commodities and fixed income. The allocation to each asset class is adjusted, potentially every month, following the monthly observation of a trend-following technical indicator or "signal". The "signal" which is observed on each monthly observation date is the relationship between the long-term (200 day) and short-term (50 day) averages of the level of each of the potential Index constituents. If the 50-day average of a potential constituent is above its 200-day average, that potential constituent (and its asset class as a whole) is considered to be in an "upward trend". Conversely, if the 50-day average of a potential constituent is below its 200-day average, that potential constituent (and its asset class as a whole) is considered to be in an "downward trend". The Index rebalances its allocation to the constituents on a monthly basis. Constituents in asset classes that are considered to be in an upward trend at the time of the monthly observation are included in the Index for the next period. Constituents in asset classes that are considered to be in a downward trend are excluded. The allocation to individual constituents is subject to specified maximum weights to retain a degree of diversification. A volatility limit is also imposed on the Index as a whole, whereby the exposure of the Index to its existing constituents is scaled back proportionally when the volatility of the Index is above a defined threshold. Volatility for these purposes is observed on a daily basis by reference to the weighted performance of the existing constituents of the Index.
Index Sponsor:	Citigroup Global Markets Limited
Index Calculation Agent:	Citigroup Global Markets Limited
Index Base Currency:	US dollars (USD)
Index Launch Date:	5 September 2011
Index Start Date:	29 March 2001
Index Start Level:	1,000
Index Fee:	Not Applicable
Strategic Allocation Start Date:	28 February 2001
Strategic Allocation Start Level:	1,000
Frequency of calculation of the Index Level:	Daily, as of each Index Business Day
Frequency of rebalancing:	Monthly, as of each Rebalancing Date
Index Electronic Page:	Bloomberg page CIISMSEA <Index>

The Index was launched by the Index Sponsor as of the Index Launch Date and has been calculated by the Index Calculation Agent for the period from the Index Start Date. Any back-testing or similar performance analysis undertaken by any person in respect of the Index for any reason must be considered illustrative only and may be based on assumptions or estimates not used by the Index Calculation Agent when determining the Index Level.

Part C: Overview of the Index

Overview of the Index

1. GENERAL OVERVIEW

The overview set out in this Part C is a summary only of the Index Conditions, of which this Part C is a part. The Index Conditions as a whole govern the calculation of the Index and the Index Level (as defined in Part D (*Calculation of the Index Level*) below), and the determinations made in connection with the maintenance of the Index. In the case of any inconsistency between this Part C and the remainder of the Index Conditions, the remainder of the Index Conditions shall prevail.

The Index is a rules-based proprietary index developed by the Index Sponsor.

The Index is described as replicating notional positions in the Constituents because there is no actual portfolio of assets to which any person is entitled or in which any person has any ownership interest. The Index simply references certain investment positions the performance of which is used as a reference point for the purpose of calculating the Index Level.

The Index Level is calculated in the Index Base Currency by the Index Calculation Agent as of every Index Business Day (as defined in Part E (*Data*) below) and is generally published on the following Index Business Day. The Index has been calculated on a live basis since the Index Launch Date and has been back-tested for the period since the Index Start Date.

The Index tracks the excess return (i.e. the return above a cash rate) of a trend-following multi-asset allocation strategy. The performance of the Index is dependent on the performance of two distinct components and the allocation of the Index between those two components from time to time. The two components are:

(1) the Strategic Allocation, which represents a notional basket of constituents selected from the Eligible Universe (as defined in Part E (*Data*) below) of market indices (each such market index, an "**Eligible Constituent**") on a monthly basis in accordance with the methodology described below; and

(2) the Cash Constituent, a notional cash constituent which represents a synthetic overnight interest rate for the Index Base Currency.

The Eligible Constituents are organized into groups, each of which nominally represents a particular asset class or segment within an asset class (each such group, an "**Asset Class**"). The Asset Classes broadly represented are: equities, commodities and fixed income. Where an Asset Class consists of only one Eligible Constituent, all references below to Eligible Constituents in the plural form apply equally in the singular.

This Index methodology (the "**Methodology**") is designed to increase allocation to the Eligible Constituents of an Asset Class when **all** the Eligible Constituents of such Asset Class are observed to be in an Upward Trend (as defined below in this Part C (*Overview of the Index*)). Conversely, when **any** Eligible Constituent of an Asset Class is observed to be in a Downward Trend (as defined below in this Part C (*Overview of the Index*)), the Methodology is designed to decrease allocation away from all Eligible Constituents of that Asset Class. The Upward Trends and Downward Trends relevant to each Eligible Constituent are determined with reference to short and long term averages – an Eligible Constituent that has a 50-day average level that is greater than its 200-day average level is determined to be in an Upward Trend, while an Eligible Constituent will be determined to be in a Downward Trend if its 50-day average is lower than or equal to its 200-day average.

By comparing the 50-day and 200-day averages, a momentum based approach is adopted towards the selection of the Constituents of the Index. When all the Eligible Constituents of an Asset Class are in an Upward Trend and performing increasingly well, all the Eligible Constituents of that Asset Class are selected for inclusion in the Strategic Allocation (as determined pursuant to Part D (*Calculation of the Index Level*) below). By contrast, if any Eligible Constituent of an Asset Class is not performing increasingly well and thus showing a Downward Trend, all the Eligible Constituents within that Asset Class are ignored (i.e. removed from the Strategic Allocation or not included in the Strategic Allocation at that time).

Whilst the Eligible Constituents of an Asset Class are selected as of a Selection Day, they become Constituents included in the Strategic Allocation only as of the Rebalancing Date following such Selection Day. To ensure that the Index retains a degree of diversification, exposure to each Asset Class is further subject to maximum allocation limits. By applying these rules and determining the Constituents in this manner, the Index Methodology determines a Strategic Allocation for the Index as of each Selection Day. Should the allocation of the Strategic Allocation to Eligible Constituents be less than 100%, the remainder of the Strategic Allocation will be notionally allocated to the Cash Constituent as of the Rebalancing Date following the relevant Selection Day.

In addition, the Index features a volatility control mechanism, which decreases the Exposure (as defined in Part D (*Calculation of the Index Level*)) of the Index to the Strategic Allocation and correspondingly increases the allocation to the Cash Constituent when the volatility of the Index is above a certain threshold. Therefore, the Strategic Allocation and the Cash Constituent contribute a variable proportion to the Index Level, with the Strategic Allocation contributing a higher proportion to the Index in times of low volatility and a lower proportion when volatility is higher. The opposite is true for the Cash Constituent.

Notional costs representing the transaction, replication and currency hedging costs notionally incurred: (1) in gaining notional exposure to the Constituents selected for inclusion in the Strategic Allocation, and (2) in rebalancing the Constituents, are applied to the calculation of the Strategic Allocation Level. Additional notional costs may also be incurred on a daily basis in relation to any adjustment of the Exposure (defined in Part D (*Calculation of the Index Level*) below) to the Strategic Allocation within the Index. These costs will adversely affect the Strategic Allocation Level and, by extension, will also adversely affect the Index Level.

The Citi Multi-Asset Systematic Trend (MASTR) Asia Excess Return Index uses a trend-following methodology to determine weights for the Constituents on a quarterly basis, such that the Index will be exposed to different Constituents from time to time depending on the Asset Class performance trends identified by the Methodology. The Index is subject to a variety of market risks. The Methodology on which the Index is based may not be successful and may not outperform any alternative strategy that might be employed in respect of the Eligible Universe.

2. INDEX SPONSOR AND INDEX CALCULATION AGENT

As at the date of this Index Methodology, the Index Sponsor shall also act as Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

3. INDEX LEVEL CALCULATION

Subject to the occurrence or existence of a Disrupted Day (as defined in Section D (*Definitions*) of the Index General Conditions), the Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (as defined in Part E (*Data*) below). The Index Level as of each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for that Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

The detailed procedures for the calculation of the Index Level in respect of each Index Business Day are set out in Part D (*Calculation of the Index Level*) below.

The Index Level reflects the performance of two components: (1) the Strategic Allocation and (2) the Cash Constituent.

The purpose of distinguishing between the Strategic Allocation and the Cash Constituent is to apply a level of volatility control to the Index. As the volatility of the Strategic Allocation increases above a defined threshold, the Index reduces Exposure to the Strategic Allocation; as the volatility of the Strategic Allocation decreases, Exposure to the Strategic Allocation is increased. The Index is not leveraged, so in all cases the proportion of the Index that is not exposed to the Strategic Allocation is allocated to the Cash Constituent of the Index. The Methodology adjusts the proportion of these two components by observing the volatility of the Strategic Allocation on a daily basis. The Strategic Allocation itself represents a basket of Constituents. Each

Constituent will be included in the Strategic Allocation at a Percentage Weight (as defined in Part D (*Calculation of the Index Level*) below) equal to the Percentage Weight of the other selected Constituents, up to the limits specified as the Maximum Percentage Weights for each individual Eligible Constituent and the Asset Class Constraints set out in Part E (*Data*) below.

The Gross Index Level (as defined in Part D (*Calculation of the Index Level*) below) is determined by the Index Calculation Agent as an initial step before the determination of the Index Level as of each Index Business Day. The Index Level as of each Index Business Day is then determined by the Index Calculation Agent by accruing and deducting a cash return (determined on the basis of overnight deposit rates for the Index Base Currency) on a daily basis from the Gross Index Level as of such Index Business Day.

4. MONTHLY REBALANCING

Subject to the occurrence or existence of a Disrupted Day, the Strategic Allocation is rebalanced on a monthly basis as of a Rebalancing Date (as defined in Part E (*Data*) below) which falls on the date which is two Index Business Days after the relevant Selection Day . As of each Selection Day, the Index Calculation Agent will select those Eligible Constituents of the Eligible Universe (as defined in Part E (*Data*) below) that represent Asset Classes in an Upward Trend. These Constituents are notionally included in the Strategic Allocation after the Index Valuation Time as of the relevant Rebalancing Date. The Percentage Weights of these Constituents will be subject to the Asset Class they represent, their Maximum Percentage Weights and the number of Asset Classes in an Upward Trend included in the Strategic Allocation.

The Strategic Allocation Level will also take into account certain costs in the monthly rebalancing of the Strategic Allocation. Such costs are notionally incurred in relation to the adjustment of the exposure to the selected Constituents within the Strategic Allocation.

5. SELECTION OF CONSTITUENTS AND DETERMINATION OF PERCENTAGE WEIGHTS

The Index Methodology selects the components of the Strategic Allocation from six different Eligible Constituents grouped into four Asset Classes as of each Rebalancing Date.

As of each Selection Day, the Index Methodology requires the Index Calculation Agent to determine the Constituents of the Strategic Allocation. The Eligible Constituents that may be selected for inclusion in the Strategic Allocation as Constituents form a defined selection universe, the "**Eligible Universe**" (as defined in Part E (*Data*) below). Based on the recent performance of the Eligible Constituents and whether the Asset Classes represented by these Eligible Constituents are in an Upward Trend or not, those Eligible Constituents in an Asset Class where all Eligible Constituents are in an Upward Trend will be selected for inclusion in the Strategic Allocation as Constituents. The other Eligible Constituents are excluded from the Strategic Allocation altogether until the next Selection Day.

Also as of each Selection Day, the Index Methodology requires the Index Calculation Agent to determine the Percentage Weights of the selected Constituents in the Strategic Allocation.

These determinations are based on fixed maximum allocations for each Constituent and the number and type of Asset Classes included in the Strategic Allocation as of that Selection Day. The Index Calculation Agent will, as of such Selection Day, determine the Percentage Weights for the Constituents according to the following algorithm:

5.1 Compare 50-day average levels against 200-day average levels

For each Eligible Constituent in the Eligible Universe, the average Constituent Closing Level over the immediately preceding 50 Index Business Days up to and including the relevant Selection Day ("**Short-Term Average Level**") is compared to the average Constituent Closing Level over the immediately preceding 200 Index Business Days up to and including the relevant Selection Day ("**Long-Term Average Level**").

5.2 Determine whether each Eligible Constituent, and each Asset Class, is in an Upward or Downward Trend

If the Short-Term Average Level of an Eligible Constituent is higher than its Long-Term Average Level then such Eligible Constituent is considered to be in an "**Upward Trend**". If the Short-Term Average Level of an Eligible Constituent is lower than or equal to its Long-Term Average Level then such Eligible Constituent is considered to be in a "**Downward Trend**".

If **all** the Eligible Constituents in the same Asset Class are in an Upward Trend then that Asset Class is considered to be in an Upward Trend and all the Eligible Constituents of such Asset Class are selected as Constituents for inclusion in the Strategic Allocation; in all other cases, that Asset Class is considered to be in a Downward Trend.

5.3 *Allocate Percentage Weights to selected Constituents in an Asset Class considered to be in an Upward Trend*

The Index Methodology selects only those Asset Classes that are considered to be in an Upward Trend. At this stage the Cash Constituent is excluded from the allocation. The Percentage Weights are distributed equally among all selected Constituents, subject to the Maximum Percentage Weight ascribed to each Constituent and subject further to limits represented by the Asset Class Constraints (as defined in Part E (*Data*) below).

For the avoidance of doubt, the Percentage Weight of all Eligible Constituents in an Asset Class considered to be in a Downward Trend will be zero (0).

5.4 *Determine allocation to the Cash Constituent*

The sum of the Percentage Weights of the selected Constituents and of the Cash Constituent (if any) will always be equal to 100 per cent. The percentage of the Strategic Allocation notionally allocated to the Cash Constituent will be equal to the Maximum Cash Constituent Weight (100%) minus the sum of the Percentage Weights of all selected Constituents within the Strategic Allocation.

6. DETERMINATION OF WEIGHTS

As of each Rebalancing Date following a Selection Day, the Index Calculation Agent determines the Weight of each selected Constituent within the Index.

The difference between “weight” and “percentage weight” can be understood as the difference between the notional investment in a constituent in an index (the weight) and the proportion that each constituent has to the overall level of the index (the percentage weight). The weight of a constituent is determined in respect of a rebalancing date by reference to the designated percentage weight of the constituent, the level of the index and the level of the constituent as of the rebalancing date. The weight of each constituent remains fixed between rebalancing dates save for adjustments as a result of changes to the constituents or extraordinary events. Unlike percentage weight, which is a snapshot of the proportion that a certain constituent has within the index as a whole, weight assesses the synthetic investment value of that constituent within the index. Because constituent levels fluctuate, the proportion that each constituent contributes to the index on any day depends on the relative performance of that constituent compared with the performance of the index as a whole. As such, the percentage weight of a constituent in an index can vary from day to day. On the other hand, a constituent included within an index on a certain rebalancing day, and having a certain percentage weight as of that day, will be represented by a weight which is fixed until the next rebalancing day.

In the Index, the Index Calculation Agent shall, as of each Rebalancing Date following the Index Start Date, determine the Current Percentage Weight (as defined in (as defined in Part D (*Calculation of the Index Level*) below) of each selected Constituent in the Strategic Allocation as of such Rebalancing Date. The Current Percentage Weight is the proportion that the relevant selected Constituent has in the Strategic Allocation as a whole prior to the rebalancing, expressed as a percentage. For the avoidance of doubt, any selected Constituent that is not already an existing Constituent in the Strategic Allocation as of the previous Rebalancing Date will be deemed to have a Current Percentage Weight of zero as of the current Rebalancing Date.

The Weight of each selected Constituent will then be determined as a function of its Percentage Weight and the Strategic Allocation Level (i.e. the Strategic Allocation Level is split into that proportion attributable to the Percentage Weight of each selected Constituent), which is then divided by the Index Constituent Level of the relevant selected Constituent.

To the extent that the Percentage Weight is higher than the Current Percentage Weight of a selected Constituent, a Notional Spread (as defined in Part E (*Data*) below) will be applied to the difference between these two percentages. The Notional Spread is a fixed percentage that represents estimated notional transactional costs that would be incurred by a hypothetical investor notionally purchasing the selected

Constituents and serves to reduce the Weight that the selected Constituent would otherwise have had in the Strategic Allocation. Overall, this reduction will lower the Index Level from the level it would otherwise have occupied if notional transactional costs had not been taken into account.

The Weights of the Constituents will remain constant between Rebalancing Dates, save for adjustments to take account of certain extraordinary events, as described in detail in Part D (*Calculation of the Index Level*) and Section B (*Valuations and Adjustments*) of the Index General Conditions.

Part D: Calculation of the Index Level

Calculation of the Index Level

1. INTRODUCTION

The Index Sponsor is Citigroup Global Markets Limited. As at the date of this Index Methodology, the Index Sponsor also acts in the capacity of Index Calculation Agent to calculate and publish the Index in accordance with the Index Conditions. The Index Sponsor may, in its sole discretion and without notice, appoint an alternative Index Calculation Agent at any time.

The Index Sponsor's determinations in respect of the Index shall be final. Please refer to Section E (*Miscellaneous*) of the Index General Conditions for further information.

The Index Level is calculated by the Index Calculation Agent as of the Index Valuation Time on each Index Business Day (each as defined in Part E (*Data*) below). The Index Level for each Index Business Day is published on the Index Electronic Page, generally on the following Index Business Day. This should be considered the official source for the Index Level and a level obtained from any other source (electronic or otherwise) must be considered unofficial. The Index Level is the closing level of the Index for the relevant Index Business Day. The Index Calculation Agent may also, but is not obliged to, calculate the level of the Index in respect of any other valuation time on any Index Business Day or any other day with the consent of the Index Sponsor.

All of the calculations and determinations described in this Part D are the responsibility of the Index Calculation Agent. The calculations and determinations in this Part D are subject to the occurrence of, and adjustments made as a consequence of, Additional Adjustment Events as set out below in this Part D, Disrupted Days and Adjustment Events (as described in Section B (*Valuations and Adjustments*) and Section F (*Constituent Schedules*) of the Index General Conditions).

2. DAILY INDEX CALCULATION

2.1 Index Level

The "**Index Level**" as of the Index Start Date shall be the Index Start Level.

The "**Index Level**" as of each Index Business Day t following the Index Start Date shall be an amount determined by the Index Calculation Agent as of the Index Valuation Time on such Index Business Day t in accordance with the following formula. The formula subtracts a daily cash return from the Gross Index Level (as defined in paragraph 2.2 below).

$$IL_t = IL_{t-1} \times \left[1 + \left(\frac{GIL_t}{GIL_{t-1}} - 1\right) - \left(Rate_{t-1} \times \frac{t_t - t_{t-1}}{360}\right)\right]$$

where:

IL_t	=	Index Level as of Index Business Day t
IL_{t-1}	=	Index Level as of the Index Business Day immediately preceding Index Business Day t
GIL_t	=	Gross Index Level as of Index Business Day t (as determined in accordance with paragraph 2.2 below)
GIL_{t-1}	=	Gross Index Level as of the Index Business Day immediately preceding Index Business Day t
$Rate_{t-1}$	=	The Federal Funds effective rate (representing the overnight rate at which depository institutions lend USD balances at the Federal Reserve) in respect of the Index Business Day immediately preceding Index Business Day t (as

displayed on Bloomberg page FEDL01 <Index> or such other Electronic Page as the Index Calculation Agent may determine appropriate), provided that if such reference rate is unavailable for any reason, the applicable rate shall be the rate prevailing as of the preceding Index Business Day for which such reference rate is available

$(t_t - t_{t-1})$	=	The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

2.2 Gross Index Level

The "**Gross Index Level**" as of the Index Start Date shall be equal to the Index Start Level.

The "**Gross Index Level**" as of each Index Business Day t following the Index Start Date shall be an amount determined by the Index Calculation Agent as of the Index Valuation Time on such Index Business Day t in accordance with the formula set out below.

The Gross Index Level is a function of (a) the allocation of the Index on each Index Business Day between the Strategic Allocation (as defined in paragraph 3.1 below) and the Cash Constituent (as defined in Part E (*Data*) below), and (b) the respective performances of the Strategic Allocation and the Cash Constituent. The allocation of the Index to the Strategic Allocation is referred to as the Exposure.

The Gross Index Level is also reduced by an amount equal to the Exposure Notional Spread (as defined in paragraph 2.3 below), which reflects certain notional transaction costs.

$$GIL_t = GIL_{t-1} \times \left(1 + Exposure_t \times \left(\frac{SAL_t}{SAL_{t-1}} - 1\right) + \left(1 - Exposure_t\right) \times \left(\frac{ICL_{C,t}}{ICL_{C,t-1}} - 1\right)\right) - ENS_t$$

where:

GIL_t	=	Gross Index Level as of Index Business Day t
GIL_{t-1}	=	Gross Index Level as of the Index Business Day immediately preceding Index Business Day t
$Exposure_t$	=	The Exposure (as defined in paragraph 2.4 below) of the Index to the Strategic Allocation, in respect of Index Business Day t
SAL_t	=	Strategic Allocation Level (as defined in paragraph 3.2 below), as of Index Business Day t
SAL_{t-1}	=	Strategic Allocation Level as of the Index Business Day immediately preceding Index Business Day t
$ICL_{C,t}$	=	The Index Constituent Level (as defined in paragraph 3.5 below) of the Cash Constituent as of Index Business Day t
$ICL_{C,t-1}$	=	The Index Constituent Level of the Cash Constituent as of the Index Business Day immediately preceding Index Business Day t
ENS_t	=	Exposure Notional Spread (as defined in paragraph 2.3 below) in relation to any adjustment of the Exposure in respect of Index Business Day t

2.3 Exposure Notional Spread

The Exposure Notional Spread in respect of each Index Business Day t is the aggregate of the notional transaction costs associated with any adjustment to the Exposure in respect of the relevant Index Business Day, as set out in detail in the formula below. Such notional transaction costs arise because any adjustment of the Exposure of the Index to the Strategic Allocation will require an increase or decrease in the market risk represented by the Strategic Allocation within the Index.

The "**Exposure Notional Spread**" in respect of each Index Business Day t is determined in accordance with the following formula:

$$\mathrm{ENS}_t = \mathrm{abs}\left(\mathrm{Exposure}_t - \mathrm{Exposure}_{t-1}\right) \times \sum_{i=1}^{n} \mathrm{ICL}_{i,t} \times \mathrm{W}_{i,t} \times \frac{\mathrm{Notional\ Spread}_i}{2}$$

where:

ENS_t	=	Exposure Notional Spread in respect of Index Business Day t
abs	=	The absolute difference between the two values separated by a minus symbol in the following set of brackets, such that the result is always a positive number
$Exposure_t$	=	Exposure (as defined in paragraph 2.3 below) as of Index Business Day t
$Exposure_{t-1}$	=	Exposure as of the Index Business Day immediately preceding Index Business Day t.
$\sum_{i=1}^{n}$	=	Means the sum of the series of values achieved by calculating the formula following such symbol for each i from 1 through to n (inclusive), such that, for example: $\sum_{i=1}^{4}(i+y)$ = [(1 + y) + (2 + y) + (3 + y) + (4 + y)]
n	=	The number of Constituents included in the Index as of Index Business Day t
$ICL_{i,t}$	=	The Index Constituent Level (as defined in paragraph 3.5 below) of Constituent i as of Index Business Day t
$W_{i,t}$	=	The Weight of Constituent i as of Index Business Day t in the Strategic Allocation (as determined in accordance with paragraph 3.3 below)
Notional $Spread_i$	=	The Notional Spread of Constituent i as defined in Part E (*Data*) below

2.4 Exposure

The Exposure of the Index to the Strategic Allocation is determined in respect of each Index Business Day t by reference to the short term volatility of the Strategic Allocation Level (as defined in paragraph 3.2 below) over the period of 21 Index Business Days ending on, and including, the Index Business Day immediately preceding Index Business Day t. The Exposure of the Index to the Strategic Allocation will never be more than 100% and will never be less than 0%.

The Exposure of the Index to the Strategic Allocation will only be adjusted if the difference between the Exposure calculated as of the relevant Index Business Day and the Exposure calculated as of the immediately preceding Index Business Day is greater than the "**Volatility Buffer**" (as defined in Part E (*Data*)). Once determined in relation to Index Business Day t, the Exposure shall be used in the determination of the Index

Level as of the Index Valuation Time on such Index Business Day t. The purpose of the Volatility Buffer is to prevent excessive rebalancing between the Strategic Allocation and the Cash Constituent within the Index to adjust for small changes in Exposure.

The “**Exposure**” in respect of Index Business Day t is determined in accordance with the following steps:

(1) Determine the proportion between the Volatility Cap (as defined in Part E (*Data*) below) and the Realized Volatility (as defined below) calculated as of the Index Business Day immediately preceding Index Business Day t:

$$\frac{VC}{RVol_{t-1}}$$

provided that the result may be neither greater than 1 nor less than 0;

(2) Determine the absolute difference between this proportion and the Exposure calculated as of the Index Business Day immediately preceding Index Business Day t in accordance with the following formula:

$$abs\left(\frac{VC}{RVol_{t-1}} - Exposure_{t-1}\right)$$

(3) Determine whether the absolute difference calculated in step (2) above is (i) less than the Volatility Buffer or (ii) equal to or greater than the Volatility Buffer:

(i) If the absolute difference is less than the Volatility Buffer, the Exposure in respect of such Index Business Day t shall be equal to the Exposure as of the immediately preceding Index Business Day;

(ii) In all other cases, the Exposure in respect of such Index Business Day shall be equal to the proportion determined in step (1) above.

This can be mathematically expressed as the following single formula:

$$Exposure_t = \begin{cases} Exposure_{t-1}, \quad \text{if} \quad abs\left(\min\left(ExpMax, \max\left(ExpMin, \frac{VC}{RVol_{t-1}}\right)\right) - Exposure_{t-1}\right) < VC\ Buffer \\ \min\left(ExpMax, \max\left(ExpMin, \frac{VC}{RVol_{t-1}}\right)\right), \quad \text{otherwise} \end{cases}$$

where:

$Exposure_t$	=	Exposure in respect of Index Business Day t. Where Index Business Day t is the Index Start Date, Exposure shall be deemed to be 1.
$Exposure_{t-1}$	=	Exposure in respect of the Index Business Day immediately preceding Index Business Day t
VC	=	Volatility Cap (as defined in Part E (*Data*) below)
$RVol_{t-1}$	=	Realized Volatility as of the Index Business Day immediately preceding Index Business Day t
VC Buffer	=	Volatility Buffer (as defined in Part E (*Data*) below)
ExpMax	=	1 (Since the Exposure shall never be greater than 1)
ExpMin	=	0 (Since the Exposure shall never be less than 0)

The "**Realized Volatility**" as of any Index Business Day t for purposes of calculating Exposure is determined according to the following formula:

$$RVol_t = \sqrt{\frac{n \times \sum_{i=0}^{n-1}\left(\ln\left(\frac{SAL_i}{SAL_{i+1}}\right)^2\right) - \left(\sum_{i=0}^{n-1}\ln\left(\frac{SAL_i}{SAL_{i+1}}\right)\right)^2}{n \times (n-1)} \times 252}$$

$RVol_t$	=	Realized Volatility as of Index Business Day t
SAL_i	=	The Strategic Allocation Level as of Index Business Day i. If Index Business Day i is a Disrupted Day in respect of any of the Constituents included in the Strategic Allocation on such Index Business Day, then, for these purposes, SAL_i shall be deemed to be equal to the Strategic Allocation Level as of the immediately preceding Index Business Day that was not a Disrupted Day for any of the applicable Constituents.
SAL_{i+1}	=	The Strategic Allocation Level as of the Index Business Day immediately following Index Business Day i, up to and including Index Business Day t. If Index Business Day i+1 is a Disrupted Day in respect of any of the Constituents included in the Strategic Allocation on such Index Business Day, then, for these purposes, SAL_{i+1} shall be deemed to be equal to the Strategic Allocation Level as of the immediately preceding Index Business Day that was not a Disrupted Day for any of the applicable Constituents.
n	=	21, representing the average number of Index Business Days in a month
i	=	Each Index Business Day from, but excluding, the 21st Index Business Day before Index Business Day t, up to and including, Index Business Day t
ln	=	The natural logarithmic function

3. THE STRATEGIC ALLOCATION

3.1 Description of the Strategic Allocation

The "**Strategic Allocation**" on any Index Business Day t comprises the basket of Constituents selected in accordance with the trend-following methodology, described in detail in paragraph 4 below, in their respective Weights (determined in accordance with paragraph 3.3 below). The Strategic Allocation may be viewed as the core asset allocation of the Index prior to adjusting exposure in accordance with the Exposure determination (as described above) and prior to the deduction of the amounts as part of the determination of both the Gross Index Level and the Index Level. The Cash Constituent will form part of the Strategic Allocation at any time if the sum of the Percentage Weights of all selected Constituents within the Strategic Allocation is less than the Maximum Cash Constituent Weight (being 100%).

3.2 Strategic Allocation Level

The "**Strategic Allocation Level**" as of the Strategic Allocation Start Date shall be the Strategic Allocation Start Level.

The "**Strategic Allocation Level**" as of each Index Business Day t (following the Strategic Allocation Start Date) shall be an amount determined by the Index Calculation Agent in accordance with the formula set out below. The formula aggregates the product of the Index Constituent Level of each Constituent within the Strategic Allocation and its prevailing Weight (each as defined below).

$$SAL_t = \sum_{i=1}^{n} \left(ICL_{i,t} \times Weight_{i,r} \right)$$

where:

SAL_t	=	Strategic Allocation Level as of Index Business Day t
$ICL_{i,t}$	=	Index Constituent Level of Constituent i as of Index Business Day t (as determined in accordance with paragraph 3.5 below)
$Weight_{i,r}$	=	Weight of Constituent i as of the immediately preceding Rebalancing Date r (or the Strategic Allocation Start Date, as the case may be), as determined in accordance with paragraph 3.3 below
n	=	The number of selected Constituents included in the Strategic Allocation as of Index Business Day t

On Rebalancing Date r, the Strategic Allocation Level is calculated using the respective Weights (as determined on Rebalancing Date r-1) of each selected Constituent (as selected on the Selection Day immediately preceding Rebalancing Date r-1), subject to any subsequent adjustment of any Constituent's Weight as a result of any Additional Adjustment Event or Adjustment Event. Beginning with the first Index Business Day following Rebalancing Date r, up to and including Rebalancing Date r+1 (but prior to the rebalancing of the Index on such Rebalancing Date r+1), the Strategic Allocation Level is calculated using the Constituents selected on the Selection Day immediately preceding Rebalancing Date r and their respective Weights (as determined on Rebalancing Date r).

3.3 Weight

The Index Calculation Agent shall determine the Weight of each of the selected Constituents on the Strategic Allocation Start Date and on each Rebalancing Date. Such Weights shall remain in effect until after the Index Valuation Time on the following Rebalancing Date (when a rebalanced Strategic Allocation takes effect), subject to the occurrence of any Adjustment Event or any Additional Adjustment Event. For the avoidance of doubt, the calculation of the Index Level as of an Index Business Day which falls on a Rebalancing Date utilizes the Weights determined on the previous Rebalancing Date; the Weights determined on the current Rebalancing Date shall only be used in the calculation of the Index Level as of the following Index Business Day.

If the Percentage Weight determined for a selected Constituent in respect of a Rebalancing Date is less than or equal to its Current Percentage Weight (as defined in paragraph 3.4 below), then the Weight for that selected Constituent will be calculated by the Index Calculation Agent as the product of the Percentage Weight of that selected Constituent and the Strategic Allocation Level (giving the proportion of the Strategic Allocation attributable to that selected Constituent), which is then divided by the Index Constituent Level of that new Constituent. The calculation formula is set out in detail below in paragraph (1).

If the Percentage Weight determined for a selected Constituent in respect of a Rebalancing Date is greater than its Current Percentage Weight, then the Weight for that selected Constituent will be calculated by the Index Calculation Agent in the manner described above, except that instead of simply using the Percentage Weight of the selected Constituent to determine the proportion of the Strategic Allocation attributable to that selected Constituent, the Index Calculation Agent will use that Percentage Weight less an amount which is calculated by applying the Notional Spread to the difference between the Percentage Weight and the Current Percentage Weight. The calculation formula is set out in detail below in paragraph (2).

The "**Weight**" of each selected Constituent on the Strategic Allocation Start Date and each Rebalancing Date shall be an amount determined by the Index Calculation Agent in accordance with the applicable formula of the two formulae set out below:

(1) If, in relation to a selected Constituent i, the Percentage Weight of such selected Constituent i on Rebalancing Date r is less than or equal to the Current Percentage Weight of the same Constituent i on Rebalancing Date r, the Weight of such selected Constituent i shall be calculated in accordance with the following formula:

$$\text{Weight}_{i,r} = \frac{\text{Strategic Allocation Level}_r}{\text{Index Constituent Level}_{i,r}} \times \text{Percentage Weight}_{i,r}$$

or

(2) If, in relation to a selected Constituent i, the Percentage Weight of such selected Constituent i on Rebalancing Date r is greater than the Current Percentage Weight of the same Constituent i on Rebalancing Date r, the Weight of such selected Constituent i shall be calculated in accordance with the following formula:

$$\text{Weight}_{i,r} = \frac{\text{Strategic Allocation Level}_r}{\text{Index Constituent Level}_{i,r}} \times \left(\text{CPW}_{i,r} + \left(\text{PW}_{i,r} - \text{CPW}_{i,r}\right) \times \frac{1}{1+\text{NS}_i} \right)$$

where:

$\text{Weight}_{i,r}$	=	Weight of selected Constituent i on Rebalancing Date r
Strategic Allocation Level_r	=	Strategic Allocation Level as of Rebalancing Date r
Index Constituent Level_r	=	Index Constituent Level of selected Constituent i on Rebalancing Date r
Percentage Weight $_{i,r}$ or $\text{PW}_{i,r}$	=	Percentage Weight of selected Constituent i on Rebalancing Date r
$\text{CPW}_{i,r}$	=	Current Percentage Weight of selected Constituent i on Rebalancing Date r. Where Constituent i was not already included in the Strategic Allocation as of the Rebalancing Date prior to Rebalancing Date r, $\text{CPW}_{i,r}$ shall be deemed to be zero
NS_i	=	Notional Spread in respect of selected Constituent i as defined in Part E (*Data*) below

For the avoidance of doubt, only the calculation formula set out in paragraph (1) above is applicable for the purposes of determining the Weight of each selected Constituent as of the Strategic Allocation Start Date and in that context, all references to “Rebalancing Date r” in the formula shall be read as a reference to the Strategic Allocation Start Date.

3.4 Current Percentage Weight

The Current Percentage Weight of a Constituent on any Index Business Day is calculated as the Weight which such Constituent had in the Strategic Allocation from, but excluding, the immediately preceding Rebalancing Date r (or the Strategic Allocation Start Date, as the case may be), multiplied by its Index Constituent Level on such Index Business Day, divided by the Strategic Allocation Level in respect of such Index Business Day.

As of each Index Business Day t, the Index Calculation Agent shall calculate the “**Current Percentage Weight**” in respect of each Constituent i in accordance with the following formula:

$$\text{Current Percentage Weight}_{i,t} = \frac{\text{Weight}_{i,r} \times \text{Index Constituent Level}_{i,t}}{\text{Strategic Allocation Level}_t}$$

where:

Current Percentage $\text{Weight}_{i,t}$	=	Current Percentage Weight of Constituent i on Index Business Day t
$\text{Weight}_{i,r}$	=	Weight of selected Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or the Strategic Allocation Start Date, as the case may be)
Index Constituent $\text{Level}_{i,t}$	=	Index Constituent Level of Constituent i on Index Business Day t
Strategic Allocation Level_t	=	Strategic Allocation Level as of Index Business Day t

Where Index Business Day t is itself a Rebalancing Date, $\text{Weight}_{i,r}$ and Index Constituent $\text{Level}_{i,t}$ are determined prior to the rebalancing taking effect.

3.5 Index Constituent Level

As of each Index Business Day t, the Index Calculation Agent shall calculate the "**Index Constituent Level**" of each Constituent i in accordance with the following formula:

$$\text{IndexConstituent Level}_{i,t} = \text{IndexConstituent Level}_{i,r} \times \frac{\text{Constituent ClosingLevel}_{i,t}}{\text{Constituent ClosingLevel}_{i,r}} \times \left(1 - \text{NRC}_i \times \frac{(t_t - t_r)}{365}\right)$$

where:

Index Constituent $\text{Level}_{i,t}$	=	Index Constituent Level of Constituent i on Index Business Day t
Index Constituent $\text{Level}_{i,r}$	=	Index Constituent Level of Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be). The Index Constituent Level of each Constituent on the Strategic Allocation Start Date, or upon its introduction or reintroduction into the Strategic Allocation, is deemed to be equal to its Constituent Closing Level on the Strategic Allocation Start Date or the relevant Rebalancing Date, as the case may be
Constituent Closing $\text{Level}_{i,t}$	=	Constituent Closing Level (as determined in accordance with paragraph 3.6 below) of Constituent i on Index Business Day t
Constituent Closing $\text{Level}_{i,r}$	=	Constituent Closing Level of Constituent i on the Rebalancing Date r immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be)
NRC_i	=	Notional Replication Cost of Constituent i (as defined in Part E (*Data*) below)
$(t_t - t_r)$	=	The number of calendar days from, and including, the Rebalancing Date r immediately preceding Index Business Day t (or from, and including, the Strategic Allocation Start Date, as the case may be) to, but excluding, Index Business Day t. For the avoidance of doubt, if Index Business Day t is itself a Rebalancing Date, $(t_t - t_r)$ will be equal to the number of calendar days from, and including, the preceding

Rebalancing Date (or from, and including, the Strategic Allocation Start Date, as the case may be) to, but excluding, the current Rebalancing Date.

3.6 Constituent Closing Level

Constituents

(1) Except as specified below, the Constituent Closing Level of each Constituent on any Index Business Day t shall be as determined in accordance with Section B (*Valuations and Adjustments*) of the Index General Conditions and the Constituent Schedule applicable to the relevant Constituent.

Cash Constituent

(2) In respect of the Cash Constituent, the Constituent Closing Level on any Index Business Day t shall be determined in accordance with the following formula:

$$CL_t = CL_{t-1} \times \left(1 + Rate_{t-1} \times \frac{dc(t-1,t)}{360}\right)$$

Where:

CL_t	=	Constituent Closing Level of the Cash Constituent on Index Business Day t. Where Index Business Day t is the Strategic Allocation Start Date, the Constituent Closing Level has a notional value of USD 1,000
CL_{t-1}	=	Constituent Closing Level of the Cash Constituent on the Index Business Day immediately preceding Index Business Day t (or on the Strategic Allocation Start Date, as the case may be)
$Rate_{t-1}$	=	The Federal Fund effective rate (representing the overnight rate at which depository institutions lend USD balances at the Federal Reserve) in respect of the Index Business Day immediately preceding Index Business Day t (as displayed on Bloomberg page FEDL01 <Index> or such other Electronic Page as the Index Calculation Agent may determine appropriate), provided that if such reference rate is unavailable for any reason, the applicable rate shall be the rate prevailing as of the preceding Index Business Day for which such reference rate is available
dc(t-1,t)	=	The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

4. CONSTITUENT SELECTION AND INDEX REBALANCING PROCESS

4.1 *Selection of Constituents*

On each monthly Selection Day, the Index Calculation Agent will determine which of the Eligible Constituents (as set out in Part E (*Data*) below) will become “**Constituents**” of the Strategic Allocation following the rebalancing process after the Index Valuation Time on the immediately following Rebalancing Date (or the Strategic Allocation Start Date, as the case may be). The Constituents selected on a Selection Day in respect of the related Rebalancing Date are referred to as “selected Constituents” pending the rebalancing at such Rebalancing Date.

4.2 *Determination of Percentage Weights*

The Percentage Weight of each selected Constituent is determined by the Index Calculation Agent on each Selection Day. Each Constituent selected for inclusion in the Strategic Allocation is given an equal Percentage Weight with other Constituents selected from the Eligible Universe, subject to the constraints below. In order to determine the selected Constituents and their Percentage Weights, the Index Calculation Agent follows a three-step process. The percentage allocation of the remainder of the Index (if any) to the Cash Constituent is determined as a fourth and final step in this process.

(1) Determine the Signal for each Eligible Constituent, by comparing the Short-term Average Constituent Closing Level to the Long-term Average Constituent Closing Level

For each Eligible Constituent, the Short-term Average Constituent Closing Level (being the arithmetic average of the Constituent Closing Levels of the relevant Eligible Constituent for the 50 Index Business Days ending on the relevant Selection Day) is compared to the Long-term Average Constituent Closing Level (being the arithmetic average of the Constituent Closing Levels of the relevant Eligible Constituent for the 200 Index Business Days ending on the relevant Selection Day).

If the Short-term Average Constituent Level is higher than the Short-term Average Constituent Level then the Signal is one (“1”) for that Eligible Constituent, otherwise it is zero (“0”), in accordance with the following formula:

$$\text{Signal}_i = \begin{cases} 1 & \text{if} \quad \text{avg}(CL_{i,t-sw+1},\ldots,CL_{i,t}) > \text{avg}(CL_{i,t-lw+1},\ldots,CL_{i,t}) \\ 0 & \text{otherwise} \end{cases}$$

where:

Signal_i	=	The Signal in respect of an Eligible Constituent i
$\text{avg}(CL_{i,t-sw+1},\ldots,CL_{i,t})$	=	The “**Short-term Average Constituent Closing Level**”, determined as the arithmetic average of the Constituent Closing Levels of Eligible Constituent i for each of the 50 Index Business Days preceding (and including) Selection Day t. . If any such Index Business Day was a Disrupted Day in respect of Eligible Constituent i, then the Constituent Closing Level of Eligible Constituent i in respect of such Disrupted Day shall be deemed to be equal to the Constituent Closing Level of Eligible Constituent i on the immediately preceding Index Business Day which was not a Disrupted Day for Eligible Constituent i.
$\text{avg}(CL_{i,t-lw+1},\ldots,CL_{i,t})$	=	The “**Long-term Average Constituent Closing Level**”, determined as an arithmetic average of the Constituent Closing Levels of Eligible Constituent i for each of the 200 Index Business Days preceding (and including) Selection Day t. If any such Index Business Day was a Disrupted Day in respect of Eligible Constituent i, then the Constituent Closing Level of Eligible Constituent i in respect of such Disrupted Day shall be deemed to be equal to the Constituent Closing Level of Eligible Constituent i on the immediately preceding Index Business Day which was not a Disrupted Day for Eligible Constituent i.

(2) Determine the Signal in respect of each Asset Class

On each Selection Day, a Signal of one (“1”) or zero (“0”) is assigned to each Asset Class (as detailed in Part E (*Data*) below) represented by the Eligible Constituents.

An Asset Class shall be assigned a Signal of one ("1") in respect of a Selection Day if **all** Eligible Constituents within that Asset Class have also been assigned a Signal of one ("1") on such Selection Day. On the other hand, an Asset Class shall be assigned a Signal of zero ("0") in respect of a Selection Day if **any** Eligible Constituent within that Asset Class has been assigned a Signal of zero ("0") on such Selection Day.

(3) Determine Percentage Weights, subject to Constituent and Asset Class Constraints

Those Eligible Constituents for which the Asset Class Signal is 1 are included in the Strategic Allocation as "**selected Constituents**". The algorithm seeks to assign equal Percentage Weights to the selected Constituents, however this is subject to two restrictions:

(i) the Percentage Weight assigned to each Constituent may not exceed the Maximum Percentage Weight applicable to the relevant Constituent; and

(ii) the aggregate of the Percentage Weights assigned to the Constituents of the same Asset Class Constraint Type (as specified in Part E (*Data*) below) may not exceed the Maximum Percentage Weight for that Asset Class Constraint Type (as specified in Part E (*Data*) below).

The "**Percentage Weight**" assigned to each selected Constituent in respect of a Selection Day is expressed according to the following formula:

$$PW_i = \min\left(PWMax_i, \min\left(\frac{1}{sum(AssetClass_i Constituents)} \times AssetClass\ Constraint_i, \frac{1}{sum(Selected\ Constituents_n)}\right)\right)$$

where:

PW_i	=	The Percentage Weight determined in respect of Constituent i on the relevant Selection Day k
$PWmax_i$	=	The Maximum Percentage Weight of Constituent i as set out in Part E (*Data*) below
min	=	The lower of the amounts separated by a comma within the set of brackets immediately following the "min" symbol
sum(AssetClass$_i$Constituents)	=	In respect of the Asset Class in which Constituent i belongs, the number of Eligible Constituents within such Asset Class (as set out in Part E (*Data*) below)
Asset Class Constraint$_i$	=	The Maximum Percentage Weight relating to the Asset Class in which Constituent i belongs as set out in the "Asset Class Constraints" section in Part E (*Data*) below
sum(Selected Constituents$_n$)	=	The number of Eligible Constituents that have been selected as Constituents in respect of Selection Day k, as a result of either: (1) a Signal of 1 being assigned to the relevant Eligible Constituent, or (2) a Signal of 1 being assigned to the Asset Class in which the relevant Eligible Constituent is comprised

Eligible Constituents which are not selected Constituents are assigned a Percentage Weights of zero in respect of the relevant Selection Day k.

(4) Determine the allocation of the Strategic Allocation to the Cash Constituent

If the Percentage Weight assigned to any selected Constituent in respect of a Selection Day k is restricted as a result of either the Maximum Percentage Weight applicable to that Constituent or the

Maximum Percentage Weight for the Asset Class Constraint Type applicable to that Constituent, then the "excess" allocation will be assigned to the Cash Constituent for the purpose of determining the Percentage Weights in respect of such Selection Day k.

The Percentage Weight (if any) assigned to the Cash Constituent in respect of a Selection Day shall be determined as a percentage equal to the Maximum Cash Constituent Weight (being 100%) minus the sum of the Percentage Weights of the other Constituents selected on the relevant Selection Day for inclusion within the Strategic Allocation. The sum of the Percentage Weights of all the Constituents within the Strategic Allocation and the percentage allocation to the Cash Constituent (if any) will always be equal to 100 per cent.

5. ADDITIONAL ADJUSTMENT EVENTS

5.1 Eligible Constituent Licensing Event

If, in respect of any Eligible Constituent, any license granted to the Index Sponsor and/or the Index Calculation Agent and/or any of their respective Affiliates, to use such Eligible Constituent in connection with the Index is terminated, or any such entity's right to use such Eligible Constituent in connection with calculating the Index is otherwise disputed, impaired or ceases for any reason, then regardless of whether such Eligible Constituent is, at that time, a Constituent:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Eligible Constituent that has substantially similar characteristics to the Eligible Constituent that is being replaced, having regard to the manner in which such Eligible Constituent is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

Part E: Data

Data

(As at the Index Start Date)

The Index shall operate with reference to an Eligible Universe. This Part E sets out the particulars of each Eligible Constituent and certain elections and inputs relating to the calculation of the Index. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in Part D (*Calculation of the Index Level*).

1. Eligible Universe

	Eligible Constituents	**Electronic Page**	**Constituent Schedule**
1	S&P 500 Total Return Index	SPTR <Index>	Share Index
2*	Hang Seng China Enterprises Total Return Index	HSI 21 <Index>	Share Index
3	MSCI Daily TR Net Emerging Markets USD	NDUEEGF <Index>	Share Index
4	S&P GSCI Gold Total Return Index	SPGCGCTR <Index>	Commodity Index
5	S&P GSCI Non-Livestock Total Return Index	SPGSNLTR <Index>	Commodity Index
6	Citigroup Treasury Local Currency Index	SBGT <Index>	Bond Index

* See the Annex to this Index Methodology for more information on certain assumptions made in relation to this Eligible Constituent in the backtesting of the Index.

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2. **Particulars in respect of each Eligible Constituent**

	Eligible Constituent	Type of Index	Exchange(s)	Related Exchange(s)	Replacement Criteria
1	S&P 500 Total Return Index	Single Exchange Index	New York Stock Exchange and NASDAQ Stock Market, Inc.	All Exchanges	Exposure to large cap US equities
2	Hang Seng China Enterprises Total Return Index	Single Exchange Index	The Stock Exchange of Hong Kong Limited	All Exchanges	Exposure to Asian equities
3	MSCI Daily TR Net Emerging Markets USD	Multiple Exchange Index	As specified in the definition of "Exchange" in the Share Index Constituent Schedule	Not Applicable	Exposure to emerging market equities
4	S&P GSCI Gold Total Return Index	Not Applicable	As specified in the definition of "Exchange" in the Commodity Index Constituent Schedule	All Exchanges	Exposure to gold
5	S&P GSCI Non-Livestock Total Return Index	Not Applicable	As specified in the definition of "Exchange" in the Commodity Index Constituent Schedule	All Exchanges	Exposure to non-livestock commodities
6	Citigroup Treasury Local Currency Index	Not Applicable	Not Applicable	Not Applicable	Exposure to US government debt

3. Additional data in respect of each Eligible Constituent

Eligible Constituent$_i$	Asset Class	Asset Class Constraint Type	Maximum Percentage Weight	Notional Spread	Notional Replication Cost
1	Equity	1	25%	0.06%	0.06%
2	Equity	1	25%	0.30%	0.90%
3	Equity	1	25%	0.70%	0.70%
4	Commodity A	2	20%	0.30%	0.18%
5	Commodity B	3	30%	0.60%	0.23%
6	Fixed Income	4	50%	0.24%	0.07%

4. Cash Constituent

Electronic Page	Asset Class	Asset Class Constraint Type	Maximum Cash Constituent Weight	Notional Replication Cost	Notional Spread
FEDL01 <Index>	N/A	N/A	100%	0.00%	0.00%

5. Asset Class Constraints

Asset Class Constraint Type	Maximum Percentage Weight
1	75%
2	20%
3	30%
4	50%

6. Exposure calculation parameters

Volatility Cap	Volatility Buffer
5%	5%

7. Adjustment Elections

	Scheduled Valuation Date		
	Rebalancing Date	**Selection Day**	**Other**
Adjustments (Scheduled Trading Days: "holidays"):	Move In Block	Look Back	Look Back
Adjustments (Disrupted Days):	Value What You Can	Move In Block	Look Back
Valuation Roll (Disrupted Days):	5	5	5

8. Defined Terms

Index Business Day:	Each day which is a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign exchange currency deposits) in London, New York and the principal financial centre of the Index Base Currency.
Index Valuation Time:	In respect of an Index Business Day as of 11.00 p.m.(London time) on such Index Business Day, or such later time that the Index Calculation Agent may determine with the consent of the Index Sponsor.
Rebalancing Date:	The final Index Business Day of each calendar month commencing on the final Index Business Day of February 2001, subject to adjustment in accordance with section 7 (*Adjustment Elections*) above.
Selection Day:	The day falling two scheduled Index Business Days prior to each Rebalancing Date or the Strategic Allocation Start Date, as the case may be.
Scheduled Valuation Date:	Each Index Business Day.

Part F: Specific Risks

Specific Risks

This Part G does not describe all of the risks arising in respect of the Index. Please refer to Section C (*General Risks*) of the Index General Conditions for a discussion of further risks arising in respect of the Index.

MOMENTUM INVESTING

The methodology uses a technical indicator commonly known as a “Double Cross” method to identify positive or negative momentum in the price movements of each Constituent and by extension, the momentum of each Asset Class. There is no guarantee that this method will work under all market conditions, for instance, in volatile market conditions where Constituents experience large price movements. If the market constantly changes directions, then the technical indicator may not work as intended by the methodology. Momentum investing may not necessarily outperform other investment methodologies.

EXCESS RETURN INDEX

The Index is an “excess return” index. In general terms, an excess return index measures the returns that could be achieved through an unfunded investment in the assets comprised in the relevant index.

The Index Level is calculated on a daily basis by subtracting an amount reflecting the returns that would be available from an investment in cash at a benchmark overnight interest rate for the Index Base Currency. The deduction of cash returns in this manner will act as a drag on the performance of the Index. As a result, the Index will underperform a “price return” or “total return” index following the same methodology. Equally, investing in an Index Linked Product linked to the Index may not realise the same return as could be achieved from a direct investment in the assets comprised in the Index from time to time.

CONCENTRATION RISK

The Index aims to provide a degree of diversification amongst selected Constituents categorised into certain pre-defined Asset Classes. The nature of the trend-following methodology used by the Index is that only Eligible Constituents which form part of Asset Classes that are deemed to be in an Upward Trend will be included in the Strategic Allocation for the relevant period. If an Asset Class as a whole is deemed to be in a Downward Trend, none of the Eligible Constituents which form part of that Asset Class will be included in the Strategic Allocation for the relevant period.

As a result, it is possible that the Strategic Allocation may be rebalanced on a Rebalancing Date such that it is allocated to only one Asset Class with the balance allocated to the Cash Constituent. For example, the Strategic Allocation could comprise only Commodity Indices and the Cash Constituent. It is also possible that the Strategic Allocation comprises **only** of the Cash Constituent. As such, the diversification achieved by the Index may be limited.

REBALANCING FREQUENCY LIMITATIONS

The frequency of rebalancing of the Index is monthly. The methodology only evaluates the Constituents as of the Selection Day preceding each Rebalancing Date, which means that the composition of the Strategic Allocation is determined as of the Selection Day and effected as of the relevant Rebalancing Date, at which point the Strategic Allocation is fixed for a month until the next Rebalancing Date. A short gap in time exists between each Selection Day and Rebalancing Date. In certain circumstances, this gap might not allow any changes which may be desirable to optimizing the selection of Constituents which make up the Strategic Allocation if sudden changes in the performance momentum of the Constituents (or by extension, the Asset Class) occur between a Selection Day and the relevant Rebalancing Date or indeed, shortly after each Rebalancing Date.

CATEGORISATION BY ASSET CLASS

The methodology used by the Index employs a quantitative strategy which assumes that Constituents may be categorised into certain pre-determined Asset Classes. Such categorisation is intended to form part of the methodology. The categorisation is not intended to imply any Constituent as being indicative of such Asset Class as a whole, nor is it implied that by virtue of being grouped together in this manner, the Constituents will perform in exactly the same direction or magnitude at all times. In particular, some Asset Classes only contain one Constituent; such categorisation is only for the operation of the methodology and not intended to imply that such sole Constituent, by itself, may be taken to represent an entire class of assets.

DIVERSIFICATION STRATEGY

Exposure limits are assigned at both the Asset Class level and to individual Constituents. As far as possible, any notional investment in the Constituents is equally weighted as between the Constituents. This equal weighting, together with the maximum exposure limits set on each Asset Class as a whole, is designed to ensure diversification of investment.

Mainstream theory postulates that diversification of investment balances upside returns with downside risk. However, there is no guarantee that this will be the case, especially over short periods. In particular, the benefits of the Index strategy may only become apparent over a long period and may underperform other methodologies of determining the optimal notional positions to hold during an upward trend in the investment cycle.

Furthermore, diversification among Asset Classes is subject to the outcome of applying the “Double Cross” method in the manner discussed above. Such an outcome might lead to limited diversification of the Constituents which form the Strategic Allocation.

Investors in Index Linked Products should be aware of this limitation in considering their investment decision, , in particular, they should be aware of the Maximum Percentage Weight that is stipulated in relation to each Constituent to assess the extent to which the composition of the Strategic Allocation may be diversified. In cases where the Maximum Percentage Weight specified in relation to a Constituent is very low in comparison to other Constituents, the benefits of diversification to be gained from a inclusion of such a Constituent in the Strategic Allocation may well be limited.

PERFORMANCE RISK

The Index may underperform other indices with the same Constituents, where those other indices employ, among other things, a different weighting scheme. The methodology does not seek to outperform the Eligible Universe or any other equity benchmark in absolute terms.

INDEX METHODOLOGY LIMITATIONS

The performance of the Index is dependent on the pre-defined rules-based methodology set out in the Index Conditions. There is no assurance that other methodologies for determining performance momentum and optimizing diversification with equivalent Constituents would not result in better performance than the Index.

FIXED ALGORITHMIC MODEL PARAMETERS

The Index uses a rules-based methodology which contains fixed parameters. For example, (i) the 50-day average and 200-day average is compared as of the Selection Day to determine the performance momentum of each Constituent (and by extension, of each Asset Class) and (ii) the Volatility Cap is deemed to be indicative of the limits beyond which the realized volatility of the Strategic Allocation will hinder the performance of the Index. The Index methodology assumes that these observation periods and other fixed parameters are reasonable in the context of the Index, however, alternative parameters could have a positive effect on the performance of the Index. For instance, a higher Volatility Cap may improve the upside return on the same Strategic Allocation.

LIMITED OPERATING HISTORY

The Index was launched by the Index Sponsor as of the specified Index Launch Date and has been calculated by the Index Calculation Agent for the period from the specified Index Start Date. Any back-testing or similar performance analysis performed by any person in respect of the Index must be considered illustrative only and may be based on estimates or assumptions not used by the Index Calculation Agent when determining the Index Level.

This list of risk factors is not intended to be exhaustive. All persons should seek such advice as they consider necessary from their professional advisors, investment, legal, tax or otherwise, without reliance on the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates or any of their respective directors, officers, employees, representatives, delegates and agents.

Part G : Constituent Disclaimers

Constituent Disclaimers

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ANNEX

The Hang Seng China Enterprises Total Return Index (with Bloomberg code HSI 21<Index>) has only been available since 11 October 2004 and no actual levels exist in relation to such Eligible Constituent prior to such date.

To compensate for the lack of values in relation to this Eligible Constituent, certain assumptions described in this Annex have been made with the intention of generating the necessary proxy values used to determine the contribution of such Eligible Constituent to the overall path of the Index Level between the Strategic Allocation Start Date and 11 October 2004:

1) from and including the Strategic Allocation Start Date to, but excluding 3 October 2001, the Hong Kong Stock Exchange Hang Seng China Enterprises Index (with Bloomberg code HSCEI <Index>) calculated on a price return basis is used as a direct proxy (the "**Proxy Index**") for the Hang Seng China Enterprises Total Return Index during this period; and

2) from and including 3 October 2001 to, but excluding 11 October 2004, the Proxy Index is adjusted according to the formula below to determine a synthetic index (the "**Synthetic Index**") calculated on a total return basis which is then, in turn, used as a direct proxy for the Hang Seng China Enterprises Total Return Index during this period.

The performance of the Synthetic Index as of each Index Business Day t during this period is calculated according to the following formula:

$$\text{Synthetic Index}_t = \text{Synthetic Index}_{t-1} \times \left(1 + \left(\frac{PR_t}{PR_{t-1}} - 1\right) + \text{divyield}_t \times \frac{d(t, t-1)}{365}\right)$$

Synthetic Index_t	=	The level of the Synthetic Index as of Index Business Day t
Synthetic Index_{t-1}	=	The level of the Synthetic Index as of the Index Business Day immediately preceding Index Business Day t
PR_t	=	The official closing level of the Proxy Index as of Index Business Day t
PR_{t-1}	=	The official closing level of the Proxy Index as of the Index Business Day immediately preceding Index Business Day t
divyield_t	=	12 month dividend yield in respect of the Proxy Index, obtained from Bloomberg by specifying the command line "EQY_DVD_YLD_12M" in relation to the Proxy Index as of Index Business Day t, expressed as a percentage
d(t,t-1)	=	The number of calendar days from, and including, the Index Business Day immediately preceding Index Business Day t to, but excluding, Index Business Day t

Index General Conditions

16 November 2011

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Section A: Introduction

Introduction

This document constitutes the Index General Conditions applicable to each index (each, an "**Index**") for which the applicable Index Methodology states that these Index General Conditions are to be applicable to it.

These Index General Conditions are made available by Citigroup Global Markets Limited in its capacity as the Index Sponsor.

These Index General Conditions may be amended from time to time without notice, and will be available from the Index Sponsor. See Section E (*Miscellaneous*) for a description of the circumstances in which a change to these Index General Conditions may be required.

RISKS

Any investment exposure to an Index created by an Index Linked Product gives rise to a number of risks. Please refer to Section C (*General Risks*) and to the applicable Index Methodology for a discussion of some of the risks to which such an investment exposure to the Index gives rise. The Index Conditions in respect of such Index do not describe all of the risks to which an investment in such Index Linked Product gives rise; please refer to the associated prospectus or offering document (however described) in respect of such Index Linked Product for a discussion of these risks.

PUBLICATION

The Index and the Index Level shall be announced and published as specified in the Index Methodology.

BASIC SCHEME OF THE INDEX CONDITIONS OF AN INDEX

The Index Conditions of an Index comprise these Index General Conditions and the applicable Index Methodology, which must be read together. Full information in respect of an Index is only available on the basis of the combination of these Index General Conditions and the applicable Index Methodology (each as amended from time to time).

In the case of any inconsistency between the applicable Index Methodology and these Index General Conditions, such applicable Index Methodology shall prevail.

The following paragraphs of this Section A are provided for information only, and in the case of any discrepancy between any such paragraph and any other provision of the Index Conditions, such other provision shall prevail.

The Index is a notional rules-based proprietary index which is made up of two or more Constituents. These Constituents are specified in the applicable Index Methodology. The Constituents comprising the Index from time to time may also be selected from an Eligible Universe, if an Eligible Universe is specified for the Index, in accordance with the rules set out in the applicable Index Methodology. The classification of each Constituent is also specified in the applicable Index Methodology, together with any other data necessary to calculate the Index Level of the Index from time to time.

The Index Level of the Index from time to time is calculated by the Index Calculation Agent with reference to the formulae and rules set out in the applicable Index Methodology. The applicable Index Methodology also contains a description of the strategy to which the Index is intended to give effect. The Index Level of the Index is calculated with reference to either the closing levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Closing Levels), or intraday levels, prices, rates or values (as applicable) of each Constituent (i.e. Constituent Levels).

Standard detailed rules govern "valuation", that is, how the Constituent Closing Level and the Constituent Level of each classification of Constituent are determined, broadly with reference to the levels, prices, rates or values (as applicable) in the relevant markets for that Constituent or for futures contracts and options contracts relating to such Constituent (such markets together, the "relevant markets"). Other standard rules apply to Constituents which are themselves indices. These standard rules are set out in the various Constituent Schedules which are included in these Index General Conditions as necessary.

Although the Index Level of the Index on a particular day for which a valuation is required (i.e. a Scheduled Valuation Date) should reflect the Constituent Closing Level or the Constituent Level (as applicable) on that day of each Constituent contained in the Index, the relevant markets on that day may not be open or may be disrupted (or other difficulties may arise in respect of Constituents which are themselves indices, affecting the publication of the levels of these indices). The Constituent Schedule applicable to a Constituent defines the circumstances when the relevant markets for that Constituent are closed or disrupted.

Therefore it may not be possible to determine the Index Level of the Index on a Scheduled Valuation Date using Constituent Closing Levels or Constituent Levels (as applicable) for that day. Section B (*Valuations and Adjustments*) contains detailed rules which govern which particular Constituent Closing Levels or Constituent Levels (as applicable) are instead used, whether those for a preceding day or a succeeding day. Different rules require either looking back to the Constituent Closing Level or Constituent Level (as applicable) of a previous day, or postponing valuation to a day when the relevant markets are open or not disrupted. The applicable Index Methodology specifies which particular rules apply to the Index.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent defines these events and circumstances. Section B (*Valuations and Adjustments*) contains detailed rules which govern the adjustment of the Index to account for the effect on the Index of the occurrence of an Adjustment Event, or (if such an adjustment would not produce a commercially reasonable result) the replacement of the affected Constituent in the Index. Although any such adjustment or replacement is intended to account for the effect on the Index of the occurrence of the relevant Adjustment Event, any such adjustment or replacement may have an unforeseen effect on the Index and may have an adverse effect on the value of an Index Linked Product. Please see Section C (*General Risks*) for a discussion of the effect of these rules.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of certain events and circumstances. These events and circumstances may include any adjustment made to the Index or any replacement effected of any Constituent. These consequences may include the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment. The Index Conditions do not include any such terms and conditions of such Index Linked Product. Please refer to the terms and conditions of such Index Linked Product.

Section B: Valuations and Adjustments

Valuations and Adjustments

1. CONSTITUENT CLOSING LEVEL OR CONSTITUENT LEVEL

The Constituent Closing Level or the Constituent Level (as applicable) of a Constituent on a Valuation Date shall be determined as specified in the Constituent Schedule applicable to such Constituent.

2. ADJUSTMENTS TO VALUATION DATES (SCHEDULED TRADING DAYS: "HOLIDAYS")

(a) "Look Back"

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(i) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(ii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) "Move In Block"

If "Move In Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then such Valuation Date shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents.

(c) "Value What You Can"

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is not a Scheduled Trading Day for any Constituent, then:

(iii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Scheduled Trading Day shall be such Scheduled Valuation Date; and

(iv) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Scheduled Trading Day shall be the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for such Constituent.

(e) Not postponing to a Disrupted Day

If any day to which a Scheduled Valuation Date is postponed under paragraph 2(b) or 2(c) above is a Disrupted Day for the relevant Constituent, then paragraph 3 below shall apply.

3. ADJUSTMENTS TO VALUATION DATES (DISRUPTED DAYS)

(a) "Look Back"

If "Look Back" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(iii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(iv) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the first day immediately preceding such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent.

(b) "Move In Block"

If "Move in Block" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then such Valuation Date shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day for all Constituents and not a Disrupted Day for any Constituent; and (B) the Scheduled Trading Day for all Constituents which is the Valuation Roll number of Scheduled Trading Days for all Constituents immediately following such Scheduled Valuation Date.

(c) "Value What You Can"

If "Value What You Can" is specified in the applicable Index Methodology and a Scheduled Valuation Date is a Disrupted Day for any Constituent, then:

(iii) the Valuation Date for each Constituent for which such Scheduled Valuation Date is not a Disrupted Day shall be such Scheduled Valuation Date; and

(iv) the Valuation Date for each Constituent for which such Scheduled Valuation Date is a Disrupted Day shall be the earlier of (A) the first day immediately following such Scheduled Valuation Date which is a Scheduled Trading Day and not a Disrupted Day for such Constituent; and (B) the Scheduled Trading Day for such Constituent which is the Valuation Roll number of Scheduled Trading Days for such Constituent immediately following such Scheduled Valuation Date.

(d) Postponing to a Disrupted Day

If any day to which a Scheduled Valuation Date is postponed under paragraph 3(b) or 3(c) above is a Disrupted Day for the relevant Constituent, then (unless otherwise specified in the Constituent Schedule applicable to such Constituent) the Index Calculation Agent shall determine the Constituent Closing Level of such Constituent on such Valuation Date using its good faith estimate of the Constituent Closing Level of such Constituent at the Valuation Time (where relevant) on or for such day.

4. CORRECTIONS OF PUBLISHED OR ANNOUNCED LEVELS, PRICES, RATES OR VALUES

If a Correction Period is specified in respect of a Constituent, and in the event that the level, price, rate or value (as applicable) of such Constituent 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 in respect of the Index is subsequently corrected, and such correction (the "**Corrected Level**") is published by or on behalf of such person or entity within such Correction Period for such Constituent after the original publication, then such Corrected Level shall be deemed to be the level, price, rate or value (as applicable) for such Constituent for the relevant time on the relevant day and the Index Calculation Agent may, but shall not be obliged to, revise the Index Level for such day.

Corrections published after the Correction Period after the original publication shall be disregarded.

For the avoidance of doubt, if a Correction Period is not specified in respect of a Constituent, then the preceding two paragraphs shall not apply in respect of such Constituent.

5. ADJUSTMENT EVENTS

Subject as provided in the applicable Index Methodology, if an Adjustment Event occurs in respect of any Constituent (the "**Affected Constituent**"), then the consequences of such Adjustment Event shall be as follows.

(a) The Index Calculation Agent will effect as soon as reasonably practicable a Reweighting in respect of such Affected Constituent.

(a) If the Index Calculation Agent determines that no such Reweighting it can make will produce a commercially reasonable result, then the Index Calculation Agent will effect as soon as reasonably practicable a Replacement of such Affected Constituent.

"**Replacement**" shall mean that the Index Calculation Agent will remove the Affected Constituent from the Index and either:

(a) (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with an Eligible Constituent selected in accordance with the relevant rules set out in the applicable Index Methodology; or

(b) (if the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe) replace the Affected Constituent with a replacement Constituent selected in accordance with the Replacement Criteria specified in respect of such Constituent in the Constituent Schedule applicable to the Affected Constituent; or

(c) (if either (i) the Index is not specified in the applicable Index Methodology to operate with reference to an Eligible Universe; or (ii) no Replacement Criteria are specified; or (iii) no such replacement can be made under sub-paragraph (a) or sub-paragraph (b) above; or (iv) the Index Calculation Agent determines that no such replacement it can make will produce a commercially reasonable result) replace the Affected Constituent with either (1) a notional exposure in accordance with the relevant rules specified in the applicable Index Methodology; or (2) (if no such rules are so specified) a replacement constituent (which shall be deemed to be a Constituent) which shall confer no investment exposure.

"**Reweighting**" shall mean that the Index Calculation Agent will revise the Weight attributed to the Affected Constituent to account for the economic effect on the Index of the relevant Adjustment Event. For the avoidance of doubt, the Weight attributed to the Affected Constituent may be zero.

In the case of either a Replacement or a Reweighting, the Index Calculation Agent will (a) make such adjustment to the calculation of the Index and the Index Level as it determines appropriate to account for the effect on the Index of any such Replacement or Reweighting (as applicable) that is made (including without limitation rebalancing the Index); and (b) determine the effective date of any such Replacement or Reweighting that is made.

6. SUSPENSION AND CANCELLATION

(a) If any Index Business Day is a Disrupted Day for any Constituent, the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day which is not a Disrupted Day for any Constituent.

(b) The Index Sponsor may discontinue and cancel the Index at any time and is under no obligation to continue, or procure the continuation of, the calculation, publication and dissemination of the Index Level.

Section C: General Risks

General Risks

1. INTRODUCTION

The Index Level may go down as well as up, depending on the performance of the Constituents and their effect on the strategy that the Index has been developed to reflect. There can be no assurance as to the future performance of the Index, and the Index Level on any day may not reflect either its past performance or its future performance. The strategy that the Index has been developed to reflect may not be successful, and other strategies using the Constituents or the Eligible Universe (as relevant) may perform better than the Index.

The Index represents the weighted value of its Constituents. The Index has been developed to be "investable", but the methodology set out in the Index Conditions is quantitative, which means that the Index Level is determined according to the rules and the processes set out in the Index Conditions on a purely notional basis, without reference to any actual investment in the Index or any of its Constituents. The result of any such actual investment may be different to the performance of the Index. In particular, any notional fees or costs deducted in the calculation of the Index Level, and any proportionate amount included in the Index Level of any dividend, distribution or payment in respect of any Constituent, may be different from those arising in respect of any actual investment in any Constituent or any combination of Constituents.

Prospective investors in any Index Linked Product should be familiar with investments in the global financial and commodity markets, financial instruments and indices generally.

2. RISKS IN RESPECT OF THE CONSTITUENTS (INCLUDING MARKET RISK)

The performance of the Index is dependent on the performance of all of the Constituents contained in the Index.

Fluctuations in the level, price, rate or value (as applicable) of the Constituents contained in the Index from time to time will directly affect the Index Level. The extent to which fluctuations in the Constituent Closing Level or Constituent Level (as applicable) of a particular Constituent will affect the Index Level will, amongst other things, depend on the Weight attributed to that Constituent at the relevant time. Please refer to the applicable Index Methodology for a discussion of the strategy that the Index has been developed to reflect.

Please refer to the following paragraphs for a discussion of the particular general market risks arising in respect of each classification of Constituent.

Certain events and circumstances may affect a Constituent, resulting in a change in that Constituent or the disappearance of that Constituent (i.e. Adjustment Events). The Constituent Schedule applicable to a Constituent sets out the Adjustment Events which apply to such Constituent.

Please refer to Section 2(j) below for a discussion of the process that is followed following the occurrence of an Adjustment Event.

(a) Commodity

Prospective investors in an Index Linked Product linked to an Index containing a Commodity should be familiar with commodities generally. Movements in the price of a Commodity (which may consist of a commodity futures contract or a commodity option contract) may be subject to significant fluctuations which may not correlate with changes in interest rates, currencies or other indices.

Commodity markets (both spot and future) are highly volatile. Commodity markets are influenced by, among other things, (i) changing supply and demand; (ii) weather; (iii) governmental, agricultural, commercial and trade programs and policies introduced to influence commodity prices; (iv) global political and economic events; and (v) changes in interest rates. Moreover, investments in futures contracts and option 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 commodity futures contract may find the position becomes illiquid because certain commodity exchanges limit fluctuations in the price of certain commodity futures contracts 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 commodity futures contract has increased or decreased by an amount equal to the daily limit, positions can be neither taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the holder from promptly liquidating unfavorable positions and subject the holder to substantial losses. The prices of various commodity futures contracts have occasionally exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could affect the Index Level of an Index containing a Commodity.

The trend in the Index Level of an Index containing a Commodity may not perfectly correlate with the trend in the price of the Commodity, as the use of futures contracts generally involves a rolling mechanism. This means that commodity futures contracts approaching delivery at a particular time are replaced with other commodity futures contracts which have a later delivery date, and the Index Level may not therefore fully reflect any rise or fall in the price of the Commodity.

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

(b) *Commodity Index*

Prospective investors in an Index Linked Product linked to an Index containing a Commodity Index should be familiar with commodity indices generally. The level of a Commodity Index is generally based on the value of commodities and/or other securities contained in the Commodity Index, and therefore the risks discussed under the heading “Commodity” above are also relevant. Global, financial and political developments, among other things, may have a material effect on the value and performance of the commodities and/or commodity futures contracts contained in a Commodity Index.

(c) *Depositary Receipt*

Prospective investors in an Index Linked Product linked to an Index containing a Depositary Receipt should be familiar with depositary receipts generally. The value and price volatility of the Depositary Receipts contained in an Index and of the stocks underlying such Depositary Receipts must be considered. The value of the Depositary Receipts and the underlying stocks may go down as well as up, and the value of the Depositary Receipts and the underlying stocks on any date may not, respectively, reflect their performance in any prior period. There can be no assurance as to the future value of the Depositary Receipts or the underlying stocks, or as to the continued existence of the Depositary Receipts, the underlying stocks, the issuer of the Depositary Receipts or the issuer of the underlying stocks.

(d) ETF Share (exchange-traded fund)

Prospective investors in an Index Linked Product linked to an Index containing an ETF Share should be familiar with exchange traded funds generally. The value and price volatility of ETF Shares contained in an Index must be considered. The value of ETF Shares may go down as well as up, and the value of the ETF Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the ETF Shares, or as to the continued existence of the ETF Shares.

Although ETF Shares are traded on an exchange and are therefore valued in a similar manner as a stock traded on an exchange, the Adjustment Events defined with respect to an ETF Share include certain events and circumstances which would be applicable to a fund.

(e) FX Rate

Prospective investors in an Index Linked Product linked to an Index containing an FX Rate should be familiar with currency exchange markets generally.

Movements in currency exchange rates may be subject to significant fluctuations which may not correlate with changes in interest rates or other indices.

Emerging market currencies may exhibit greater volatility and less certainty as to future levels than other currencies. Emerging market currencies are highly exposed to the risk of a currency crisis.

Currency exchange markets may be affected by complex economic and political factors, including government action to fix or support the value of a currency, or to impose exchange controls. These economic and political factors are independent of other market forces of supply and demand.

(f) Inflation Index

Prospective investors in an Index Linked Product linked to an Index containing an Inflation Index should be familiar with inflation indices generally.

Many economic and market factors may influence an Inflation Index (and therefore the Index Level of an Index containing an Inflation Index), including: (i) general economic, financial, political or regulatory conditions and/or events; (ii) fluctuations in the prices of various assets, goods, services and energy resources (including in response to the supply of any of them and the demand for any of them); and (iii) 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.

(g) Mutual Fund Interest

Prospective investors in an Index Linked Product linked to an Index containing a Mutual Fund Interest should be familiar with mutual funds generally. The value and price volatility of a Mutual Fund Interest contained in an Index must be considered. The value of a Mutual Fund Interest may go down as well as up, and the value of a Mutual Fund Interest on any date may not reflect its performance in any prior period.

A mutual fund 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 contracts and options contracts. The trading strategies of a mutual fund can be opaque. The trend in the Index Level of an Index containing a Mutual Fund Interest may not correlate with the trend in any market to which the relevant mutual fund creates an investment exposure.

The value of a Mutual Fund Interest may be affected by the performance of persons providing services to the relevant mutual fund, including the investment manager or the investment adviser to the mutual fund.

(h) Share

Prospective investors in an Index Linked Product linked to an Index containing a Share should be familiar with stocks generally. The value and price volatility of the Shares contained in an Index must be considered. The value of the Shares may go down as well as up, and the value of the Shares on any date may not reflect their performance in any prior period. There can be no assurance as to the future value of the Shares, or as to the continued existence of the Shares or the issuer of the Shares.

(i) Share Index

Prospective investors in an Index Linked Product linked to an Index containing a Share Index should be familiar with stock indices generally. The level of a Share Index is based on the value of the shares contained in that Share Index, although prospective investors should note that the level of a Share Index at any time may not reflect the reinvestment yield on the shares included in that Share Index. Global economic, financial and political developments, among other things, may have a material effect on the value of the shares included in a Share Index and/or the performance of the Share Index.

Market volatility reflects the degree of instability and expected instability of the performance of a Share Index and the shares contained in that Share 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 financial instruments are determined by forces of supply and demand in the futures contracts, option contracts and derivative markets generally. These forces of supply and demand are themselves affected by factors such as actual market volatility, expected volatility, economic factors and speculation.

(j) Process following the occurrence of an Adjustment Event

Following the occurrence of an Adjustment Event in respect of a Constituent, the Index Calculation Agent will attempt to revise the Weight in the Index of the affected Constituent as it determines appropriate to account for the economic effect on the Index of such Adjustment Event.

If the Index Calculation Agent determines that no reweighting it can make under the preceding paragraph will produce a commercially reasonable result, then it will attempt to replace the affected Constituent with a suitable replacement which satisfies the relevant criteria (if any) specified in the applicable Constituent Schedule. If the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe, then the replacement Constituent will be selected from the Constituents contained in such Eligible Universe. A commercially reasonable result will only be obtained if a reweighting preserves the ability of the Index to reflect the strategy that it is intended to reflect.

If either no replacement can be made under the preceding paragraph or if the Index Calculation Agent determines that no replacement it can make under the preceding paragraph will produce a commercially reasonable result, then the Index Calculation Agent will remove the affected Constituent from the Index and replace the affected Constituent with either a notional exposure in accordance with the relevant rules (if any) specified in the applicable Index Methodology or (if no such rules are specified) a Constituent which confers no investment exposure. A commercially reasonable result will only be obtained if a replacement preserves the ability of the Index to reflect the strategy that it is intended to reflect.

At any time, either a reweighting or a replacement, as discussed in the preceding paragraphs, may have an unforeseen effect on the Index. Assumptions as to the inclusion in the Index of a particular Constituent will no longer be valid if that Constituent is removed from the Index, whether temporarily or permanently.

The terms and conditions of any Index Linked Product may contain provisions as to the consequences of any such replacement or reweighting of a Constituent or discontinuation of the Index.

Any such reweighting, replacement or discontinuation of the Index may have an adverse effect on the value of such Index Linked Product.

Any such reweighting, replacement or discontinuation of the Index may (depending on the terms and conditions of such Index Linked Product) result in the early termination of such Index Linked Product and the payment of an amount to reflect the valuation of such Index Linked Product at the time of such early termination. Depending on the terms and conditions of such Index Linked Product, an investor may receive back on such early termination less than the amount of the original investment.

Please refer to the terms and conditions of such Index Linked Product. In the case of a prospectus or offering document which contains provisions under the heading “Risk Factors”, “Investment Considerations” or the equivalent, please refer to these provisions for a discussion of these consequences.

3. NOTIONAL EXPOSURE

The Index creates a notional exposure to the Constituents and such notional exposure will only exist in the books and records of the Index Sponsor and the Index Calculation Agent.

(a) No rights

Investors in Index Linked Products (a) have no legal or beneficial ownership interest in any Constituent and therefore have no recourse to any Constituent; (b) have no right to take delivery of any Constituent; (c) have no voting rights with respect to any Constituent; (d) have no right to receive dividends, distributions or other payments with respect to any Constituent.

(b) No offer

Nothing in these Index General Conditions constitutes an offer to buy or to sell any Constituent or any other asset, commodity, contract or security (including without limitation any asset, contract, commodity or security included in any Constituent).

(c) Reinvestment

Whether or not the Index is a “total return index” and includes the notional reinvestment of amounts calculated by reference to any dividend, distribution or payment that would be received by a holder of a Constituent is specified in the applicable Index Methodology. If the Index is not a “total return index”, it will not include any such notional reinvestment.

4. NO INVOLVEMENT OF PERSONS CONNECTED WITH ANY CONSTITUENT

The Index does not create any obligation of any person connected with any Constituent (each such person, for the purposes of this paragraph, a "**Relevant Person**"), including without limitation the issuer of any Constituent which is a security, the sponsor or calculation agent of any Constituent which is itself an index, and the provider of any service (such as an investment adviser or an investment manager) to any Constituent which is a fund.

No Relevant Person has participated in the preparation of the Index Conditions or in the arrangement and offer of any Index Linked Product.

5. NO INVESTIGATION

Neither the Index Sponsor nor the Index Calculation Agent has made or will make any investigation or enquiry with respect to any Constituent, including with respect to any publicly-available information that is disclosed in the applicable Index Methodology with respect to any Constituent. Consequently there can be no assurance that all events have been disclosed which would affect the performance of the Index or the value of any Index Linked Product.

6. EFFECT OF FEES

The Index Level may include a deduction of notional fees, as described in the applicable Index Methodology. Any such deduction of notional fees will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

7. EFFECT OF NOTIONAL COSTS

The Index Level may include a deduction of notional costs (which may be referred to as a notional cost, charge, spread or similar term), as described in the applicable Index Methodology. Any such deduction of notional costs will result in the Index underperforming a hypothetical investment portfolio from which no such deduction is made.

8. DISRUPTION TO THE INDEX

Certain events may affect the calculation of the Index and the Index Level. These events, which are described elsewhere in the Index Conditions, may have consequences including:

(a) the Index Calculation Agent following the relevant process described in Section B (Valuations and *Adjustments*);

(b) the Index Calculation Agent exercising certain discretions conferred by the Index Conditions;

(c) the Index Calculation Agent suspending the calculation, publication and dissemination of the Index and the Index Level;

(d) the Index Sponsor making a modification or change to the Index Conditions; and

(e) the Index Sponsor discontinuing and cancelling the Index.

Unless otherwise stated, the Index Sponsor has no obligation to inform any person of the result of any action taken on the occurrence of such events.

The occurrence or existence of Disrupted Days may also result in the calculation, publication and dissemination of the Index being postponed to a later time than as provided in the Index Conditions or as is customary of the Index.

9. INDEX SPONSOR AND INDEX CALCULATION AGENT

These Index General Conditions confer on the Index Sponsor and the Index Calculation Agent a degree of discretion in making certain determinations and calculations, for example in connection with the occurrence of disruptions and adjustments. Although each of the Index Sponsor and the Index Calculation Agent will act in good faith and in a commercially reasonable manner, the exercise of any such discretion may have an adverse effect on the Index Level and therefore may have an adverse effect on the value of any Index Linked Product.

Section D: Definitions

Definitions

References to the "**applicable Index Methodology**" are references to the Index Methodology relating to the relevant Index which together with these Index General Conditions completes the Index Conditions for such Index.

References to a "Section" shall be references to a section of these Index General Conditions.

References to a "Part" shall be references to a part of the applicable Index Methodology.

"**Adjustment Event**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Affected Constituent**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Affiliate**" shall mean, in respect of a person, any entity controlled (directly or indirectly) by such person, any entity which controls (directly or indirectly) such person or any entity (directly or indirectly) under common control with such person. For this purpose, "control" of any person or entity shall mean the ownership or a majority of the voting power of such person or entity.

"**Amount**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Calculations**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Citi**" shall mean Citigroup Inc. and its Affiliates.

"**Classification**" shall mean, in respect of a Constituent, the classification assigned to it in the applicable Index Methodology.

"**Constituent**" shall mean each Constituent of the Index specified as such in, or determined in accordance with, the applicable Index Methodology and the Index General Conditions. Each Constituent is assigned an identifying number denoted as "i" (and the total number of Constituents shall be denoted as "n"), unless specified otherwise.

"**Constituent Closing Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Inclusion Date**" shall mean, in respect of a Constituent, the date with effect from which such Constituent is included in the Index.

"**Constituent Level**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Constituent Schedule**" shall mean, in respect of a Constituent, the schedule that is specified to be applicable to such Constituent as a result of the classification of such Constituent in the applicable Index Methodology.

"**Corrected Level**" shall have the meaning given to it in Section B (*Valuations and Adjustments*).

"**Correction Period**" shall mean, in respect of a Constituent, the period specified as such in the Constituent Schedule applicable to such Constituent.

"**Disrupted Day**" shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

"**Electronic Page**" shall mean, in respect of a Constituent, (1) the electronic page or source specified for such Constituent in the applicable Index Methodology, or (2) if no such electronic page or source is so specified for such Constituent, such Bloomberg or Reuters page or other widely recognised source of financial data as the Index Calculation Agent may determine appropriate, or (3) in any such case, any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (4) any alternative electronic page or source of financial data that may be designated by the Index Calculation Agent, provided that such page or source is widely recognised by participants in the relevant market.

"**Eligible Constituent**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) each constituent eligible for inclusion as a Constituent in the Index, specified as such and classified in the applicable Index Methodology.

"**Eligible Universe**" shall mean (if the Index is specified in the applicable Index Methodology to operate with reference to an Eligible Universe) all of the Eligible Constituents. The rules for adding Eligible Constituents to the Index as Constituents and for removing Constituents from the Index are set out in the applicable Index Methodology.

"**Index Base Currency**" shall mean the currency specified as such in the applicable Index Methodology.

"**Index Business Day**" shall have the meaning given to it in the applicable Index Methodology.

"**Index Calculation Agent**" shall mean the person specified as such in the applicable Index Methodology and appointed by the Index Sponsor, any successor to such person, or any alternative calculation agent appointed by the Index Sponsor.

"**Index Conditions**" shall mean, in respect of the Index, these Index General Conditions together with the applicable Index Methodology.

"**Index Electronic Page**" shall mean (1) the electronic page or source specified as such in Part B (*Key Information*) of the applicable Index Methodology, or (2) any successor electronic page or source that has been designated by either (a) the sponsor of the original electronic page or source; or (b) the relevant information vendor or provider of the original electronic page or source; or (3) any alternative electronic page or source designated by the Index Sponsor.

"**Index Launch Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Level**" shall mean, in respect of an Index Business Day, the closing level of the Index as of the Index Valuation Time on such Index Business Day.

"**Index Linked Product**" shall mean any security, contract or other financial product the return on which is linked to the performance of the Index.

"**Index Sponsor**" shall mean the person specified as such in the applicable Index Methodology or any successor to or assignee of such person.

"**Index Start Date**" shall mean the date specified as such in the applicable Index Methodology.

"**Index Start Level**" shall mean the Index Level on the Index Start Date, as specified in the applicable Index Methodology.

"**Index Valuation Time**" have the meaning given to it in the applicable Index Methodology.

"**Information**" shall have the meaning given to it in Section E (*Miscellaneous*).

"**Rebalancing Date**" shall mean each date specified as such in, or determined in accordance with, the applicable Index Methodology.

“**Replacement**” shall have the meaning given to it in Section B (*Valuations and Adjustments*).

“**Replacement Criteria**” shall, in respect of a Constituent, have the meaning given to it in the Constituent Schedule applicable to such Constituent.

“**Reweighting**” shall have the meaning given to it in Section B (*Valuations and Adjustments*).

“**Scheduled Valuation Date**” shall mean each date specified as such in the applicable Index Methodology.

“**Selection Day**” shall mean each date specified as such in the applicable Index Methodology.

“**Valuation Date**” shall mean each Scheduled Valuation Date as adjusted in accordance with Section B (*Valuations and Adjustments*).

“**Valuation Roll**” shall mean the number specified as such in the applicable Index Methodology.

“**Weight**” shall have the meaning given to it in the applicable Index Methodology.

Section E: Miscellaneous

Miscellaneous

1. CALCULATIONS AND DETERMINATIONS

(a) *General*

The Index Calculation Agent will perform all calculations, determinations, rebalancings and adjustments (together, "**Calculations**") in respect of the Index. Neither the Index Calculation Agent nor the Index Sponsor will have any responsibility for errors made in good faith or omissions in Calculations or other actions as provided in the Index Conditions.

The Calculations of the Index Calculation Agent shall be performed by it in accordance with the Index Conditions, acting in its sole, absolute and unfettered discretion, but in good faith and in a commercially reasonable manner (having regard in each case to the criteria stipulated in the Index Conditions and, where relevant, on the basis of information provided to or obtained by employees or officers of the Index Calculation Agent responsible for making relevant Calculations). All Calculations shall, in the absence of manifest error, be final, conclusive and binding on any user of the Index, including any holder of, or counterparty to, an Index Linked Product.

Although the Index Conditions are intended to be comprehensive, it is possible that ambiguities, errors and omissions may arise in certain circumstances. The Index Sponsor will resolve, acting in good faith and in a commercially reasonable manner, any such ambiguity, error or omission, and may amend the Index Conditions to reflect the resolution of such ambiguity, error or omission in a manner which is consistent with the commercial objective of the Index.

(b) *Rounding*

Subject as provided in the applicable Index Methodology, any amount, currency amount, level, percentage, price, rate or value ("**Amount**") calculated by the Index Calculation Agent shall be rounded to such number of decimal points and in such manner as the Index Calculation Agent determines is appropriate, acting in a commercially reasonable manner.

(c) *Use of estimates*

The Index Calculation Agent will perform the Calculations described in the Index Conditions using the information, data sources or factors specified in these Index Conditions and any Amount (together, "**Information**") and may perform any Calculation and any action required in respect of the Index Conditions in any sequence. However, in the event that the Index Calculation Agent is not able to obtain or use any necessary Information, then (after using reasonable endeavors and after applying any fallback provision specified in the Index Conditions in respect of the relevant Calculation) the Index Calculation Agent may, but shall not be obliged to, use its estimate (made in good faith and in a commercially reasonable manner) of the relevant Information in performing such Calculation, should the Index Calculation Agent determine that such estimate is reasonably necessary in order to give effect to any provision or to perform any Calculation necessary under the Index Conditions.

(d) *No verification of Information*

Although the Index Calculation Agent will obtain Information for inclusion in the Index or for use in performing any Calculation under the Index Conditions from sources that the

Index Calculation Agent considers reliable (including databases maintained by the Index Calculation Agent or its Affiliates, and public sources such as Bloomberg and Reuters), the Index Calculation Agent will not publish or independently verify such Information.

(e) *Corrections*

Subject as provided in the applicable Index Methodology and any Correction Period specified, if the Index Calculation Agent becomes aware that any Information used by it in connection with any Calculation under the Index Conditions has subsequently been corrected or adjusted, then the Index Calculation Agent may, but shall not be obliged to, use such corrected or adjusted Information and as a consequence make any further Calculation that it determines necessary or desirable in order to give effect to or to reflect such corrected or adjusted Information, including without limitation any redenomination, exchange or conversion of any currency into a successor currency.

(f) *Reliance*

In performing any Calculation under the Index Conditions, the Index Calculation Agent may rely upon the opinion of any person who appears to it as being competent to value any asset or instrument of any class, or to perform any other calculation or determination, by reason of any appropriate relevant professional qualification or experience.

(g) *Not acting as fiduciary or agent*

In performing any Calculation or other action in connection with the Index Conditions, each of the Index Calculation Agent and the Index Sponsor will act as principal and not as agent of any other person. Neither the Index Calculation Agent nor the Index Sponsor owes any duty of care or any fiduciary duty to any investor in any Index Linked Product or to any other person. Each Calculation and other action performed in connection with the Index Conditions by the Index Calculation Agent or the Index Sponsor is performed in reliance on this provision and is subject to this provision.

If through performing any such Calculation or other action the Index Calculation Agent or the Index Sponsor is rendered an agent or fiduciary of another person under applicable law, then (at the option of the Index Calculation Agent or the Index Sponsor, as relevant) the rights and obligations of the Index Calculation Agent or the Index Sponsor to perform such Calculation or other action may be suspended (or, if already performed, the application of such Calculation or other action may be suspended) until such time when such Calculation or other action can be performed either by the Index Calculation Agent or the Index Sponsor as principal and not as an agent or fiduciary or by an appropriate third party who is both willing and able to perform such Calculation or other action.

(h) *Dates and times of calculations*

Notwithstanding that certain Calculations under the Index Conditions may be expressed to be “on” or “as at” a certain date or time, the Index Calculation Agent may in its discretion perform such Calculation in respect of such date or time after such date or time.

2. CONFLICTS OF INTEREST

Citi entities perform various roles in connection with the Index and Index Linked Products, and conflicts of interest may arise for any such entity as a consequence of any role it performs in connection with the Index or any Index Linked Product or as a consequence of its activities more generally.

During the normal course of their business, the Index Sponsor, the Index Calculation Agent, any of their respective Affiliates, directors, officers, employees, representatives, delegates and agents (each, for the purposes of this Section E, a "**Relevant Person**") may enter into, promote, offer or sell securities or contracts (whether or not structured) linked to the Index and/or any Constituent. Any Relevant Person may at any time (a) have long or short principal positions or actively trade (whether or not through making markets to its clients) positions in or relating to the Index or any Constituent; (b) invest in or engage in transactions with or on behalf of other persons relating to the Index and/or any Constituent; (c) undertake hedging transactions (for the purposes of any security or contract) which may adversely affect the level, price or rate or other factor underlying the Index and/or any Constituent; (d) have an investment banking or commercial relationship with the issuer of any Constituent and have access to information from any such issuer; or (e) publish research in respect of any Constituent or the issuer of any Constituent. Such activity may or may not affect the Index Level, but potential investors and counterparties should be aware that a conflict of interest may arise when a person acts in more than one capacity, and such conflict of interest may affect (whether in a positive manner or a negative manner) the Index Level.

3. DISCLAIMER

No Relevant Person makes any express or implied representation or warranty as to (a) the advisability of purchasing or entering into any Index Linked Product; (b) the levels of the Index at any particular date or time; (c) the results to be obtained from the use of the Index or any datum included in the Index Conditions for any purpose; or (d) any other matter. Each Relevant Person hereby expressly disclaims, to the fullest extent permitted by applicable law, all warranties of accuracy, completeness, merchantability or fitness for a particular purpose with respect to the Index and any information contained in the Index Conditions. No Relevant Person will have any liability (direct or indirect, special, punitive, consequential or otherwise) to any person even if notified of the possibility of damages.

The Index Conditions have been prepared solely for the purposes of information and nothing in the Index Conditions constitutes (a) an offer to buy or to sell any security or contract, to participate in any transaction or to adopt any investment strategy; or (b) legal, tax, regulatory, financial or accounting advice. Any decision to purchase any Index Linked Product should be based on the information contained in the associated prospectus or offering document (however described). In the case of a prospectus or offering document which contains provisions under the heading "Risk Factors", "Investment Considerations" or the equivalent, please refer to these provisions for a discussion of the factors that must be considered in connection with an investment in the security or contract described therein.

Neither the Index Calculation Agent nor the Index Sponsor is under any obligation to continue to calculate, publish or disseminate the Index or the Index Level.

4. INTELLECTUAL PROPERTY

The Index and the Index Conditions (including for the avoidance of doubt these Index General Conditions) are the Index Sponsor's proprietary and confidential material. No person may reproduce or disseminate the information contained in the Index Conditions, the Index or the Index Level without the prior written consent of the Index Sponsor. These Index General Conditions and each Index Methodology are not intended for distribution to or use by any person in a jurisdiction where such distribution is prohibited by applicable law or regulation.

The Index is not in any way sponsored or promoted by any sponsor or issuer, as relevant, of any Constituent.

Section F: Constituent Schedules

Constituent Schedule

SHARE INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a "Share Index".

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Share Indices.

References to a "Paragraph" shall be references to a paragraph of this Constituent Schedule and references to a "Sub-paragraph" shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

"**Constituent Closing Level**" shall mean, in respect of a Share Index and a Valuation Date for such Share Index and unless otherwise specified in the applicable Index Methodology, the official closing level of such Share Index on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean (i) in respect of a Single Exchange Index and a Scheduled Trading Day for such Single Exchange Index, the Scheduled Closing Time on the relevant Exchange on such Scheduled Trading Day; and (ii) in respect of a Multiple Exchange Index and a Scheduled Trading Day for such Multiple Exchange Index, (A) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security; and (y) in respect of any futures contracts or options contracts on such Multiple Exchange Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time when the official closing level of such Multiple Exchange Index is calculated and published by the relevant Share Index Sponsor.

(b) Intraday valuations

"**Constituent Level**" shall mean, in respect of a Share Index and a Valuation Time on a Valuation Date for such Share Index, the level of such Share Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

"**Valuation Time**" shall mean, in respect of a Share Index and a Scheduled Trading Day for such Share Index, the time when the level of such Share Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, 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**" shall mean, 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 Share Index Sponsor fails to publish the level of such Share Index; or

(ii) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for Component Securities which in aggregate comprise 20 per cent. or more of the level of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) 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 Scheduled Closing Time on such Exchange Business Day); or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Closing Time on such Exchange Business Day).

(b) Multiple Exchange Index

"**Market Disruption Event**" shall mean, 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 relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (A) any relevant Exchange, of any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) any relevant Related Exchange, of futures contracts or options contracts relating to such Share Index; or

(iv) the occurrence or existence 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 (v) or Sub-paragraph (vi) of this definition) which materially disrupts or impairs the ability of market participants in general (A) (on any relevant Exchange) to effect transactions in or to obtain market values for any Component Security of such Share Index, and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or (B) (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

(v) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Exchange in respect of any Component Security 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 Scheduled Closing Time on such Exchange Business Day), and the aggregate of all Component Securities so affected plus the X Percentage accounts for 20 per cent. or more of such Share Index; or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 Scheduled Closing 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 included in such Share Index at that 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) in the case of a Single Exchange Index, immediately before the occurrence of such Market Disruption Event; or (B) in the case of a Multiple Exchange Index, using the applicable weightings as published by, or derived from data published by, the relevant Share Index Sponsor.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Share Index, two Index Business Days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING SHARE INDICES

(a) Successor Share Index and Successor Share Index Sponsor

If a Share Index is (i) not calculated and announced by the relevant Share Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Share Index, then in each case that index (the "**Successor Share Index**") will be deemed to be the relevant Share Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Share Index Modification and Share Index Cancellation

If a Share Index Sponsor announces that it will make a material change in the formula for or method of calculating a Share Index or in any other way materially modifies that Share Index (other than a modification prescribed in that formula or method to maintain that Share Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Share Index Modification**") or permanently cancels that Share Index and no Successor Share Index exists (a "**Share Index Cancellation**" and, together with a Share Index Modification, each a "**Share Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Share Index that has substantially similar characteristics to the Share Index that is being replaced, having regard to the manner in which such Share Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Share Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Component Security**" shall mean, in respect of a Share Index, each share included in such Share Index.

"**Exchange**" shall mean (a) in respect of a Single Exchange Index, each exchange, trading system or quotation system specified as such in respect of such Single Exchange Index in the applicable Index Methodology or any successor to any such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in the relevant Component Securities has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Component Securities on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system); and (b) in respect of a Multiple Exchange Index and each relevant Component Security, the exchange, trading system or quotation system on which each Component Security is principally traded.

"**Exchange Business Day**" shall mean (a) in respect of a Single Exchange Index, any Scheduled Trading Day for such Single Exchange Index on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or any such 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 Share Index Sponsor publishes the level of such Multiple Exchange Index and on which each relevant 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.

"**Multiple Exchange Index**" shall mean each Share Index specified as such in the applicable Index Conditions.

"**Related Exchange**" shall mean, in respect of a Share Index and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Share Index or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in futures contracts or options contracts relating to such Share Index has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such futures contracts or options contracts relating to such Share Index on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where "All Exchanges" is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Share Index, then "**Related Exchange**" shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Share Index.

"**Scheduled Closing Time**" shall mean, 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 of 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**" shall mean (a) in respect of a Single Exchange Index, any day on which each relevant Exchange and each relevant Related Exchange for such Single Exchange Index is scheduled to be open for trading for their respective regular trading sessions; and (b) in respect of a Multiple Exchange Index, any day on which (i) the Share Index Sponsor in respect of such Multiple Exchange Index is scheduled to publish the level of such Multiple Exchange Index; and (ii) each relevant Related Exchange for 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.

"**Share Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Share Index Sponsor**" shall mean, 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 calculations and adjustments, if any, related to such Share Index; and (b) announces (directly or through an agent) the level of such Share Index on a regular basis.

"**Single Exchange Index**" shall mean each Share Index specified as such in the applicable Index Methodology.

"**X Percentage**" shall mean, 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 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 Share Index Sponsor as part of the market "opening data".

Constituent Schedule

COMMODITY INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a “Commodity Index”.

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Commodity Indices.

References to a “Paragraph” shall be references to a paragraph of this Constituent Schedule and references to a “Sub-paragraph” shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

“**Constituent Closing Level**” shall mean, in respect of a Commodity Index and a Valuation Date for such Commodity Index, and unless otherwise specified in the applicable Index Methodology, 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**” shall mean, in respect of a Commodity Index, a Constituent Closing Level and a Scheduled Trading Day for such Commodity Index, 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: (x) in respect of any 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 (y) in respect of any futures contracts or options contracts relating to such Commodity Index, the close of trading on the relevant Related Exchange; and (B) in all other circumstances, the time when the official closing level of such Commodity Index for such day is calculated and published by the relevant Commodity Index Sponsor.

(b) Intraday valuations

“**Constituent Level**” shall mean, in respect of a Commodity Index and a Valuation Time on a Valuation Date for such Commodity Index, the level of such Commodity Index at such time on such Valuation Date, as displayed on the applicable Electronic Page.

“**Valuation Time**” shall mean, in respect of a Commodity Index and a Scheduled Trading Day for such Commodity Index, the time when the level of such Commodity Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

"**Disrupted Day**" shall mean, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which a Market Disruption Event occurs.

"**Market Disruption Event**" shall mean, in respect of a Commodity Index, the occurrence of any of the events set out below:

(i) the relevant Commodity Index Sponsor fails to publish the level of such Commodity Index; or

(ii) any relevant Exchange or any relevant Related Exchange fails to open for trading during its regular trading session; or

(iii) the occurrence or existence at any time during the one hour period which ends at the relevant Valuation Time of any material suspension of or limitation imposed (whether by reason of movements in price exceeding permitted limits or otherwise) on the trading on (i) any relevant Exchange, of Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or (ii) any relevant Related Exchange, of futures contracts or options contracts relating to such Commodity Index; or

(iv) the occurrence or existence 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 (e) or Sub-paragraph (f) of this definition) which materially disrupts or impairs the ability of market participants in general (i) (on any relevant Exchange) to effect transactions in or to obtain market values for Components which in aggregate comprise 20 per cent. or more of the level of such Commodity Index; or (ii) (on any relevant Related Exchange) to effect transactions in or to obtain market values for futures contracts or options contracts relating to such Commodity Index; or

(v) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Exchange in respect of 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 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 Scheduled Closing Time on such Exchange Business Day); or

(vi) the closure (which has a material effect on the Index) on any Exchange Business Day of any relevant Related Exchange in respect of futures contracts or options 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 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 Scheduled Closing Time on such Exchange Business Day).

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Commodity Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component included in such Commodity Index at that time, then the relevant percentage contribution of such Component to the level of such Commodity Index shall be based on a comparison of (i) the portion of the level of such Commodity Index attributable to such Component; and (ii) the overall level of such Commodity Index immediately before the occurrence of such Market Disruption Event.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Commodity Index, 30 calendar days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING COMMODITY INDICES

(a) Successor Commodity Index and Successor Commodity Index Sponsor

If a Commodity Index is (i) not calculated and announced by the relevant Commodity Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Commodity Index, then in each case that index (the "**Successor Commodity Index**") will be deemed to be the relevant Commodity Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Commodity Index Modification and Commodity Index Cancellation

If a Commodity Index Sponsor announces that it will make a material change in the formula for or method of calculating a Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Commodity Index Modification**") or permanently cancels that Commodity Index and no Successor Commodity Index exists (a "**Commodity Index Cancellation**" and, together with a Commodity Index Modification, each a "**Commodity Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Commodity Index that has substantially similar characteristics to the Commodity Index that is being replaced, having regard to the manner in which such Commodity Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Commodity Index, the criteria (if any) specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Commodity Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Commodity Index Sponsor**" shall mean, 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.

“**Component**” shall mean, in respect of a Commodity Index, each component included in such Commodity Index.

“**Exchange**” shall mean, in respect of a Commodity Index and each relevant Component, and unless otherwise specified in the applicable Index Methodology, the primary exchange, trading system or quotation system in respect of such Component or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in such Component has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such Component on such temporary exchange, trading system or quotation system as on the original exchange, trading system or quotation system).

“**Exchange Business Day**” shall mean, in respect of a Commodity Index, any Scheduled Trading Day for such Commodity Index on which the relevant Commodity Index Sponsor publishes the level of such Commodity Index.

“**Related Exchange**” shall mean, in respect of a Commodity Index, and unless otherwise specified in the applicable Index Methodology, each exchange, trading system or quotation system in respect of futures contracts or options contracts relating to such Commodity Index or any successor to such exchange, trading system or quotation system, or any substitute exchange, trading system or quotation system to which trading in futures contracts or options contracts relating to such Commodity Index has temporarily relocated (PROVIDED THAT there is comparable liquidity relative to such futures contracts or options contracts relating to such Commodity Index on such temporary substitute exchange, trading system or quotation system as on the original exchange, trading system or quotation system). Where “All Exchanges” is specified in the applicable Index Methodology as the applicable Related Exchange in respect of a Commodity Index, then “**Related Exchange**” shall mean each exchange, trading system or quotation system where trading has a material effect on the overall market for futures contracts or options contracts relating to such Commodity Index.

“**Scheduled Closing Time**” shall mean, in respect of a Commodity Index, a Scheduled Trading Day and an Exchange or a Related Exchange (as relevant) for such Commodity 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**” shall mean, in respect of a Commodity Index, any day on which the Commodity Index Sponsor in respect of such Commodity Index is scheduled to publish the level of such Commodity Index.

Constituent Schedule

BOND INDEX

This Constituent Schedule shall apply to each Constituent classified in the applicable Index Methodology as a “Bond Index”.

For the avoidance of doubt, defined terms used in this Constituent Schedule shall only apply in respect of an Index containing one or more Bond Indices.

References to a “Paragraph” shall be references to a paragraph of this Constituent Schedule and references to a “Sub-paragraph” shall be references to a sub-paragraph of this Constituent Schedule.

1. VALUATION

(a) Closing valuations

“**Constituent Closing Level**” shall mean, in respect of a Bond Index and a Valuation Date for such Bond Index and unless otherwise specified in the applicable Index Methodology, the official closing level of such Bond Index on such Valuation Date, as displayed on the applicable Electronic Page.

“**Valuation Time**” shall mean, in respect of a Bond Index and a Scheduled Trading Day for such Bond Index, the time at which the official closing level of such Bond Index is calculated and published by the relevant Bond Index Sponsor.

(b) Intraday valuations

“**Constituent Level**” shall mean, in respect of a Bond Index and a Valuation Time on a Valuation Date for such Bond Index, the level of such Bond Index at such Valuation Time on such Valuation Date, as displayed on the applicable Electronic Page.

“**Valuation Time**” shall mean, in respect of a Bond Index and a Scheduled Trading Day for such Bond Index, the time when the level of such Bond Index is being determined during such Scheduled Trading Day.

2. DISRUPTION TO VALUATION

“**Disrupted Day**” shall mean, in respect of a Bond Index, any Scheduled Trading Day for such Bond Index on which a Market Disruption Event occurs.

“**Market Disruption Event**” shall mean, in respect of a Bond Index, the occurrence of any of the events set out below:

(i) the relevant Bond Index Sponsor fails to publish the level of such Bond Index; or

(ii) the occurrence or existence at any time on any Scheduled Trading Day for such Bond Index of any event, or market conditions, which materially disrupts or impairs the ability of market participants in general to acquire, dispose of or otherwise effect transactions in, or to obtain market values for, Component Securities which in aggregate comprise 20 per cent. or more of the level of such Bond Index; or

(iii) the occurrence or existence at any time on any Scheduled Trading Day for such Bond Index of any event, or market conditions, which materially reduces the liquidity in Component Securities which in aggregate comprise 20 per cent. or more of the level of such Bond Index; or

(iv) a general moratorium is declared in respect of bond trading or general banking activities in any of the jurisdictions in which the Component Securities of such Bond Index are primarily traded.

For the purposes of determining whether or not a Market Disruption Event exists in respect of a Bond Index at any time, if an event giving rise to a Market Disruption Event occurs in respect of a Component Security included in such Bond Index at that time, then the relevant percentage contribution of such Component Security to the level of such Bond Index shall be based on a comparison of (i) the portion of the level of such Bond Index attributable to such Component Security; and (ii) the overall level of such Bond Index, using the applicable weightings as published by, or derived from data published by, the relevant Bond Index Sponsor.

3. CORRECTIONS

"**Correction Period**" shall mean, in respect of a Bond Index, two Index Business Days.

4. ADJUSTMENTS AND MODIFICATIONS AFFECTING BOND INDICES

(a) Successor Bond Index and Successor Bond Index Sponsor

If a Bond Index is (i) not calculated and announced by the relevant Bond Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Index Calculation Agent, or (ii) replaced by a successor index using, in the determination of the Index Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the relevant Bond Index, then in each case that index (the "**Successor Bond Index**") will be deemed to be the relevant Bond Index with effect from the date determined by the Index Calculation Agent who may make such adjustment(s) to the Index Conditions as it determines appropriate to account for such change.

(b) Bond Index Modification and Bond Index Cancellation

If a Bond Index Sponsor announces that it will make a material change in the formula for or method of calculating a Bond Index or in any other way materially modifies that Bond Index (other than a modification prescribed in that formula or method to maintain that Bond Index in the event of changes in constituent stock and capitalization and other routine events) (a "**Bond Index Modification**") or permanently cancels that Bond Index and no Successor Bond Index exists (a "**Bond Index Cancellation**" and, together with a Bond Index Modification, each a "**Bond Index Adjustment Event**"), then:

(i) the Index Calculation Agent may suspend the calculation, publication and dissemination of the Index and the Index Level until the first succeeding Index Business Day on which such event does not occur or continue to occur; and/or

(ii) the Index Calculation Agent may select a replacement Bond Index that has substantially similar characteristics to the Bond Index that is being replaced, having regard to the manner in which such Bond Index is used in the calculation of the Index, in which case the Index Calculation Agent will (a) determine the effective date of such replacement, and (b) make such adjustment(s) to the Index Conditions as it determines appropriate to account for the effect on the Index of such replacement; and/or

(iii) the Index Sponsor may discontinue and cancel the Index.

5. REPLACEMENT CRITERIA

"**Replacement Criteria**" shall mean, in respect of a Bond Index, the criteria specified as such in the applicable Index Methodology.

6. DEFINITIONS

"**Bond Index**" shall mean each Constituent classified as such in the applicable Index Methodology.

"**Bond Index Sponsor**" shall mean, in respect of a Bond 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 Bond Index; and (b) announces (directly or through an agent) the level of such Bond Index on a regular basis.

"**Component Security**" shall mean, in respect of a Bond Index, each fixed income instrument included in such Bond Index.

"**Scheduled Trading Day**" shall mean, in respect of a Bond Index, any day on which the Bond Index Sponsor in respect of such Bond Index is scheduled to publish the level of such Bond Index.

SECTION I –REPORT AND AUDITED FINANCIAL STATEMENTS OF CGMFL

CITIGROUP GLOBAL MARKETS FUNDING LUXEMBOURG S.C.A

ANNUAL ACCOUNTS

for the period from 24 May 2012 (date of incorporation) to 31 December 2012

(with the Report of the Réviseur d'Entreprises agréé thereon)

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To the Board of Managers of
Citigroup Global Markets Funding Luxembourg S.C.A.
31, Z.A. Bourmicht
L-8070 Bertrange
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Following our appointment by the General Meeting of the Shareholders dated 24 May 2012, we have audited the accompanying annual accounts of Citigroup Global Markets Funding Luxembourg S.C.A. which comprise the balance sheet as at 31 December 2012 and the profit and loss account for the period from 24 May 2012 (date of incorporation) to 31 December 2012, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Citigroup Global Markets Funding Luxembourg S.C.A. as at 31 December 2012, and of the results of its operations for the period from 24 May 2012 (date of incorporation) to 31 December 2012 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, June 4, 2013

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

R. Beegun

Citigroup Global Markets Funding Luxembourg S.C.A.

BALANCE SHEET
as at 31 December 2012

	Notes	2012 €
ASSETS		
Subscribed capital unpaid		
Subscribed capital uncalled	3	1,500,000
Current assets		
Cash at bank		591,797
Prepayments and accrued income		1,575
TOTAL ASSETS		2,093,372
LIABILITIES		
Capital and reserves		
Subscribed capital	3	2,000,000
Loss for the financial period		(6,626)
Non-subordinated debt		
Amounts owed to affiliated undertakings		99,998
due and payable after more than one year		*99,998*
TOTAL LIABILITIES		2,093,372

The accompanying notes on pages 5 to 6 form an integral part of these financial statements.

Citigroup Global Markets Funding Luxembourg S.C.A.

PROFIT AND LOSS ACCOUNT
for the period from 24 May 2012 (date of incorporation) to 31 December 2012

	2012
	€
Charges	
Other external charges	6,626
Total charges	6,626
Income	
Loss for the financial period	6,626
Total income	6,626

The accompanying notes on pages 5 to 6 form an integral part of these financial statements.

Citigroup Global Markets Funding Luxembourg S.C.A.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 24 MAY 2012 (DATE OF INCORPORATION) TO 31 DECEMEB 2012

1. General

Citigroup Global Markets Funding Luxembourg S.C.A. ("the Company") was incorporated in the Grand Duchy of Luxembourg on 24 May 2012 as a corporate partnership limited by shares ("société en commandite par actions") for an unlimited period.

The registered office of the Company is established at 31 Z.A. Bourmicht, L-8070 Bertrange, the Grand Duchy of Luxembourg. Its registration number is RC B 169 199.

The primary object of the Company is the granting of loans or other forms of funding directly or indirectly in whatever form or means to any entities belonging to the same group (e.g. including, but not limited to, by subscription of bonds, debentures, other debt instruments, advances, the granting of pledges or the issuing of other guarantees of any kind to secure the obligations of any entities, through derivatives or otherwise).

The Company's financial year begins on the first day of January and ends on the last day of December, except for the first period which begins 24 May 2012 (date of incorporation) and ends 31 December 2012.

The Company is included in the consolidated financial statements of Citigroup Global Markets Limited forming the largest body of undertakings of which the Company forms as part of a subsidiary undertaking. The registered office of that company is located at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom and the consolidated accounts are available at that address.

2. Significant accounting policies

2.1 General

The annual accounts are prepared in accordance with applicable legal and regulatory requirements in Luxembourg.

The main valuation rules applied by the Company are the following:

2.2 Foreign currency translation

The share capital of the Company is expressed in Euro ("EUR") and the accounting records are maintained in that currency.

Transactions in foreign currencies are translated into EUR at the rates of exchange prevailing on the dates of the transactions.

Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into EUR at the foreign currency exchange rate ruling at that date. Realized exchange gains and losses and unrealized exchange losses are reflected in the profit and loss account.

2.3 Creditors

Creditors are stated at their higher nominal or repayment value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 24 MAY 2012 (DATE OF INCORPORATION) TO 31 DECEMEB 2012

3. Subscribed Capital

The authorized share capital of the Company is set at EUR 2,000,000.

	Number of shares	Nominal	Amount in EUR
Limited shares	1	1	1
Unlimited shares	1,999,999	1	1,999,999
Total	2,000,000		2,000,000

On 24 May 2012, the Shareholders held an Extraordinary General Meeting and resolved to subscribe to the share capital by an amount of 2,000,000 shares with a par value of EUR 2,000,000 of which one-quarter paid up amounting to EUR 500,000.

4. Taxation

The Company is subject to taxation in Luxembourg under specific provisions associated with its business activities.

5. Director's emolument

No remunerations has been paid to the Board of Directors for the period. There are no loans or advances outstanding issued for their benefit.

6. Subsequent events

There are no significant subsequent events that occurred after the opening balance sheet date which would have an impact on the opening balance sheet.

SECTION J –ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE CGMFL GUARANTOR

CITIGROUP GLOBAL MARKETS LIMITED

(Registered Number: 01763297)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2011

CITIGROUP GLOBAL MARKETS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2011

The Directors present their Report and the audited financial statements of Citigroup Global Markets Limited ("the Company") for the year ended 31 December 2011.

The Financial Statements are prepared on a going concern basis, as the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions. Further information relevant to the assessment is provided in the following sections of the financial statements:

- principal activities, strategic direction and challenges and uncertainties are described in the business review;
- a financial summary, including a review of the profit and loss account and balance sheet, is provided in the financial results section on pages 18 to 20; and
- objectives, policies and processes for managing market, credit, liquidity and operational risk, and the Company's approach to capital management and allocation, are described in notes 29 and 30 on pages 60 to 71.

Business review and principal activities

The Company is a wholly-owned indirect subsidiary of Citigroup Inc. and is authorised by the Financial Services Authority ("FSA") under the Financial Services and Markets Act 2000. It is a broker and dealer in fixed income and equity securities and related products in the international capital markets and an underwriter and provider of corporate finance services, operating globally from the UK and through its branches in Western Europe and the Middle East. The Company also markets securities owned by other group undertakings on a commission basis.

The Company's 2011 result has also been significantly impacted by the ongoing challenging operating environment, particularly in the second half of the year, as macroeconomic concerns, including in the United States and the Eurozone, weighed heavily on investment and corporate confidence resulting in reduced market activity.

The Company's pre-tax losses for the year to 31 December 2011 were $338 million, compared to profits of $173 million for 2010. Losses after tax were $358 million (2010: profit of $226 million).

Income
Total income net of interest expense was $2,921 million, a 14% decline from previous year, reflecting lower revenue in the Company's core businesses, Fixed Income Markets, Equities and Investment Banking:

Commission income and fees marginally increased from $1,805 million to $2,090 million, driven by several high profile Origination transactions & greater client focus across the Markets businesses.

Net dealing income decreased from $1,592 million to $1,127 million, reflecting broad de-risking by clients and declines as clients broadly reduced activity levels in the face of market uncertainty. This was primarily evident in Equities & Credit, while the Fixed Income Rates business was able to somewhat benefit from the market impact of Euro zone uncertainty and global geo-political concerns.

Credit & Securitised Markets trading were greatest affected, both the market environment and widening spreads generating difficult trading conditions. In Equities the conditions drove significant declines in derivatives revenues and, to a lesser degree, declines in revenues in cash equities.

Additionally, during the year the Company began incorporating overnight indexed swap ("OIS") curves as fair value measurement inputs for the valuation of certain collateralized interest-rate related derivatives. Previously, the Company used the relevant benchmark curves for the currency of the derivative. The Company recognized a pre-tax loss of approximately $151 million as a result of changing this fair value measurement input. Credit value adjustments ("CVA") of $166 million gains were recorded to net dealing income.

Net interest moved from a receivable of $13 million to a payable of $296 million. This is driven by the increase in collateralised financing transactions during the year resulting in a significant reduction in net interest revenue and a reduction in the net interest revenue on financial assets and financial liabilities that are "held for trading" or "designated at fair value".

Costs
Operating expenses have remained flat despite a 9% increase in staff over the period, adverse FX impact and the UK Bank Levy, which the Company did not have to pay in 2010.

Balance sheet
Total assets of $307 billion at 31 December 2011 were 19% higher than at 31 December 2010. The increase is the result of a 40% increase in derivative assets and a 17% increase in collateralised financing transactions reflecting the performance and appetite of the global market. Trading securities, collateralised financing transactions and derivatives make up a significant portion of the assets.

Total liabilities of $296 billion at 31 December 2011 were 19% higher than at 31 December 2010. The increase is primarily as a result of a 35% increase in derivative liabilities and an increase of 12% in collateralised financing transactions, offset by a 9% decrease in subordinated debt. The decrease in subordinated debt is the result of a repayment of $1,500 million of short term subordinated debt on 11 March 2011 and a draw down of $500 million of long term subordinated debt on 14 September 2011.

There continues to be increased customer demand for certain products including collateralised financing transactions and foreign exchange derivatives in response to the performance and risk appetite in global credit markets.

A capital contribution was made to the Company by Citigroup Global Markets Europe Limited ("CGMEL") of $500 million on 2 May 2011. The capital contribution was made in order to reinforce the Company's regulatory capital excess.

Post balance sheet events

On 31 January 2012 the Company repaid $2 billion of short term subordinated loan borrowings to Citigroup Financial Products Inc., a fellow group company.

On 24 February 2012 Standard and Poor's issued the Company with an A/A-1 short term counterparty credit rating.

Key financial performance indicators

In addition to the financial results of the Company, senior management consider the following key financial indicators:

- Maintenance of required levels of regulatory capital
- Net interest margin
- Actual revenues and expenses against budget

The Company's strategy continues to be to take advantage of opportunities for the further development of its business. The Company believes that the European sovereign debt crisis and its potential impact on the global markets and growth will likely continue to create macro uncertainty and remain an issue until the market, investors and Citigroup's clients and customers believe that a comprehensive resolution to the crisis has been structured, and is achievable. Such uncertainty could have a continued negative impact on investor activity, and thus on the Company's activity levels and results in 2012. Compounding this continuing macroeconomic uncertainty is the ongoing uncertainty facing the Company, its business and related entities as a result of the numerous regulatory initiatives underway in the UK and globally. Together the Risk Factors section of this Directors' Report and Note 29 to the financial statements provide information on some of the key risks to which the Company is exposed.

Dividends

During the year the Company paid dividends totalling $nil (2010: $2,816 million).

Risk factors

The recent disruptions in global financial markets have increased the risks and uncertainties identified by Citigroup globally and other Financial Service companies. The below is an extract of the risk factors impacting Citigroup from its 2011 annual report on form 10-K. Please note that the references to Citi in this section mean Citigroup Inc.

Regulatory risk

Citi faces significant regulatory changes around the world which could negatively impact its businesses, especially given the unfavourable environment facing financial institutions and the lack of international coordination.

As discussed in more detail throughout this section, Citi continues to be subject to a significant number of new regulatory requirements and changes from numerous sources, both in the U.S. and internationally, which could negatively impact its businesses, revenues and earnings. These reforms and proposals are occurring largely simultaneously and generally not on a coordinated basis. In addition, as a result of the financial crisis in the U.S., as well as the continuing adverse economic climate globally, Citi, as well as other financial institutions, is subject to an increased level of distrust, scrutiny and skepticism from numerous constituencies, including the public, state, federal and foreign regulators, the media and within the political arena. This environment, in which the U.S. and international regulatory initiatives are being debated and implemented, engenders not only a bias towards more regulation, but towards the most prescriptive regulation for financial institutions.

As a result of this ongoing negative environment, there could be additional regulatory requirements beyond those already proposed, adopted or even currently contemplated by U.S. or international regulators. It is not clear what the cumulative impact of all of this regulatory reform will be.

The ongoing implementation of the Dodd-Frank Act, as well as international regulatory reforms, continues to create much uncertainty for Citi, including with respect to the management of its businesses, the amount and timing of the resulting increased costs and its ability to compete.

Despite enactment in July 2010, the complete scope and ultimate form of a number of provisions of The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), such as the heightened prudential standards applicable to large financial companies, the so-called "Volcker Rule" and the regulation of derivatives markets, are still in developmental stages and significant rulemaking and interpretation remains. Moreover, agencies and offices created by the Dodd-Frank Act, such as the Bureau of Consumer Financial Protection, are in their early stages and the extent and timing of regulatory efforts by these bodies remains to be seen.

This uncertainty is further compounded by the numerous regulatory efforts underway outside the U.S. Certain of these efforts overlap with the substantive provisions of the Dodd-Frank Act, while others, such as proposals for financial transaction and/or bank taxes in particular countries or regions, do not. In addition, even where these U.S. and international regulatory efforts overlap, these efforts generally have not been undertaken on a coordinated basis. Areas where divergence between U.S. regulators and their international counterparts exists or has begun to develop (whether with respect to scope, interpretation, timing, approach or otherwise) includes trading, clearing and reporting requirements for derivatives transactions, higher U.S. capital and margin requirements relating to uncleared derivatives transactions, and capital and liquidity requirements that may result in mandatory "ring-fencing" of capital or liquidity in certain jurisdictions, among others.

Regulatory uncertainty makes future planning with respect to the management of Citi's businesses more difficult. For example, the cumulative effect of the new derivative rules and sequencing of implementation requirements will have a significant impact on how Citi chooses to structure its derivatives business and its selection of legal entities in which to conduct this business. Until these rules are final and interpretive questions are answered, management's business planning and proposed pricing for this business necessarily include assumptions based on proposed rules. Incorrect assumptions could impede Citi's ability to effectively implement and comply with the final requirements in a timely manner. Management's planning is further complicated by the continual need to review and evaluate the impact to the business of an ongoing flow of rule proposals and interpretations from numerous regulatory bodies, all within compressed timeframes.

Risk factors (continued)

Regulatory risk (continued)

In addition, the operational and technological costs associated with implementation of, as well as the ongoing compliance costs associated with, all of these regulations will likely be substantial. Given the continued uncertainty, the ultimate amount and timing of such costs going forward are difficult to predict. In 2011, Citi invested approximately $1 billion in order to meet various regulatory requirements, and this amount did not include many of the costs likely to be incurred pursuant to the implementation of the Dodd-Frank Act or other regulatory initiatives. For example, the proposed Volcker Rule contemplates a comprehensive internal controls system as well as extensive data collection and reporting duties with respect to "proprietary trading," and rules for registered swap dealers impose extensive recordkeeping requirements and business conduct rules for dealing with customers. All of these costs negatively impact Citi's earnings. Given Citi's global footprint, its implementation and compliance risks and costs are more complex and could be more substantial than its competitors. Ongoing compliance with inconsistent, conflicting or duplicative regulations across U.S. and international jurisdictions, or failure to implement or comply with these new regulations on a timely basis, could further increase costs or harm Citi's reputation generally.

Citi could also be subject to more stringent regulation because of its global footprint. In accordance with the Dodd-Frank Act, in December 2011 the Federal Reserve Board proposed a set of heightened prudential standards that will be applicable to large financial companies such as Citi. The proposal dictates requirements for aggregate counterparty exposure limits and enhanced risk management processes and oversight, among other things. Compliance with these standards could result in restrictions on Citi's activities. Moreover, other financial institutions, including so-called "shadow banking" financial intermediaries, providing many of the same or similar services or products that Citi makes available to its customers, may not be regulated on the same basis or to the same extent as Citi and consequently may also have certain competitive advantages.

Finally, uncertainty persists as to the extent to which Citi will be subject to more stringent regulations than its foreign competitors with respect to several of the regulatory initiatives, particularly in its non-U.S. operations, including certain aspects of the proposed restrictions under the Volcker Rule and derivatives clearing and margin requirements. Differences in substance or severity of regulations across jurisdictions could significantly reduce Citi's ability to compete with foreign competitors, in a variety of businesses and geographic areas, and thus further negatively impact Citi's earnings.

Citi's prospective regulatory capital requirements remain uncertain and will likely be higher than many of its competitors. There is a risk that Citi will be unable to meet these new standards in the timeframe expected by the market or regulators.
Citi's prospective regulatory capital requirements continue to be subject to extensive rulemaking and interpretation. Ongoing areas of rulemaking include, among others, (i) the final Basel III rules applicable to U.S. financial institutions, including Citi, (ii) capital surcharges for global systemically important banks (G-SIBs), including the extent of the surcharge to be initially imposed on Citi, and (iii) implementation of the Dodd-Frank Act, including imposition of enhanced prudential capital requirements on financial institutions that are deemed to pose a systemic risk to market-wide financial stability as well as provisions requiring the elimination of credit ratings from capital regulations and the Collins Amendment.

It is clear that final U.S. rules implementing Basel III, the G-SIB surcharge and the capital-related provisions of the Dodd-Frank Act will significantly increase Citi's regulatory capital requirements, including the amount of capital required to be in the form of common equity. However, the various regulatory capital levels Citi must maintain, the types of capital that will meet these requirements and the specific capital requirements associated with Citi's assets remain uncertain. For example, Citi may be required to replace certain of its existing regulatory capital in a compressed timeframe or in unfavorable markets in order to comply with final rules implementing Basel III and the Collins Amendment, which eliminated trust preferred securities from the definition of Tier 1 Capital. In addition, the alternative approaches proposed to replace the use of credit ratings in accordance with the Dodd-Frank Act and final rules implementing Basel II.5 could require Citi to hold more capital against certain of its assets than it must currently.

Risk factors (continued)

Regulatory risk (continued)

The lack of final regulatory capital requirements impedes long-term capital planning by Citi's management. Citi is not able to accurately forecast its capital requirements for particular exposures which complicates its ability to assess the future viability of, and appropriate pricing for, certain of its products. In addition, while management may desire to take certain actions to optimize Citi's regulatory capital profile, such as the reduction of certain investments in unconsolidated financial entities, without clarity as to the final standards, there is risk in management either taking actions based on assumed or proposed rules or waiting to take action until final rules that are implemented in compressed timeframes.

Citi's projected ability to comply with the new capital requirements as they are implemented, or earlier, is also based on certain assumptions specific to Citi's businesses, including its future earnings in Citicorp, the continued wind-down of Citi Holdings and the monetization of Citi's deferred tax assets. If management's assumptions with respect to certain aspects of Citi's businesses prove to be incorrect, it could negatively impact Citi's ability to comply with the future regulatory capital requirements in a timely manner or in a manner consistent with market or regulator expectations.

Citi's regulatory capital requirements will also likely be higher than many of its competitors. Citi's strategic focus on emerging markets, for example, will likely result in higher risk-weighted assets and thus potentially higher capital requirements than its less global or less emerging-markets-focused competitors. In addition, within the U.S., Citi will likely face higher regulatory capital requirements than most of its U.S.-based competitors that are not subject to the G-SIB surcharge (or the same level of surcharge) or the heightened prudential capital requirements to be imposed on systemically important financial institutions. Internationally, there have already been instances of Basel III not being consistently adopted or applied across countries or regions. Any lack of a level playing field with respect to capital requirements for Citi as compared to peers or less regulated financial intermediaries, both in the U.S. and internationally, could put Citi at a competitive disadvantage.

As proposed, changes in regulation of derivatives required under the Dodd-Frank Act will require significant and costly restructuring of Citi's derivatives businesses in order to meet the new market structures and could affect the competitive position of these businesses.

Once fully implemented, the provisions of the Dodd-Frank Act relating to the regulation of derivatives will result in comprehensive reform of the derivatives markets. Reforms will include requiring a wide range of over-the-counter derivatives to be cleared through recognized clearing facilities and traded on exchanges or exchange-like facilities, the collection and segregation of collateral for most uncleared derivatives, extensive public transaction reporting and business conduct requirements, and significantly broadened restrictions on the size of positions that may be maintained in specified commodity derivatives. While some of the regulations have been finalized, the rulemaking process is still not complete, and the timing for the effectiveness of many of these requirements is not yet clear.

The proposed rules implementing the derivatives provisions of the Dodd- Frank Act will necessitate costly and resource-intensive changes to certain areas of Citi's derivatives business structures and practices. Those changes will include restructuring the legal entities through which those businesses are conducted and the successful and timely installation of extensive technological and operational systems and compliance infrastructure, among others. Effective legal entity restructuring will also be dependent on clients and regulators, and so may be subject to delays or disruptions not fully under Citi's control. Moreover, new derivatives-related systems and infrastructure will likely become the basis on which institutions such as Citi compete for clients and, to the extent that Citi's connectivity or services for clients in these businesses is deficient, Citi could be at a competitive disadvantage. More generally, the contemplated reforms will make trading in many derivatives products more costly and may significantly reduce the liquidity of certain derivatives markets and diminish customer demand for covered derivatives. These changes could negatively impact Citi's earnings from these businesses.

Reforms similar to the derivatives provisions and proposed regulations under the Dodd-Frank Act are also contemplated in the European Union and certain other jurisdictions. These reforms appear likely to take effect after the provisions of the Dodd-Frank Act and, as a result, it is uncertain whether they will be similar to those in the U.S. or will impose different or additional requirements on Citi's derivative activities. Complications due to the sequencing of the effectiveness of derivatives reform, both among different components of the Dodd-Frank Act and between the U.S. and other jurisdictions, could give rise to further disruptions and competitive dislocations.

Risk factors (continued)

Regulatory risk (continued)

The proposed regulations implementing the derivatives provisions of the Dodd-Frank Act, if adopted without modification, would also adversely affect the competitiveness of Citi's non-U.S. operations. For example, the proposed regulations would require some of Citi's non-U.S. operations to collect more margin from its non-U.S. derivatives customers than Citi's foreign bank competitors may be required to collect. The Dodd-Frank Act also contains a so-called "push-out" provision that will prevent FDIC-insured depository institutions from dealing in certain equity, commodity and credit-related derivatives. Citi conducts a substantial portion of its derivatives-dealing activities through its insured depository institution and, to the extent that certain of Citi's competitors already conduct such activities outside of FDIC-insured depository institutions, Citi would be disproportionately impacted by any restructuring of its business for push-out purposes. Moreover, the extent to which Citi's non-U.S. operations will be impacted by the push-out provision and other derivative provisions remains unclear, and it is possible that Citi could lose market share or profitability in its derivatives business or client relationships in jurisdictions where foreign bank competitors can operate without the same constraints.

The proposed restrictions imposed on proprietary trading and funds-related activities under the "Volcker Rule"provisions of the Dodd-Frank Act could adversely impact Citi's market-making activities and may cause Citi to dispose of certain of its investments at less than fair value.
The "Volcker Rule" provisions of the Dodd-Frank Act are intended to restrict the proprietary trading activities of institutions such as Citi, as well as such institutions' sponsorship and investment in hedge funds and private equity funds. In October 2011, the Federal Reserve Board, OCC, FDIC and SEC proposed regulations that would implement these restrictions and the CFTC followed with its proposed regulations in January 2012.

The proposed regulations contain narrow exceptions for market-making, underwriting, risk-mitigating hedging, certain transactions on behalf of customers and activities in certain asset classes, and require that certain of these activities be designed not to encourage or reward "proprietary risk taking." Because the regulations are not yet final, the degree to which Citi's activities in these areas will be permitted to continue in their current form remains uncertain.

Moreover, if adopted as proposed, the rules would require an extensive compliance regime around these "permitted" activities, and Citi could incur significant ongoing compliance and monitoring costs, including with respect to the frequent reporting of extensive metrics and risk analytics, to the regulatory agencies. In addition, the proposed rules and any restrictions imposed by final regulations in this area will also likely affect Citi's trading activities globally, and thus will impact it disproportionately in comparison to foreign financial institutions that will not be subject to the Volcker Rule with respect to their activities outside of the U.S.

In addition, under the funds-related provisions of the Volcker Rule, bank regulators have the flexibility to provide firms with extensions allowing them to hold their otherwise restricted investments in private equity and hedge funds for some time beyond the statutory divestment period. If the regulators elect not to grant such extensions, Citi could be forced to divest certain of its investments in illiquid funds in the secondary market on an untimely basis. Based on the illiquid nature of the investments and the prospect that other industry participants subject to similar requirements would likely be divesting similar assets at the same time, such sales could be at substantial discounts to their fair value.

Regulatory requirements in the U.S. and other jurisdictions aimed at facilitating the future orderly resolution of large financial institutions could result in Citi having to change its business structures, activities and practices in ways that negatively impact its operations.
The Dodd-Frank Act requires Citi to prepare a plan for the rapid and orderly resolution of Citigroup, the bank holding company, under the Bankruptcy Code in the event of future material financial distress or failure. Citi is also required to prepare a resolution plan for its insured depository institution subsidiary, Citibank, N.A., and to demonstrate how it is adequately protected from the risks presented by non-bank affiliates. These plans must include information on resolution strategy, major counterparties and "interdependencies," among other things, and will require substantial effort, time and cost. These resolution plans will be subject to review by the Federal Reserve Board and the FDIC.

Risk factors (continued)

Regulatory risk (continued)

Based on regulator review of these plans, Citi may have to restructure or reorganize businesses, legal entities, or operational systems and intracompany transactions in ways that negatively impact its operations, or be subject to restrictions on growth. For example, Citi could be required to create new subsidiaries instead of branches in foreign jurisdictions, or create subsidiaries to conduct particular businesses or operations (so-called "subsidiarization"), which would, among other things, increase Citi's legal, regulatory and managerial costs, negatively impact Citi's global capital and liquidity management and potentially impede its global strategy. Citi could also eventually be subjected to more stringent capital, leverage or liquidity requirements, or be required to divest certain assets or operations, if both regulators determine that Citi's resolution plans do not meet statutory requirements and Citi does not remedy the deficiencies within required time periods.

In addition, other jurisdictions, such as the United Kingdom, have requested or are expected to request resolution plans from financial institutions, including Citi, and the requirements and timing relating to these plans are different from the U.S. requirements and each other. Responding to these additional requests will require additional effort, time and cost, and regulatory review and requirements in these jurisdictions could be in addition to, or conflict with, changes requested by Citi's regulators in the U.S.

Provisions of the Dodd-Frank Act and other regulations relating to securitizations will impose additional costs on securitization transactions, increase Citi's potential liability in respect of securitizations and may prohibit Citi from performing certain roles in securitizations, each of which could make it impractical to execute certain types of transactions and may have an overall negative effect on the recovery of the securitization markets.

Citi plays a variety of roles in asset securitization transactions, including acting as underwriter of asset-backed securities, depositor of the underlying assets into securitization vehicles, trustee to securitization vehicles and counterparty to securitization vehicles under derivative contracts. The Dodd-Frank Act contains a number of provisions that affect securitizations. Among other provisions, these include a requirement that securitizers retain un-hedged exposure to at least 5% of the economic risk of certain assets they securitize, a prohibition on securitization participants engaging in transactions that would involve a conflict with investors in the securitization, and extensive additional requirements for review and disclosure of the characteristics of the assets underlying the securitizations. The SEC has also proposed additional extensive regulation of both publicly and privately offered securitization transactions (so-called "Reg AB II").

The cumulative effect of these extensive regulatory changes, many of which have not been finalized, as well as other potential future regulatory changes, such as GSE reform, on securitization markets, the nature and profitability of securitization transactions, and Citi's participation therein, cannot currently be assessed. It is likely, however, that these various measures will increase the costs of executing securitization transactions, and could effectively limit Citi's overall volume of, and the role Citi may play in, securitizations, expose Citi to additional potential liability for securitization transactions and make it impractical for Citi to execute certain types of securitization transactions it previously executed. In addition, certain sectors of the securitization markets, particularly residential mortgage-backed securitizations, have been inactive or experienced dramatically diminished transaction volumes since the financial crisis. The impact of various regulatory reform measures could negatively delay or restrict any future recovery of these sectors of the securitization markets, and thus the opportunities for Citi to participate in securitization transactions in such sectors.

The Financial Accounting Standards Board (FASB) is currently reviewing or proposing changes to several key financial accounting and reporting standards utilized by Citi which, if adopted as proposed, could have a material impact on how Citi records and reports its financial condition and results of operations.

The FASB is currently reviewing or proposing changes to several of the financial accounting and reporting standards that govern key aspects of Citi's financial statements. While the outcome of these reviews and proposed changes is uncertain and difficult to predict, certain of these changes could have a material impact on how Citi records and reports its financial condition and results of operations, and could hinder understanding or cause confusion across comparative financial statement periods. For example, the FASB's financial instruments project could, among other things, significantly change how Citi determines the impairment on those assets and accounts for hedges. In addition, the FASB's leasing project could eliminate most operating leases and instead capitalize them, which would result in a gross-up of Citi's balance sheet and a change in the timing of income and expense recognition patterns for leases.

Risk factors (continued)

Regulatory risk (continued)

Moreover, the FASB continues its convergence project with the International Accounting Standards Board (IASB) pursuant to which U.S. GAAP and International Financial Reporting Standards (IFRS) are to be converged. The FASB and IASB continue to have significant disagreements on the convergence of certain key standards affecting financial reporting, including accounting for financial instruments and hedging. In addition, the SEC has not yet determined whether, when or how U.S. companies will be required to adopt IFRS. There can be no assurance that the transition to IFRS, if and when required to be adopted by Citi, will not have a material impact on how Citi reports its financial results, or that Citi will be able to meet any required transition timeline.

Market and economic risks

The ongoing Eurozone debt crisis could have significant adverse effects on Citi's business, results of operations, financial condition and liquidity, particularly if it leads to any sovereign debt defaults, significant bank failures or defaults and/or the exit of one or more countries from the European Monetary Union.
The ongoing Eurozone debt crisis has caused, and is likely to continue to cause, disruption in global financial markets, particularly if it leads to any future sovereign debt defaults and/or significant bank failures or defaults in the Eurozone. In spite of a number of stabilization measures taken since spring 2010, yields on government bonds of certain Eurozone countries, including Greece, Ireland, Italy, Portugal and Spain, have remained volatile. In addition, some European banks and insurers have experienced a widening of credit spreads (and the resulting decreased availability and increased costs of funding) as a result of uncertainty regarding the exposure of such European financial institutions to these countries. This widening of credit spreads and increased cost of funding has also affected Citi due to concerns about its Eurozone exposure.

The market disruptions in the Eurozone could intensify or spread further, particularly if ongoing stabilization efforts prove insufficient. Concerns have been raised as to the financial, political and legal ineffectiveness of measures taken to date. Continued economic turmoil in the Eurozone could have a significant negative impact on Citi, both directly through its own exposures and indirectly due to a decline in general global economic conditions, which could particularly impact Citi given its global footprint and strategy. There can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against the results of the Eurozone crisis will be sufficient.

The effects of the Eurozone debt crisis could be even more significant if they lead to a partial or complete break-up of the European Monetary Union (EMU). The partial or full break-up of the EMU would be unprecedented and its impact highly uncertain. The exit of one or more countries from the EMU or the dissolution of the EMU could lead to redenomination of obligations of obligors in exiting countries. Any such exit and redenomination would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and lead to complex, lengthy litigation. The resulting uncertainty and market stress could also cause, among other things, severe disruption to equity markets, significant increases in bond yields generally, potential failure or default of financial institutions, including those of systemic importance, a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession. Any combination of such events would negatively impact Citi's businesses, earnings and financial condition, particularly given Citi's global strategy. In addition, exit and redenomination could be accompanied by imposition of capital, exchange and similar controls, which could further negatively, impact Citi's cross-border risk, other aspects of its businesses and its earnings.

Risk factors (continued)

Market and economic risks (continued)

The continued uncertainty relating to the sustainability and pace of economic recovery and market volatility has adversely affected, and may continue to adversely affect, certain of Citi's businesses, particularly S&B and the U.S. mortgage businesses within Citi Holdings – Local Consumer Lending.
The financial services industry and the capital markets have been and will likely continue to be adversely affected by the slow pace of economic recovery and continued disruptions in the global financial markets. This continued uncertainty and disruption have adversely affected, and may continue to adversely affect, certain of Citi's businesses, particularly its *S&B* business and its *Local Consumer Lending* business within *Citi Holdings*.

In particular, the corporate and sovereign bond markets, equity and derivatives markets, debt and equity underwriting and other elements of the financial markets have been and could continue to be subject to wide swings and volatility relating to issues emanating from Eurozone and U.S. economic issues. As a result of this uncertainty and volatility, clients have remained and may continue to remain on the sidelines or cut back on trading and other business activities and, accordingly, the results of operations of Citi's *S&B* businesses have been and could continue to be volatile and negatively impacted.

Moreover, the continued economic uncertainty in the U.S., accompanied by continued high levels of unemployment and depressed values of residential real estate, will continue to negatively impact Citi's U.S. Consumer mortgage businesses, particularly its residential real estate and home equity loans in *Citi H oldings – LCL*. Given the continued decline in Citi's ability to sell delinquent residential first mortgages, the decreased inventory of such loans for modification and re-defaults of previously modified mortgages, Citi began to experience increased delinquencies in this portfolio during the latter part of 2011. As a result, Citi could also experience increasing net credit losses in this portfolio going forward. Moreover, given the lack of markets in which to sell delinquent home equity loans, as well as the relatively fewer home equity loan modifications and modification programs, Citi's ability to offset increased delinquencies and net credit losses in its home equity loan portfolio in Citi Holdings has been, and will continue to be, more limited as compared to residential first mortgages.

Concerns about the level of U.S. government debt and downgrade, or concerns about a potential downgrade, of the U.S. government credit rating could have a material adverse effect on Citi's businesses, results of operations, capital, funding and liquidity.
In August 2011, Standard & Poor's lowered its long-term sovereign credit rating on the U.S. government from AAA to AA+ and in the second half of 2011, Moody's Investors Services and Fitch both placed the U.S. rating on negative outlook. According to the credit rating agencies, these actions resulted from the high level of U.S. government debt and the continued inability of Congress to reach an agreement to ensure payment of U.S. government debt and reduce the U.S. debt level. If the credit rating of the U.S. government is further downgraded, the ratings and perceived creditworthiness of instruments issued, insured or guaranteed by institutions, agencies or instrumentalities directly linked to the U.S. government could also be correspondingly affected. A future downgrade of U.S. debt obligations or U.S. government-related obligations by one or more credit rating agencies, or heightened concern that such a downgrade might occur, could negatively affect Citi's ability to obtain funding collateralized by such obligations as well as the pricing of such funding. Such a downgrade could also negatively impact the pricing or availability of Citi's funding as a U.S. financial institution. In addition, such a downgrade could affect financial markets and economic conditions generally and the market value of the U.S. debt obligations held by Citi. As a result, such a downgrade could lead to a downgrade of Citi debt obligations and could have a material adverse effect on Citi's business, results of operations, capital, funding and liquidity.

Citi's extensive global network, particularly its operations in the world's emerging markets, subject it to emerging market and sovereign volatility and further increases its compliance and regulatory risks and costs.
Citi believes its extensive and diverse global network—which includes a physical presence in approximately 100 countries and services offered in over 160 countries and jurisdictions—provides it with a unique competitive advantage in servicing the broad financial services needs of large multinational clients and customers around the world, including in many emerging markets. International revenues have recently been the largest and fastest-growing component of Citicorp, driven by emerging markets.

Risk factors (continued)

Market and economic risks (continued)

However, this global footprint also subjects Citi to a number of risks associated with international and emerging markets, including exchange controls, limitations on foreign investment, socio-political instability, nationalization, closure of branches or subsidiaries, confiscation of assets and sovereign volatility, among others. For example, there have been recent instances of political turmoil and violent revolutionary uprisings in some of the countries in which Citi operates, including in the Middle East, to which Citi has responded by transferring assets and relocating staff members to more stable jurisdictions. While these previous incidents have not been material to Citi, such disruptions could place Citi's staff and operations in danger and may result in financial losses, some significant, including nationalization of Citi's assets.

Further, Citi's extensive global operations increase its compliance and regulatory risks and costs. For example, Citi's operations in emerging markets subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as anti-money-laundering regulations and the Foreign Corrupt Practices Act, which can be more acute in less developed markets and thus require substantial investment in order to comply. Any failure by Citi to remain in compliance with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi's earnings and its general reputation. In addition, complying with inconsistent, conflicting or duplicative regulations requires extensive time and effort and further increases Citi's compliance, regulatory and other costs.

It is uncertain how the ongoing Eurozone debt crisis will affect emerging markets. A recession in the Eurozone could cause a ripple effect in emerging markets, particularly if banks in developed economies decrease or cease lending to emerging markets, as is currently occurring in some cases. This impact could be disproportionate in the case of Citi in light of the emphasis on emerging markets in its global strategy. Decreased, low or negative growth in emerging market economies could make execution of Citi's global strategy more challenging and could adversely affect Citi's revenues, profits and operations.

The maintenance of adequate liquidity depends on numerous factors outside of Citi's control, including without limitation market disruptions and increases in Citi's credit spreads.
Adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets or negative perceptions about the financial services industry in general, or negative investor perceptions of Citi's liquidity, financial position or credit worthiness in particular. Market perception of sovereign default risks, such as issues in the Eurozone as well as other complexities regarding the current European debt crisis, can also lead to ineffective money markets and capital markets, which could further impact Citi's availability of funding.

In addition, Citi's cost and ability to obtain deposits, secured funding and long-term unsecured funding from the capital markets are directly related to its credit spreads. Changes in credit spreads constantly occur and are market-driven, including both external market factors as well as factors specific to Citi, and can be highly volatile. Citi's credit spreads may also be influenced by movements in the costs to purchasers of credit default swaps referenced to Citi's long-term debt, which are also impacted by these external and Citi-specific factors. Moreover, Citi's ability to obtain funding may be impaired if other market participants are seeking to access the markets at the same time, or if market appetite is reduced, as is likely to occur in a liquidity or other market crisis. In addition, clearing organizations, regulators, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral based on these market perceptions or market conditions, which could further impair Citi's access to funding.

The credit rating agencies continuously review the ratings of Citi and its subsidiaries, and reductions in Citi's and its subsidiaries' credit ratings could have a significant and immediate impact on Citi's funding and liquidity through cash obligations, reduced funding capacity and additional margin requirements.
The rating agencies continuously evaluate Citi and its subsidiaries, and their ratings of Citi's and its more significant subsidiaries' long-term/senior debt and short-term /commercial paper, as applicable, are based on a number of factors, including financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as the agencies' proprietary rating agency methodologies and conditions affecting the financial services industry generally.

Risk factors (continued)

Market and economic risks (continued)

Citi and its subsidiaries may not be able to maintain their current respective ratings. Ratings downgrades by Fitch, Moody's or S&P could have a significant and immediate impact on Citi's funding and liquidity through cash obligations, reduced funding capacity and additional margin requirements for derivatives or other transactions. Ratings downgrades could also have a negative impact on other funding sources, such as secured financing and other margined transactions, for which there are no explicit triggers. Some entities may also have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. A reduction in Citi's or its subsidiaries' credit ratings could also widen Citi's credit spreads or otherwise increase its borrowing costs and limit its access to the capital markets.

Business risk

Citi may be unable to maintain or reduce its level of expenses as it expects, and investments in its businesses may not be productive.
Citi continues to pursue a disciplined expense-management strategy, including re-engineering, restructuring operations and improving the efficiency of functions, such as call centers and collections, to achieve a targeted percentage expense savings annually. However, there is no guarantee that Citi will be able to maintain or reduce its level of expenses in the future, particularly as expenses incurred in Citi's foreign entities are subject to foreign exchange volatility, and regulatory compliance and legal and related costs are difficult to predict or control, particularly given the current regulatory and litigation environment. Moreover, Citi has incurred, and will likely continue to incur, costs of investing in its businesses. These investments may not be as productive as Citi expects or at all. Furthermore, as the wind down of Citi Holdings slows, Citi's ability to continue to reduce its expenses as a result of this wind down will also decline.

Citi's operational systems and networks have been, and will continue to be, vulnerable to an increasing risk of continually evolving cybersecurity or other technological risks which could result in the disclosure of confidential client or customer information, damage to Citi's reputation, additional costs to Citi, regulatory penalties and financial losses.
A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. For example, through its global consumer banking, credit card and *Transaction S ervices* businesses, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. These activities have been, and will continue to be, subject to an increasing risk of cyber attacks, the nature of which is continually evolving.

Citi's computer systems, software and networks have been and will continue to be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber attacks and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to Citi's reputation with its clients and the market, additional costs to Citi (such as repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses, to both Citi and its clients and customers. Such events could also cause interruptions or malfunctions in the operations of Citi (such as the lack of availability of Citi's online banking system), as well as the operations of its clients, customers or other third parties. Given the high volume of transactions at Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

Citi has recently been subject to intentional cyber incidents from external sources, including (i) data breaches, which resulted in unauthorized access to customer account data and interruptions of services to customers; (ii) malicious software attacks on client systems, which in turn allowed unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data; and (iii) denial of service attacks, which attempted to interrupt service to clients and customers. While Citi was able to detect these prior incidents before they became significant, they still resulted in losses as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such incidents, or other cyber incidents, will not occur again, and they could occur more frequently and on a more significant scale.

Risk factors (continued)

Business risk (continued)

In addition, third parties with which Citi does business may also be sources of cybersecurity or other technological risks. Citi outsources certain functions, such as processing of customer credit card transactions, which results in the storage and processing of customer information by third parties. While Citi engages in certain actions to reduce the exposure resulting from outsourcing, such as limiting third-party access to the least privileged level necessary to perform job functions and restricting third-party processing to systems stored within Citi's data centers, unauthorized access, loss or destruction of data or other cyber incidents could occur, resulting in similar costs and consequences to Citi as those discussed above. Furthermore, because financial institutions are becoming increasingly interconnected with central agents, exchanges and clearing houses, including through the derivatives provisions of the Dodd-Frank Act, Citi has increased exposure to operational failure or cyber attacks through third parties.

While Citi maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Citi's financial statements are based in part on assumptions and estimates, which, if wrong, could cause unexpected losses in the future, sometimes significant.
Pursuant to U.S. GAAP, Citi is required to use certain assumptions and estimates in preparing its financial statements, including in determining credit loss reserves, reserves related to litigation and regulatory exposures, mortgage representation and warranty claims and the fair value of certain assets and liabilities, among other items. If the assumptions or estimates underlying Citi's financial statements are incorrect, Citi may experience significant losses.

Citi is subject to a significant number of legal and regulatory proceedings that are often highly complex, slow to develop and are thus difficult to predict or estimate.
At any given time, Citi is defending a significant number of legal and regulatory proceedings. The volume of claims and the amount of damages and penalties claimed in litigation, arbitration and regulatory proceedings against financial institutions remain high, and could further increase in the future.

Proceedings brought against Citi may result in judgments, settlements, fines, penalties, disgorgement, injunctions, business improvement orders or other results adverse to it, which could materially and negatively affect Citi's businesses, financial condition or results of operations, require material changes in Citi's operations, or cause Citi reputational harm. Moreover, the many large claims asserted against Citi are highly complex and slow to develop, and they may involve novel or untested legal theories. The outcome of such proceedings may thus be difficult to predict or estimate until late in the proceedings, which may last several years. In addition, certain settlements are subject to court approval and may not be approved. Although Citi establishes accruals for its litigation and regulatory matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may be substantially higher or lower than the amounts accrued.

In addition, while Citi takes numerous steps to prevent and detect employee misconduct, such as fraud, employee misconduct is not always possible to deter or prevent, and the extensive precautions Citi takes to prevent and detect this activity may not be effective in all cases, which could subject it to additional liability. Moreover, the "whistle-blower" provisions of the Dodd-Frank Act provide substantial financial incentives for persons to report alleged violations of law to the SEC and the CFTC. The final rules implementing these provisions for the SEC and CFTC became effective in August and October 2011, respectively.

As such, there continues to be much uncertainty as to whether these new reporting provisions will incentivize and lead to an increase in the number of claims that Citi will have to investigate or against which Citi will have to defend itself, thus potentially further increasing Citi's legal liabilities.

DIRECTORS' REPORT
for the year ended 31 December 2011

Risk factors (continued)

Business risk (continued)

Failure to maintain the value of the Citi brand could harm Citi's global competitive advantage, results of operations and strategy.
As Citi enters into its 200th year of operations in 2012, one of its most valuable assets is the Citi brand. Citi's ability to continue to leverage its extensive global footprint, and thus maintain one of its key competitive advantages, depends on the continued strength and recognition of the Citi brand, including in emerging markets as other financial institutions grow their operations in these markets and competition intensifies. As referenced above, as a result of the economic crisis in the U.S. as well as the continuing adverse economic climate globally, Citi, like other financial institutions, is subject to an increased level of distrust, scrutiny and skepticism from numerous constituencies, including the general public. The Citi brand could be further harmed if its public image or reputation were to be tarnished by negative publicity, whether or not true, about Citi or the financial services industry in general, or by a negative perception of Citi's short-term or long-term financial prospects. Maintaining, promoting and positioning the Citi brand will depend largely on Citi's ability to provide consistent, high-quality financial services and products to its clients and customers around the world. Failure to maintain its brand could hurt Citi's competitive advantage, results of operations and strategy.

Citi may incur significant losses if its risk management processes and strategies are ineffective, and concentration of risk increases the potential for such losses.
Citi monitors and controls its risk exposure across businesses, regions and critical products 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 Citi employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application may not be effective and may not anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes. Market conditions over the last several years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk.

Concentration of risk increases the potential for significant losses. Because of concentration of risk, Citi may suffer losses even when economic and market conditions are generally favorable for Citi's competitors. These concentrations can limit, and have limited, the effectiveness of Citi's hedging strategies and have caused Citi to incur significant losses, and they may do so again in the future. In addition, Citi extends large commitments as part of its credit origination activities. If Citi is unable to reduce its credit risk by selling, syndicating or securitizing these positions, including during periods of market dislocation, Citi's results of operations could be negatively affected 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.

Although Citi's activities expose it to the credit risk of many different entities and counterparties, Citi routinely executes a high volume of transactions with counterparties in the financial services sector, including banks, other financial institutions, insurance companies, investment banks and government and central banks. This has resulted in significant credit concentration with respect to this sector. To the extent regulatory or market developments lead to an increased centralization of trading activity through particular clearing houses, central agents or exchanges, this could increase Citi's concentration of risk in this sector.

The above factors, along with the risks discussed in Note 29, are also the key risks and uncertainties facing the Company. The impact of the above factors on the capital requirements and liquidity of the Company are the key drivers of the Company's potential need of parental support.

Financial instruments

The financial risk management objectives and policies and the exposure to market, credit, operational, liquidity and country risk of the Company have been disclosed in Note 29 'Financial instruments and risk management' on pages 60 to 70.

CITIGROUP GLOBAL MARKETS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2011

Directors and their interests

The Directors who held office during the year ended 31 December 2011 were:

J D K Bardrick	
D J Challen	
M L Corbat	(appointed 17 October 2011)
J C Cowles	
M Falco	
D L Taylor	
W J Mills	(resigned 31 December 2011)
L B Kaden	(resigned 18 October 2011)
C M Weir	(resigned 5 December 2011)

Directors' indemnity

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Citigroup Inc.'s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT
for the year ended 31 December 2011

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Employment of disabled people

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers within the Company. Opportunities for training, career development and promotion of disabled persons are, as far as possible, identical to those available to other employees who are not disabled.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed by written communications and meetings on matters affecting them as employees and on the various factors affecting the business.

Charitable donations and political contributions

During the year the Company made charitable donations of $724,746 (2010: $812,556). No political contributions were made during the year (2010: $nil).

Disclosure of information to auditors

In accordance with section 418, Companies Act 2006 it is stated by the Directors who held office at the date of approval of this Directors' Report that, so far as each is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information. This statement is made subject to all the provisions of section 418.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board

J D Robson
Secretary

23 March 2012

Incorporated in England and Wales
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 01763297

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CITIGROUP GLOBAL MARKETS LIMITED

We have audited the financial statements of Citigroup Global Markets Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 15 and 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express our opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its losses for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

R. Faulkner

R Faulkner (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

23 March 2012

CITIGROUP GLOBAL MARKETS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011

	Notes	2011 $ Million	2010* as restated $ Million
Commission income and fees	**4**	2,090	1,805
Net dealing income		1,127	1,592
Interest receivable	**5**	1,338	1,059
Interest payable	**5**	(1,634)	(1,046)
Gross profit		2,921	3,410
Other finance (expense) / income	**8**	(3)	4
Other (expense) / income		(1)	2
Operating expenses	**7**	(3,255)	(3,243)
Operating (loss) / profit on ordinary activities before taxation		(338)	173
Tax on (losses) / profit on ordinary activities	**11(a)**	(20)	53
(Loss) / Profit for the financial year		(358)	226

* restated for prior year adjustment, as detailed in Note 28

The accompanying notes on pages 21 to 72 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2011

	Notes	2011 $ Million	2010* as restated $ Million
(Loss) / profit for the financial year		(358)	226
Net movement in STRGL in respect of the pension scheme	**8**	(50)	11
Foreign translation differences		-	6
Total recognised (loss) / gain for the financial year		(408)	243
Prior year adjustment (as explained in note 28)		(276)	
Total (loss) / gain recognised since last financial statements		(684)	

*restated for prior year adjustment, as detailed in Note 28

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
for the year ended 31 December 2011

	Notes	2011 $ Million	2010* as restated $ Million
(Loss) / profit for the financial year		(358)	226
Dividends paid		-	(2,816)
Capital Contribution	**27**	503	-
Share based payment transactions	**9**	231	88
Other recognised gains and losses relating to the year (net)		(50)	17
Opening shareholder's funds		10,089	12,574
Closing shareholder's funds		10,415	10,089

* restated for prior year adjustment, as detailed in Note 28

The accompanying notes on pages 21 to 72 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

BALANCE SHEET
as at 31 December 2011

	Notes	2011 $ Million	2010* as restated $ Million
Fixed assets			
Tangible fixed assets	12	202	178
Investments	13	26	49
		228	227
Current assets			
Debtors	15	132,063	119,480
Investments	17	170,393	133,945
Cash at bank and in hand	19	3,714	4,319
		306,170	257,744
Creditors: amounts falling due within one year			
Creditors	21	285,755	236,554
Subordinated loans	24	5,980	7,480
		291,735	244,034
Net current assets		14,435	13,710
Total assets, less current liabilities		14,663	13,937
Creditors: amounts falling due after more than one year			
Creditors	21	41	141
Subordinated loans	24	4,200	3,700
		4,241	3,841
Provisions for liabilities	25	112	66
Net assets excluding net pension asset		10,310	10,030
Net pension asset	8	105	59
Net assets		10,415	10,089
Capital and reserves			
Called up share capital	26	1,500	1,500
Capital reserve	27	6,705	6,202
Profit and loss account	27	2,210	2,387
Shareholder's funds		10,415	10,089

*restated for prior year adjustment, as detailed in Note 28

The accompanying notes on pages 21 to 72 form an integral part of these financial statements.

The financial statements on pages 18 to 72 were approved by the Directors on 23 March 2012 and were signed on their behalf by:

J C Cowles
Director

Registered Number: 01763297

1. Principal accounting policies

(a) Basis of presentation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the following exceptions:

- Derivative and trading financial instruments are measured at fair value; and
- Financial instruments designated at fair value through profit or loss are measured at fair value.

The financial statements have been prepared on a going concern basis taking into account the continuing support from the Company's parent. The risks and uncertainties identified by the parent group, together with those factors which lead to the Company's reliance on parental support are discussed further in the Directors' Report on pages 2 to 16. Taking these factors into account the Directors acknowledge and accept the intent and ability of Citigroup to provide support to the Company if required and consequently present these financial statements on a going concern basis.

The principal accounting policies have been applied consistently throughout the current and preceding year except for the following standards that have been adopted for the first time:

- Effective from 1 January 2011 the Company has applied the amendment to FRS 29 (IFRS 7) 'Financial Instruments: Disclosures'. The amendment has added emphasis to the interaction between qualitative and quantitative disclosures and has been incorporated in Notes to the financial statements with Note 16 - Pledged Assets incorporating these changes.

The financial statements have been prepared in US Dollars, which is the functional currency of the Company, and any reference to $ in these financial statements refers to US Dollars.

As permitted under section 400 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company is a wholly owned subsidiary of Citigroup Global Markets Europe Limited ("CGMEL") which prepares annual consolidated financial statements and is incorporated and registered in England and Wales.

The Company has taken the subsidiary undertaking exemption permitted by FRS 1: Cash Flow Statements, and has not prepared a cash flow statement. The Company's results are included in the consolidated financial statements of Citigroup Inc., the Company's ultimate parent company. Citigroup Inc. makes its financial statements available to the public on an annual basis.

Under the wholly owned group exemption of FRS 8, 'Related Party Disclosures', the Company is not required to disclose all transactions with other group companies and investees of the group qualifying as related parties.

(b) Financial instruments

Trading assets and trading liabilities

Financial instruments that have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit taking are classified as "held for trading". Financial assets classified as "held for trading" include collateralised financing transactions, government bonds, eurobonds and other corporate bonds, equities, certificates of deposit, commercial paper and derivatives. Financial liabilities classified as "held for trading" include securities sold but not yet purchased, collateralised financing transactions and derivatives.

Trading assets and liabilities are initially recognised at fair value on trade date and subsequently remeasured at fair value. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

Derivative contracts

Derivative contracts used in trading activities are recognised at fair value on the date the derivative is entered into and subsequently remeasured at fair value. Where the fair value of a derivative is positive, it is carried as an asset and where negative as a liability. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

Repurchase and resale agreements

Repurchase and resale agreements are treated as collateralised financing transactions. Securities which have been sold with an agreement to repurchase continue to be shown on the balance sheet and the sale proceeds are recorded as a collateralised financing transaction within creditors. Securities acquired in purchase and resale transactions are not recognised in the balance sheet and the purchase is recorded as a collateralised financing transaction within debtors. The difference between the sale price and the repurchase price is recognised over the life of the transaction and is charged or credited to the profit and loss account as interest payable or receivable. Assets and liabilities recognised under collateralised financing transactions are classified as “held for trading” and are recorded at fair value, with changes in fair value recorded in the profit and loss account.

Financial assets designated at fair value

Financial instruments, other than those held for trading, are classified into fair value through profit and loss if they meet one or more of the criteria set out below, and are so designated by management. The Company may designate financial instruments at fair value when this will:

- Eliminate or significantly reduce valuation or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
- Apply to groups of financial assets thereof that are managed and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about groups of financial instruments is reported to management on that basis; and
- Relate to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial instruments are initially recognised at fair value on trade date and subsequently remeasured at fair value. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

The Company has elected to apply the fair value option to certain corporate bonds on the basis that such bonds are part of a portfolio that is managed and evaluated on a fair value basis.

Other financial assets

Financial assets other than those which are classified as “held for trading” or “designated at fair value through profit and loss”, are classified as loans and receivables. Loans and receivables include trade debtors, including settlement receivables, and are initially recognised at fair value at trade date including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Other financial assets also include a small amount of investments in subsidiaries and unquoted equity investments whose fair value cannot be reliably determined and therefore are carried at cost.

At each reporting date the Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

Other financial assets (continued)

Objective evidence that financial assets are impaired can include significant financial difficulty of the debtor or other observable data such as adverse changes in the payment status of debtors, or economic conditions that correlate with defaults of the debtor.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company writes off loans and receivables and fixed asset investments when they are determined to be uncollectible.

Other financial liabilities and subordinated loans

Financial liabilities and subordinated loans are measured at amortised cost using the effective interest rate, except those which are "held for trading", which are held at fair value through the profit and loss account.

Determination of fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. See Note 14 -'Financial assets and liabilities accounting classifications and fair values' for further discussion.

Collateral

The Company receives collateral from customers as part of its business activity. Collateral can take the form of cash, securities or other assets. Where cash collateral (client money) is received this is recorded on the balance sheet and, where required by collateral agreements, is held in segregated client cash accounts. The Company does not recognise non-cash collateral on its balance sheet.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows of the financial assets and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

If the Company enters into a transaction that results in it retaining significantly all of the risks and rewards of a financial asset it will continue to recognise that financial asset and will recognise a financial liability equal to the consideration received under the transaction.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

Derecognition of financial assets and financial liabilities (continued)

When the Company enters into a transaction that neither transfers nor retains significantly all of the risks and rewards of a financial asset, and results in it retaining control of that asset, the Company continues to account for the asset to the extent of its continuing involvement. The Company will also recognise a financial liability that is measured in such a way that the net carrying amount of the financial asset and the associated liability is equal to the fair value of the rights and obligations retained by the Company.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

(c) Physical commodities

Physical commodities inventory is carried at the lower of cost or market (LOCOM) with related gains or losses reported in Net dealing income. Realized gains and losses on sales of commodities inventory are included in Net dealing income.

(d) Commission income and fees

Commission revenues and expenses are recognised when the right to consideration has been obtained in exchange for performance.

(e) Interest receivable and payable

Interest income and expense is recognised in the profit and loss account for all financial assets classified as loans and receivables and non-trading financial liabilities, using the effective interest rate method.

Interest arising on financial assets or financial liabilities that are "held for trading" or "designated at fair value" is reported within interest income and expense respectively.

(f) Net dealing income

Net dealing income comprises gains and losses related to trading assets, trading liabilities and financial assets designated at fair value and physical commodities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. The cost of developed software includes directly attributable internal costs and the cost of external consultants. Depreciation is provided at rates calculated to write-off the cost, less the estimated residual value of each asset, on a straight-line basis over its expected economic useful life, as follows:

Premises improvements	-	lesser of the life of the lease or 10 years
Equipment	-	3 to 5 years
Capitalised software	-	5 to 10 years

At each reporting date the Company assesses whether there is any indication that tangible fixed assets are impaired.

(h) Shares in subsidiary undertakings

Fixed asset investments are stated at cost, less any write down for diminution in value regarded as permanent.

1. Principal accounting policies (continued)

(i) Taxation

Corporation tax is provided on taxable profits/losses at the current rate. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes except as otherwise provided by FRS 19 on an undiscounted basis. Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(j) Pension and other post retirement benefit costs

The Company operates both a defined benefit and defined contribution pension scheme.

The cost of the Company's defined contribution pension scheme is the amount of contributions payable in respect of the year. For defined benefit obligations, the current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. The post-retirement benefit surplus or deficit is included on the balance sheet, net of the related deferred tax. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. These include differences between the expected and actual return on scheme assets and differences which arise from experience and assumption changes.

(k) Foreign currencies

The Company's presentational and functional currency is the US Dollar.

Transactions in foreign currencies are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars using the year end spot exchange rates. Non-monetary assets and liabilities denominated in currencies other than US Dollar that are classified as "held for trading" or "designated at fair value" are translated into US Dollars using the year end spot rate. Non-monetary assets and liabilities, denominated in currencies other than US Dollars that are not measured at fair value, have been translated at the relevant historical exchange rates. Any gains or losses on exchange are taken to the profit and loss account as incurred.

(l) Share-based incentive plans

The Company participates in a number of Citigroup Inc. ("Citigroup") share-based incentive plans under which Citigroup grants shares to the Company's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement ("SPAPA") the Company makes a cash settlement to Citigroup for the fair value of the share-based incentive awards delivered to the Company's employees under these plans.

The Company applies equity-settled accounting for its share based incentive plans, with separate accounting for its associated obligations to make payments to Citigroup Inc. The Company recognises the fair value of the awards at grant date as compensation expense over the vesting period with a corresponding credit in the equity reserve as a capital contribution from Citigroup Inc. All amounts paid to Citigroup Inc and the associated obligations are recognised in the equity reserve over the vesting period. Subsequent changes in the fair value of all unexercised awards and the SPAPA are reviewed annually and any changes in value are recognised in the equity reserve, again over the vesting period.

1. Principal accounting policies (continued)

(l) Share-based incentive plans (continued)

For Citi's share based incentive plans that have a graded vested period each "tranche" of the award is treated as a separate award, where a plan has a cliff vest the award only has a single "tranche". The expense is recognised as follows:

	% of expense recognised			
Vesting Period of Award	**Year 1**	**Year 2**	**Year 3**	**Year 4**
2 Years (2 Tranches)	75%	25%		
2 Years (1 Tranche)	50%	50%		
3 Years (3 Tranches)	61%	28%	11%	
3 years (1 Tranche)	33%	33%	33%	
4 Years (4 Tranches)	52%	27%	15%	6%
4 Years (1 Tranche)	25%	25%	25%	25%

However, employees who meet certain age plus years of service requirements (retirement eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. The cost of share based incentive plans are recognised over the requisite service period. For awards granted to retiree eligible employees, the services are provided prior to grant date, and subsequently the costs are accrued in the year prior to the grant date.

(m) Profit sharing plan

In October 2010, the Committee approved awards under the 2010 Key Employee Profit Sharing Plan (KEPSP) which may entitle participants to profit-sharing payments based on an initial performance measurement period of 1 January 2010 until 31 December 2012. Generally, if a participant remains employed and all other conditions to vesting and payment are satisfied, the participant will be entitled to an initial payment in 2013, as well as a holdback payment in 2014. The payment may be reduced based on performance during the subsequent holdback period (generally, January 1, 2013 through December 31, 2013). If the vesting and performance conditions are satisfied, a participant's initial payment will equal two-thirds of the product of the cumulative pretax income of Citicorp (as defined in the KEPSP) for the initial performance period and the participant's applicable percentage. The initial payment will be paid after 20 January 2013, but no later than 15 March 2013.

These have been accounted for on an accrual basis, the expense recognised in Employee remuneration.

2. Use of assumptions, estimates and judgements

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Valuation of financial instruments

The Company's accounting policy for valuation of financial instruments is included in Note 1(b). The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data, where this is not possible management may be required to make estimates. Note 14 further discusses the valuation of financial instruments.

During the year, the Company, in line with industry practice, began incorporating overnight indexed swap ("OIS") curves as fair value measurement inputs for the valuation of certain collateralized interest-rate related derivatives. The OIS curves reflect the interest rates paid on cash collateral provided against the fair value of these derivatives. The Company believes using relevant OIS curves as inputs to determine fair value measurements provides a more representative reflection of the fair value of these collateralized interest-rate related derivatives. Previously, the Company used the relevant benchmark curves for the currency of the derivative (e.g., the benchmark curves for the currency of the London Interbank Offered Rate for US dollar derivatives) as the discount rate for these collateralized interest-rate related derivatives. The Company recognized a pre-tax loss of approximately $151 million as a result of changing this fair value measurement input.

Pension

The Company participates in locally operated defined benefit schemes. Defined benefit schemes are measured on an actuarial basis, with the key assumptions being inflation, discount rate, mortality, and investment returns. Return on assets is an average of expected returns weighted by asset class. Returns on investments in equity are based upon government bond yields with a premium to reflect an additional return expected on equity investments.

Mortality assumptions are based upon the relevant standard industry and national mortality tables. Discount rates are based on specific corporate bond indices which reflect the underlying yield curve of each scheme. Management judgement is required in estimating the rate of future salary growth. All assumptions are unbiased, mutually compatible and based upon market expectations at the reporting date.

2. Use of assumptions, estimates and judgements (continued)

Share-based incentive plans

Awards granted through Citigroup's Stock Option Program are measured by applying an option pricing model, taking into account the terms and conditions of the program. Analysis of past exercise behaviour, Citigroup's dividend history and historical volatility are inputs to the valuation model. Management judgement is required in estimating the forfeiture rate.

Credit value adjustment

The Company has a number of financial liabilities that are valued at fair value. Under FRS 26, the Company is required to consider its own credit risk in determining the fair value of such financial liabilities. Management judgement is required in determining the appropriate measure of own credit risk to be included in the valuation model of the financial liability.

During 2011 the Company recorded gains of $166 million (2010: $114 million gains) on these debt instruments due to the narrowing of the Company's credit spreads. The total adjustment recorded in the balance sheet at the year end was an increase in the fair value of the debt instruments of $269 million (2010: increase of $103 million).

Credit valuation adjustments (CVA) are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using LIBOR interest rate curves. Given that not all counterparties have the same credit risk as that implied by the relevant LIBOR curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and Citi's own credit risk in the valuation.

Citigroup CVA methodology comprises two steps. First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions and a Monte Carlo simulation or other quantitative analysis to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants, including pledged cash or other collateral and any legal right of offset that exists with a counterparty through arrangements such as netting agreements. Individual derivative contracts that are subject to an enforceable master netting agreement with a counterparty are aggregated for this purpose, since it is those aggregate net cash flows that are subject to non-performance risk. This process identifies specific, point-in-time future cash flows that are subject to non-performance risk, rather than using the current recognised net asset or liability as a basis to measure the CVA.

Second, market-based views of default probabilities derived from observed credit spreads in the credit default swap market are applied to the expected future cash flows determined in step one. Own-credit CVA is determined using Citi-specific credit default swap (CDS) spreads for the relevant tenor. Generally, counterparty CVA is determined using CDS spread indices for each credit rating and tenor. For certain identified facilities where individual analysis is practicable (for example, exposures to monoline counterparties) counterparty-specific CDS spreads are used.

The CVA adjustment is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually or, if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realised upon a settlement or termination in the normal course of business. In addition, all or a portion of the credit valuation adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Citi or its counterparties, or changes in the credit mitigants (collateral and netting agreements) associated with the derivative instruments.

3. Turnover and results

As permitted by paragraph 4 of Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No 410), the format of the profit and loss account has been adapted to the circumstances of the Company. Instead of turnover, the Directors have reported commission income and fees, net dealing income and interest income less interest expense in determining the gross profit of the Company.

No segmental analysis of revenue, profit before taxation or net assets has been presented because the Directors are of the opinion that operations are global and the Company's principal activities comprise one segment.

4. Commission income and fees

Commission income and fees are derived from underwriting activities, marketing securities owned by other group undertakings, trading services provided to other group undertakings and corporate finance fees associated with mergers and acquisitions and other corporate finance advisory activities.

5. Interest receivable and interest payable

	2011 $ Million	2010 $ Million
Interest receivable comprises:		
Interest on current asset investments and collateralised financing transactions at fair value through profit and loss	1,322	1,043
Interest on debtors and cash assets not at fair value through profit and loss	16	16
	1,338	1,059
Interest payable comprises:		
Interest on collateral held and collateralised financing transactions at fair value through profit and loss	711	348
Interest on borrowings not at fair value through profit and loss	923	698
	1,634	1,046

Included within interest receivable is interest received on client money.

6. Gains and losses on financial assets and financial liabilities held at fair value through profit and loss

	2011 $ Million	2010 $ Million
Gains and losses on financial assets and financial liabilities held for trading:		
Net dealing income	1,150	1,617
Interest receivable	1,322	1,043
Interest payable	(711)	(348)
Gains and losses on financial assets "designated at fair value through profit or loss":		
Net dealing expense	(23)	(25)
	1,738	2,287

7. Operating expenses

	2011 $ Million	2010 $ Million*
Operating expenses include:		
Employee remuneration	1,347	1,169
Share-based incentive expense (Note 9)	308	445
Payroll taxes	143	171
Pension costs		
- defined benefit scheme (Note 8)	14	14
- defined contribution scheme	60	43
Depreciation (Note 12)	42	30
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	1.42	1.35
Fees payable to the Company's auditor for other services:		
Other services pursuant to legislation (FSA and SOX)	0.54	0.65

* restated for prior year adjustment, as detailed in Note 28

The Company employed an average of 4,032 (2010: 3,708) employees during the year. Included in this number are employees who work principally for the benefit of fellow subsidiary and other group undertakings, and, where appropriate, arrangements are in place to compensate the Company for the services provided.

8. Pension costs

The Citigroup (UK) Pension Plan was established in September 2000 and provides defined contribution benefits to all new hires.

Defined benefit scheme

The Citigroup Global Markets Limited Pension and Life Assurance Scheme ("the Scheme") is a funded pension scheme providing benefits on both a defined benefit and defined contribution basis. The Scheme is now closed to new entrants. The assets of the Scheme are held separately from those of the Company, in a trustee administered fund. Employees are not required to contribute to the Scheme, which is contracted out of the State Earnings Related Pension Scheme. The agreed contribution rate until 31 March 2017 is 29.2% of salary (2010: 29.2%).

The pension cost in respect of defined benefit obligations is assessed in accordance with the advice of a qualified external actuary using a Projected Unit method with a triennial review. The most recent full actuarial assessment of the liabilities of the scheme is currently underway. The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate on scheme liabilities. The current service costs will increase as the members of the scheme approach retirement.

In December 2011, two additional schemes (Citifinancial and AVCO) were merged into the Scheme from Citi Financial Europe plc, a fellow Citigroup member. Purchase consideration of $6,359,000 was paid for the acquisition of the schemes and an additional net pension asset of $9,496,000 was recognised. The difference between the purchase consideration and assets purchased has been accounted for as a capital contribution.

During 2011 contributions of $107,193,000 were paid into the scheme which included an initial funding contribution in respect of the Citifinancial and AVCO schemes of $78,221,700. This contribution was in terms of the agreement with the trustees that the merged scheme should be funded to the same level as dictated by the technical provisions, before and after merger. Expected regular employer contributions to be paid into the scheme during 2012 are $28,346,700 (2011: $28,582,000).

The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate on scheme liabilities and mortality assumptions. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The average life expectancy of an individual retiring at age 65 is 24 for males and 24 for females.

The financial assumptions used in calculating the defined benefit scheme liabilities as at 31 December 2011 are as follows:

	2011	**2010**	**2009**
Inflation	3.4%	3.5%	3.6%
Rate of general long-term increase in salaries	3.4%	5.0%	5.1%
Rate of increase to pensions in payment			
- Pensions accrued from 1 May 2005	2.2%	2.1%	2.3%
- Pensions accrued prior to 1 May 2005	2.9%	3.0%	3.3%
Discount rate for scheme liabilities	4.8%	5.3%	5.6%

In addition to the assumptions on which the Scheme obligation at the balance sheet date is based, it is also necessary to select expected rates of return on assets. Assumptions that are affected by economic conditions (financial assumptions) are based on market expectations, at the balance sheet date, for the period over which the obligations are settled. The overall expected rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme as at 31 December 2011.

8. Pension costs (continued)

The expected return and fair value at the reporting date are set out as follows:

	Expected return				Fair value	
	2011	2010	2009	2008	2011 $ Million	2010 $ Million
Equities	n/a	n/a	8.3%	8.0%	-	-
Government bonds	2.8%	4.1%	4.3%	4.0%	826	551
Corporate bonds	4.1%	5.3%	0.0%	0.0%	429	347
Other	2.9%	4.2%	4.5%	3.8%	80	5
Total market value of assets					1,335	903

Analysis of amounts recognised in profit and loss account:

	2011 $ Million	2010 $ Million
Current service cost	14	14
Expense recognised in the profit and loss account	14	14

Analysis of other finance income:

	2011 $ Million	2010 $ Million
Expected return on pension scheme assets	43	50
Interest on pension scheme liabilities	(46)	(46)
Net return	(3)	4

Analysis of amount recognised in Statement of Total Recognised Gains and Losses ("STRGL"):

	2011 $ Million	2010 $ Million
Actual return less expected return on pension scheme assets	145	(12)
Experience gains and losses arising on the scheme liabilities	(58)	23
Unrecognised surplus in respect of FRS 17 para 41	(138)	-
Impact of foreign exchange	1	-
Net movement in STRGL in respect of the pension scheme	(50)	11
Cumulative amount of losses recognised in STRGL	(390)	(340)

Under FRS 17, any surplus in a Scheme can only be recognised on the balance sheet if the surplus can be recovered either by an agreed refund to the Company or by the reduction of future contributions. As the Scheme is closed to new entrants, the surplus has been calculated as the present value of the service cost expected to arise over the average future working lifetime of the active membership resulting in an unrecognised asset of $138 million (2010: $nil).

8. **Pension costs** (continued)

Reconciliation to the balance sheet:

	2011 $ Million	2010 $ Million	2009 $ Million	2008 $ Million	2007 $ Million
Total market value of assets	1,340	903	899	662	979
Present value of scheme liabilities	(1,097)	(844)	(870)	(562)	(859)
Net pension asset excluding unrecognised asset	243	59	29	100	120
Unrecognised asset due to FRS 17 para 41	(138)	-	-	-	-
Total	105	59	29	100	120

	2011 $ Million	2010 $ Million
Surplus in scheme at beginning of the year	59	29
Current service cost	(14)	(14)
Contributions	107	30
Transfer in of Citifinancial and AVCO schemes	9	-
Other finance income/(expense)	(3)	4
Actuarial gain	87	11
Foreign exchange adjustment	(2)	(1)
Unrecognised asset due to FRS 17 para 41	(138)	-
Surplus in scheme at end of year	105	59

The impact of para 41 limitation in FRS 17:

	2011 $ Million	2010 $ Million
Fair value of scheme assets	1,340	903
Defined benefit obligation	(1,097)	(844)
Net asset	243	59
Present value of service cost over next 10 years	(105)	n/a
Unrecognisable surplus in respect of FRS 17 para 41	138	n/a

8. Pension costs (continued)

The changes to the present value of the defined obligation during the year are as follows:

	2011 $ Million	2010 $ Million
Opening defined benefit obligation	844	870
Current service cost	14	14
Interest cost	46	46
Actuarial (gains)/losses on scheme liabilities	58	(23)
Net benefits paid out	(24)	(24)
Transfer in of Citifinancial and AVCO schemes	171	-
Foreign exchange adjustment	(12)	(39)
Closing defined benefit obligation	1,097	844

The changes to the fair value of scheme assets during the year are as follows:

	2011 $ Million	2010 $ Million
Opening fair value of scheme assets	903	899
Expected return on scheme assets	43	50
Actuarial (losses)/gains on scheme assets	145	(12)
Contributions by the employer	107	30
Net benefits paid out	(24)	(24)
Transfer in of Citifinancial and AVCO schemes	180	-
Unrecognised asset due to FRS 17 para 41	(138)	-
Foreign exchange adjustment	(14)	(40)
Closing fair value of scheme assets	1,202	903

The actual return on assets is as follows:

	2011 $ Million	2010 $ Million
Expected return on assets	43	50
Actuarial (losses)/gains on scheme assets	145	(12)
Actual return on assets	188	38

8. Pension costs (continued)

History of experience gains and losses:

	2011 $ Million	2010 $ Million	2009 $ Million	2008 $ Million	2007 $ Million	2006 $ Million
Difference between expected and actual return on scheme assets	145	(12)	36	(134)	30	(7)
Experience losses on scheme liabilities	-	-	(35)	(6)	(15)	19
Total amount recognised in STRGL	(50)	11	(121)	(6)	86	16

9. Share-based incentive plans

As part of the Company's remuneration programme it participates in a number of Citigroup share-based incentive plans. These plans involve the granting of stock options, restricted or deferred share awards and share payments. Such awards are used to attract, retain and motivate officers and employees to provide incentives for their contributions to the long-term performance and growth of the Company, and to align their interests with those of the shareholders. The award programmes are administered by the Personnel and Compensation Committee of the Citigroup Inc Board of the Directors, which is composed entirely of non-employee directors.

In the share award program Citigroup issues common shares in the form of restricted share awards, deferred share awards and share payments. For all stock award programs during the applicable vesting period, the shares awarded are not issued to participants (in the case of a deferred stock award) or cannot be sold or transferred by the participants (in the case of a restricted stock award), until after the vesting conditions have be satisfied. Recipients of deferred share awards to not have any shareholder rights until shares are delivered to them, but they generally are entitled to receive dividend-equivalent payments during the vesting period. Recipients of restricted share awards are entitled to a limited voting right and to receive dividend or dividend-equivalent payments during the vesting period. Once a share award vests the shares become freely transferrable, but in the case of certain employees, may be subject to transfer restriction by their terms or share ownership commitment.

Citigroup participated in a 1-for-10 reverse stock split of Citigroup common stock effective after the close of trading on May 6, 2011. Every ten shares of issued and outstanding Citigroup common stock was automatically combined into one issued and outstanding share of common stock without any change in the par value per share. No fractional shares were issued in connection with the reverse stock split.

(i) Stock award programme

The Company participates in the Citigroup's Capital Accumulation Program ('CAP') programme, under which shares of Citigroup common stock are awarded in the form of restricted or deferred stock to participating employees.

Generally CAP awards of restricted or deferred stock constitute a percentage of annual incentive compensation and vest ratably over a three or four year period beginning on or about the first anniversary of the award date. Continuous employment within Citigroup is generally required to vest in CAP and other stock award programs.

The program provides that employees who meet certain age plus years-of-service requirements (retirement-eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. Awards granted to retirement-eligible employees are accrued in the year prior to the grant date in the same manner as cash incentive compensation is accrued.

9. Share-based incentive plans (continued)

(i) Stock award programme (continued)

For all stock award programmes, during the applicable vesting period, the shares awarded cannot be sold or transferred by the participant, and the award is subject to cancellation if the participant's employment is terminated. After the award vests, the shares become freely transferable (subject to the stock ownership commitment of senior employees). From the date of award, the recipient of a restricted stock award can direct the vote of the shares and receive regular dividends to the extent dividends are paid on Citigroup common stock. Recipients of deferred stock awards receive dividend equivalents to the extent dividends are paid on Citigroup common stock, but cannot vote.

Stock awards granted generally vest 25% per year over four years. CAP participants were able until recently to elect to receive all or part of their award in stock options. The figures presented in the stock option programme table include options granted under CAP.

In 2010 the Company awarded Deferred Cash stock Unit's ("DCSU"). None were awarded in 2011. This award consists of a deferred cash award that is denominated in units of Citigroup common stock, with each stock unit having a value equal to one share of Citi common stop reported on the NYSE. The award vests over a two year period and earns a notional return that tracks the price of Citi common stock during the vesting period. The DCSU has been accounted for as a cash settled liability.

As part of both 2010 and 2011 remuneration the Company entered into an arrangement referred to as an "EU Short Term" award. The award will be delivered in the form of immediately vested restricted shares subject to a six month sale restriction.

	2011	**2010***	**2009***	**2008***
Shares awarded	7,197,950	6,259,496	968,143	1,893,213
Weighted average fair market value per share	$49.96	$35.20	$46.70	$258.80

* adjusted for 2011 reserve stock split

(ii) Stock option programme

The Company also participates in a number of Citigroup stock option programmes for its employees. Generally, since January 2005, stock options have been granted only to CAP participants who elect to receive stock options in lieu of restricted or deferred stock awards and to non-employee directors who elect to receive their compensation in the form of a stock option grant.

All stock options are granted on Citigroup common stock with exercise prices equal to the fair market value at the time of grant.

Options granted since January 2005 typically vest 25% each year over four years and have six-year terms. Options granted in 2004 and 2003 typically also have six-year terms but vest in thirds each year over three years, with the first vesting date occurring 17 months after the grant date. The sale of underlying shares acquired through the exercise of employee stock options granted since 2003 is restricted for a two-year period (and the shares are subject to stock ownership commitment of senior employees thereafter).

Prior to 2003, Citigroup options, including options granted since the date of the merger of Citicorp and Travelers Group, Inc., generally had a 10 year term and vested at a rate of 20% per year over five years, with the first vesting occurring 12 to 18 months following the grant date.

Certain options, mostly granted prior to 1 January 2003, permit an employee exercising an option under certain conditions to be granted new options (reload options) in an amount equal to the number of common shares used to satisfy the exercise price and the withholding taxes due upon exercise. The reload options are granted for the remaining term of the related original option and vest after six months. An option may not be exercised using the reload method unless the market price on the date of exercise is at least 20% greater than the option exercise price. Reload options have been treated as separate grants from the related original grants. Reload options are intended to encourage employees to exercise options at an earlier date and to retain the shares so acquired, in furtherance of the Company's long-standing policy of encouraging increased employee stock ownership.

9. Share-based incentive plans (continued)

(ii) Stock option programme (continued)

Since 2009 the Company has made discretionary grants of options to eligible employees pursuant to the broad-based Citigroup Employee Option Grant (CEOG) Program under the Citigroup Stock Incentive Plan. Under CEOG, the options generally vest equally over three years, the option term is 6 years from the grant date and the shares acquired on exercise are not subject to a sale restriction. To the extent permitted, CEOG options granted to eligible UK employees were granted under an HMRC approved sub-plan with any excess over the applicable individual limit being granted under the global plan, which is not an HMRC approved plan.

The stock option activity with respect to 2011 and 2010 under Citigroup stock option plans is as follows:

	2011		2010*	
	Options	Weighted average exercise price $	Options	Weighted average exercise price $
Outstanding, beginning of year	6,893,478	72.8	7,525,948	92.4
Granted	275,000	49.1	955,603	50.7
Forfeited	(680,636)	64.5	(861,862)	86.6
Exercised	(41,370)	40.8	-	0.0
Transfers to/from other Citi entities	(1,088,700)	84.0	(428,641)	70.2
Expired	(184,648)	491.5	(297,570)	460.9
Outstanding, end of year	5,173,124	55.6	6,893,478	72.8
Exercisable, end of year	3,057,827	63.31	2,367,752	127.0

*Adjusted for reverse stock split

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2011:

		Options outstanding		Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price $	Number Exercisable	Weighted average exercise price $
< $50.00	4,985,413	3.98	42.52	2,883,440	42.25
$50.00 - $399.90	44,468	2.98	245.85	34,904	245.86
$400.00 - $449.90	98,083	0.12	420.91	94,323	420.90
≥ $450.00	45,160	0.37	519.84	45,160	519.84
	5,173,124	3.86	55.61	3,057,827	63.31

The weighted average share price at the exercise date for options exercised during the year was $45.02 (2010: nil).

9. Share-based incentive plans (continued)

(ii) Stock option programme (continued)

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2010*:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price $	Number Exercisable	Weighted average exercise price $
< $50.00	6,334,284	4.90	42.00	1,862,242	42.10
$50.00 - $399.90	114,013	3.04	245.60	62,075	246.6
$400.00 - $449.90	180,527	1.12	420.8	180,527	420.8
≥ $450.00	264,654	0.43	498.4	262,908	498.10
	6,893,478	4.60	72.8	2,367,752	127.00

*adjusted for reverse stock split

Fair value assumptions

Reload options have been treated as separate grants from the related original grants. The result of this program is that employees generally will exercise options as soon as they are able and, therefore, these options have shorter expected lives. Shorter option lives result in lower valuations using a Binomial option model. However, such values are expensed more quickly due to the shorter vesting period of reload options. In addition, since reload options are treated as separate grants, the existence of the reload feature results in a greater number of options being valued.

Shares received through option exercises under the reload program, as well as certain other options granted, are subject to restrictions on sale. Discounts have been applied to the fair value of options granted to reflect these sale restrictions.

Additional valuation and related assumption information for the Citigroup option plans is presented below. Citigroup used a binomial model to value stock options. Volatility has been estimated by taking the historical implied volatility in traded Citigroup options over a recorded 31 month period and adjusting where there are known factors that may affect future volatility.

	2011	2010
Weighted average fair value for options granted during the year	$3.44	$0.65
Weighted average expected life		
Original grants	4 years	4 years
Reload grants	0 years	1 year
Option life	4 years	4 years
Valuation assumptions		
Expected volatility (per annum)	41.08%	37.05%
Risk-free interest rate	0.63%	1.73%
Expected annual dividend yield per share	0.11%	0.00%
Expected annual forfeitures	9.62%	9.60%

9. Share-based incentive plans (continued)

(iii) Profit and loss statement impact

The table below details the profit and loss impact of the share based incentive plans.

	2011 $ million	2010 $ million
Awards granted in 2011		
Stock Awards	191	-
Stock Options	2	-
Awards granted in 2010		
Stock Awards	54	134
Stock Options	2	6
Awards granted in 2009		
Stock Awards	5	24
Stock Options	14	41
Awards granted in 2008		
Stock Awards	28	51
Stock Options	-	-
Awards granted in 2007 or earlier		
Stock Awards	-	38
Stock Options	-	-
Cash accrued	12	151
Total Expense (Note 7)	308	445
Fair value adjustment of intercompany recharges in profit and loss account (Note 27)	231	88
Total carrying amount of equity-settled transaction liability	348	399
Total carrying amount of cash-settled transaction liability	38	8

10. Directors' remuneration

Directors' remuneration in respect of services to the Company was as follows:

	2011 $'000	2010 $'000
Aggregate emoluments	9,689	13,537
Contributions to money purchase pension scheme	15	14
	9,704	13,551

The contributions to the money purchase pension schemes are accruing to four of the Directors (2010: four). Nine of the Directors (2010: seven) of the Company participate in parent company share and share option plans and, during the year, none of the Directors (2010: none) exercised options.

The remuneration of the highest paid Director was $3,501,645 (2010: $4,599,919) and accrued pension of $nil (2010: $nil). The highest paid Director did not (2010: did not) exercise share options during the year.

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

The above remuneration is based on the apportionment of time incurred by the Directors for services to the Company, both in their capacity as a Director and, where applicable, their normal employment.

11. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2011 $ Million	2010* $ Million
Current tax:		
Overseas current tax	30	30
UK corporation tax	-	-
Adjustment in respect of UK corporation tax for previous years	-	(90)
Adjustment in respect of overseas tax for previous years	(4)	4
Total current tax (Note 11(b))	26	(56)
Deferred tax:		
Origination and reversal of timing differences - overseas	(7)	3
Adjustment in respect of deferred tax for earlier years - overseas	1	-
Total deferred tax	(6)	3
Tax on profit on ordinary activities	20	(53)

* restated for prior year adjustment, as detailed in Note 28

11. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

	2011 $ Million	2010* $ Million
Loss/(profit) on ordinary activities before tax	(338)	173
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(90)	48
Effects of:		
Foreign tax deductions	-	-
Expenses not deductible for tax purposes	18	(7)
Foreign tax deductions	(8)	-
Depreciation in excess of capital allowances	19	(5)
Accrued interest (paid) / not paid	(26)	-
Other timing differences	63	75
Pensions	(15)	(11)
Foreign tax credits	-	(30)
Overseas tax in respect of European branch operations and dividends received	30	30
Group relief for nil consideration	39	(70)
Adjustments in relation to previous years	(4)	(86)
Current tax charge/(credit) for year	26	(56)

*restated for prior year adjustment, as detailed in Note 28

(c) Factors that may affect future tax charges:

The Company has not recognised a deferred tax asset of $554 million (2010: $535 million) in relation to carried forward losses and timing differences.

12. Tangible fixed assets

The movement in tangible fixed assets for the year was as follows:

	Equipment and software $ Million	Premises improvements $ Million	Total $ Million
Cost			
At 1 January 2011	244	8	252
Additions	74	1	75
Disposals	(26)	(2)	(28)
At 31 December 2011	292	7	299
Accumulated depreciation			
At 1 January 2011	68	6	74
Charge for the year (Note 7)	41	1	42
Disposals	(17)	(2)	(19)
At 31 December 2011	92	5	97
Net book value			
At 31 December 2011	200	2	202
At 31 December 2010	176	2	178

13. Fixed asset investments

	Unlisted Investments 2011 $ Million	Unlisted Investments 2010 $ Million
Cost		
At 1 January	49	24
Additions	5	27
Disposals	(28)	(2)
At 31 December	26	49

The following amounts for subsidiary undertakings are included in fixed asset investments:

	2011 $’000	2010 $’000
Cost		
At 1 January	1,404	1,404
Additions	1,066	-
At 31 December	2,470	1,404

During 2011 the Company incorporated a new 100% subsidiary, Citigroup Global Markets Luxembourg LLC, in Luxembourg.

NOTES TO THE FINANCIAL STATEMENTS

13. Fixed asset investments (continued)

Details of principal Group subsidiary undertakings held at 31 December 2011 are as follows:

Name	Country of incorporation	% holding in ordinary share capital
Citigroup South Africa Credit Products (Proprietary) Limited ("CSA")	South Africa	100%
CGM (Monaco) SAM	Monaco	100%
Citigroup Global Markets Luxembourg LLC	Luxembourg	100%

14. Financial assets and liabilities accounting classifications and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values.

	Held for Trading $ Million	Designated at fair value $ Million	Loans and receivables $ Million	Other amortised cost $ Million	Total carrying amount $ Million	Fair value $ Million
31 December 2011						
Cash	-	-	3,714	-	3,714	3,714
Current asset investments	167,506	2,887	-	-	170,393	170,393
Collateralised financing transactions	104,516	-	-	-	104,516	104,516
Cash collateral pledged	-	-	6,651	-	6,651	6,651
Trade debtors	-	-	20,264	-	20,264	20,264
Other debtors	-	-	385	-	385	385
Fixed asset investments	-	-	-	26	26	26
	272,022	2,887	31,014	26	305,949	305,949
Bank loans and overdrafts	-	-	-	5,261	5,261	5,261
Collateralised financing transactions	81,388	-	-	-	81,388	81,388
Derivatives	144,496	-	-	-	144,496	144,496
Cash collateral held	-	-	-	8,741	8,741	8,741
Securities sold but not yet purchased	27,083	-	-	-	27,083	27,083
Trade creditors	-	-	-	18,034	18,034	18,034
Other creditors and accruals	-	-	-	715	715	715
Subordinated loans	-	-	-	10,180	10,180	10,924
	252,967	-	-	42,931	295,898	296,642
31 December 2010						
Cash	-	-	4,319	-	4,319	4,319
Current asset investments	132,588	1,357	-	-	133,945	133,945
Collateralised financing transactions	89,680	-	-	-	89,680	89,680
Cash collateral pledged	-	-	5,038	-	5,038	5,038
Trade debtors	-	-	24,628	-	24,628	24,628
Other debtors	-	-	77	-	77	77
Fixed asset investments	-	-	-	49	49	49
	222,268	1,357	34,062	49	257,736	257,736
Bank loans and overdrafts	-	-	-	3,953	3,953	3,953
Collateralised financing transactions	72,682	-	-	-	72,682	72,682
Derivatives	107,339	-	-	-	107,339	107,339
Cash collateral held	-	-	-	7,281	7,281	7,281
Securities sold but not yet purchased	23,444	-	-	-	23,444	23,444
Trade creditors	-	-	-	20,944	20,944	20,944
Other creditors and accruals	-	-	-	941	941	941
Subordinated loans	-	-	-	11,180	11,180	11,859
	203,465	-	-	44,299	247,764	248,443

14. Financial assets and liabilities accounting classifications and fair values (continued)

Given the short term nature and characteristics of trade debtors, other debtors, trade creditors, other creditors and accruals the fair value has been assumed to approximate the carrying value.

The fair value of subordinated loans has been calculated using the present value of future estimated cash flows, discounted using a discount rate of 3 month USD OIS plus the Company's credit spread as at 31 December 2011.

The calculation of fair value incorporates the Company's estimate of the fair value of financial assets and financial liabilities. Other entities may use different valuation methods and assumptions in determining fair values, so comparisons of fair values between entities may not be necessarily meaningful.

The following table shows an analysis of financial assets and liabilities classified as held for trading or designated at fair value by fair value hierarchy:

31 December 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
	$ Million	**$ Million**	**$ Million**	**$ Million**
Financial assets held for trading				
Current asset investments				
Derivatives	133	137,180	5,384	142,697
Government bonds	12,349	1,748	329	14,426
Eurobonds and other corporate bonds	67	5,193	835	6,095
Equities	2,736	1,521	31	4,288
Commercial Paper	-	-	-	-
Collateralised financing transactions	-	104,516	-	104,516
	15,285	250,158	6,579	272,022
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	2,887	-	2,887
	15,285	**253,045**	**6,579**	**274,909**
Financial liabilities held for trading				
Derivatives	109	139,430	4,957	144,496
Collateralised financing transactions	-	81,388	-	81,388
Securities sold but not yet purchased	22,740	4,117	226	27,083
	22,849	**224,935**	**5,183**	**252,967**

14. Financial assets and liabilities accounting classifications and fair values (continued)

31 December 2010	Level 1 $ Million	Level 2 $ Million	Level 3 $ Million	Total $ Million
Financial assets held for trading				
Current asset investments				
Derivatives	209	94,229	7,553	101,991
Government bonds	10,209	1,382	467	12,058
Eurobonds and other corporate bonds	178	10,031	605	10,814
Equities	5,151	2,306	239	7,696
Commercial Paper	-	29	-	29
Collateralised financing transactions	-	89,680	-	89,680
	15,747	197,657	8,864	222,268
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	1,357	-	1,357
	15,747	**199,014**	**8,864**	**223,625**
Financial liabilities held for trading				
Derivatives	275	99,213	7,851	107,339
Collateralised financing transactions	-	72,682	-	72,682
Securities sold but not yet purchased	18,465	3,159	1,820	23,444
	18,740	**175,054**	**9,671**	**203,465**

The Company measures fair values using the following fair value hierarchy that reflects whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. The two types of inputs have created the following fair value hierarchy:

- Level 1: Quoted prices for *identical* instruments in active markets.
- Level 2: Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are *observable* in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable.*

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. The frequency of transactions, the size of the bid-ask spread and the amount of adjustment necessary when comparing similar transactions are all factors in determining the liquidity of markets and the relevance of observed prices in those markets.

The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the end of the reporting period.

14. Financial assets and liabilities accounting classifications and fair values (continued)

As set out in Note 1(b), when available, the Company generally uses quoted market prices in an active market to calculate the fair value of a financial asset or liability and classifies such items as Level 1. In some cases where a market price is available, the Company will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified as Level 2.

If quoted market prices are not available, fair values are based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters such as interest rates, currency rates and option volatilities. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Where available, the Company may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors' and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models.

The Company uses the following procedures to determine the fair value of financial assets and financial liabilities irrespective of whether they are "held for trading" or have been "designated at fair value" including an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Government bonds, Corporate bonds and Equities
When available, the Company uses quoted market prices to determine the fair value of government bonds, corporate bonds and equities; such items are classified as Level 1 of the fair value hierarchy. Examples include some government bonds and exchange-traded equities.

For government bonds, corporate bonds and equities traded over the counter, the Company generally determines fair value utilising internal valuation techniques. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable. If available, the Company may also use quoted prices for recent trading activity of assets with similar characteristics to the bond or loan being valued. Government bonds, corporate bonds and equities and loans priced using such methods are generally classified as Level 2. However, when less liquidity exists for government bonds, corporate bonds or equities, a quoted price is stale or prices from independent sources vary, they are generally classified as Level 3.

Derivatives
Exchange-traded derivatives are generally fair valued using quoted market (i.e. exchange) prices and so are classified as Level 1 of the fair value hierarchy.

The majority of derivatives entered into by the Company are executed over the counter and so are valued using internal valuation techniques as no quoted market prices exist for such instruments. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are discounted cash flows, Black-Scholes and Monte Carlo simulation. The fair values of derivative contracts reflect cash the Company has paid or received (for example, option premiums paid and received).

The key inputs depend upon the type of derivative and the nature of the underlying instrument and include interest rate yield curves, foreign exchange rates, the spot price of the underlying volatility and correlation. The item is placed in either Level 2 or Level 3 depending on the observability of the significant inputs to the model. Correlation and items with longer tenors are generally less observable.

14. **Financial assets and liabilities accounting classifications and fair values** (continued)

During 2011, the Company began incorporating overnight indexed swap ("OIS") curves as fair value measurement inputs for the valuation of certain collateralized interest-rate related derivatives. The OIS curves reflect the interest rates paid on cash collateral provided against the fair value of these derivatives. The Company believes using relevant OIS curves as inputs to determine fair value measurements provides a more representative reflection of the fair value of these collateralized interest-rate related derivatives. Previously, the Company used the relevant benchmark curve for the currency of the derivative e.g. the London Interbank Offered Rate for U.S. dollar derivatives) as the discount rate for these collateralized interest-rate related derivatives. The Company recognised a pre-tax loss of approximately $151 million upon the change in this fair value measurement.

Collateralised financing transactions
No quoted prices exist for such financial instruments and so fair value is determined using a discounted cash-flow technique. Cash flows are estimated based on the terms of the contract, taking into account any embedded derivative or other features. Expected cash flows are discounted using market rates appropriate to the maturity of the instrument as well as the nature and amount of collateral taken or received. Generally, when such instruments are held at fair value, they are classified within Level 2 of the fair value hierarchy as the inputs used in the valuation are readily observable.

The Company values a number of assets and liabilities using valuation techniques that use one or more significant inputs that are not based on observable market data. The Company grades all such assets and liabilities in order to identify those items for which a reasonably possible change in one or more assumptions is likely to have a significant impact on fair value.

Adjustments are made to the "base" valuations of financial assets and liabilities calculated using one of the valuation techniques described above, to ensure that the fair value measurement incorporates all factors that market participants would consider when determining fair value. Note that no such adjustments are applied to instruments that are valued using quoted prices for identical instruments in an active market. No such adjustments are applied to instruments that are valued using quoted prices for identical instruments in an active market.

14. Financial assets and liabilities accounting classifications and fair values (continued)

The movement on level 3 items for the year was:

2011	At 1 January $ Million	Gain/(loss) recorded in the profit and loss statement $ Million	Net purchases, sales and settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Financial assets held for trading					
Current asset investments					
Derivatives	7,553	(1,729)	(1,571)	1,131	5,384
Government bonds	467	(18)	168	(288)	329
Eurobonds and other corporate bonds	605	154	53	23	835
Equities	239	(115)	(31)	(62)	31
	8,864	(1,708)	(1,381)	804	6,579

Financial liabilities held for trading	At 1 January $ Million	(Gain)/loss recorded in the profit and loss statement $ Million	Net purchases, sales and settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Derivatives	7,851	(621)	(1,129)	(1,144)	4,957
Securities sold but not yet purchased	1,820	(299)	(1,500)	205	226
	9,671	(920)	(2,629)	(939)	5,183

2010	At 1 January $ Million	Gain/(loss) recorded in the profit and loss statement $ Million	Net purchases, sales and settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Financial assets held for trading					
Current asset investments					
Derivatives	13,768	(4,398)	(2,501)	684	7,553
Government bonds	324	20	222	(99)	467
Eurobonds and other corporate bonds	1,933	272	(776)	(824)	605
Equities	39	4	(24)	220	239
	16,064	(4,102)	(3,079)	(19)	8,864

	At 1 January $ Million	(Gain)/loss recorded in the profit and loss statement $ Million	Net purchases, sales and settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Financial liabilities held for trading					
Derivatives	11,136	(5,037)	(655)	2,407	7,851
Securities sold but not yet purchased	184	(58)	171	1,523	1,820
	11,320	(5,095)	(484)	3,930	9,671

14. Financial assets and liabilities accounting classifications and fair values (continued)

Included in the Level 3 balance at 31 December 2011 above are intercompany assets of $2,273 million (2010: $4,468 million) and liabilities of $2,017 million (2010: $3,222 million).

Financial instruments may move between levels in the fair value hierarchy when factors, such as, liquidity or the observability of input parameters decrease and no longer represent an active market. As conditions around these factors improve, financial instruments may transfer back to the original fair value level. There were no significant transfers of investments between Level 1 and Level 2 during the years ended December 31, 2011 and 2010.

Transfers in / out are primarily driven by changes in the availability of independent data for positions where Citi has risk exposure, yet the market is no longer considered to be active. As liquidity and transparency improves, the financial instrument may transfer back to a previous classification level.

The key derivative and securities contributors to the Level 3 financial instrument decrease over 2011 focussed on the Emerging Markets Credit Trading and Securitised Markets businesses. Securitised Markets financial instruments decreased over the second half of the year as the desk actively reduced their holdings in asset backed notes; a similar trend was witnessed across the Emerging Markets Credit Trading business.

Transfers between Level 3 and Level 2 were also driven by movements in both derivatives and securities financial instruments. From a derivatives point of view, there was increased coverage on key input parameters such as volatilities and correlations across the Equity Derivatives business in early 2011. For securities; there was increased visibility during the second half of the year across the Emerging Markets Credit Trading business, as well as transparency from executable prices across the Securitised Markets businesses.

During the year, total changes in fair value, representing a loss of $788 million (2010: $993 million gain) were recognised in the profit and loss account relating to items where fair value was estimated using a valuation technique that uses one or more significant inputs that were based on unobservable market data. As these valuation techniques are based upon assumptions, changing the assumptions will change the estimate of fair value. The potential impact of using reasonably possible alternative assumptions for the valuation techniques including unobservable market data has been quantified as approximately $162 million (2010: $199 million).

Sensitivity analysis is performed on a quarterly basis across all financial instruments in which one or more of the significant input parameters are unobservable. The methodology used to derive the impact across each product is determined by applying sensitivity adjustments to the price or significant model input parameters used in the valuation.

The sensitivity adjustments are typically computed with reference to historical or proxy analysis using third party data. Examples of the approach used to derive sensitivity adjustments are outlined below:

- Equity Derivatives: Sensitivity factors are derived from a combination of consensus market data and proxy analysis using third party data providers.

- Credit and Securitized Markets: Sensitivity factors are derived from a combination of consensus market data and proxy analysis using third party data providers.

- Commodity Derivatives: Sensitivity factors are derived from a combination of consensus market data and proxy analysis using third party data providers.

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15. Debtors

The following amounts are included in debtors:

	2011 $ Million	2010* $ Million
Amounts due within one year:		
Trade debtors	20,264	24,628
Collateralised financing transactions	104,516	89,680
Cash collateral pledged	6,651	5,038
Physical commodities	220	36
Other debtors	385	77
Prepayments and accrued income	9	5
Corporation tax recoverable	1	4
Amounts due in greater than one year:		
Deferred tax asset (Note 20)	17	12
	132,063	119,480

*It is noted that the netting of certain centrally cleared collateralised financing transactions have been netted in the 2011 financial statements. The 2010 comparatives have been amended to ensure consistent presentation with 2011.

Included within debtors are the following balances due from group undertakings:

	2011 $ Million	2010 $ Million
Amounts due within one year:		
Trade debtors	6,309	8,008
Collateralised financing transactions	20,609	26,726
Cash collateral pledged	872	999
Other debtors	336	43
	28,126	35,776

16. Pledged assets

Collateral accepted as security for assets
The fair value of third party financial assets including government bonds, eurobonds and other corporate bonds, equities, and cash accepted as collateral that is permitted to be sold or repledged in the absence of default were $105 billion (2010: $88 billion). A substantial portion of the collateral accepted by the Company has been sold or repledged. The Company is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

Financial assets pledged to secure liabilities
The financial assets including government bonds, eurobonds and other corporate bonds, equities, cash and assets received on collateralised financing transactions from third parties, that have been pledged as collateral for liabilities at 31 December 2011 were $119 billion (2010: $108 billion). These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities, as well as requirements determined by exchanges where the Company acts as an intermediary.

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17. Current asset investments

Current asset investments form part of the asset trading portfolio of the Company and comprise marketable securities and other financial assets. The following amounts are included in current asset investments:

	2011 $ Million	2010 $ Million
Government bonds	14,426	12,058
Eurobonds and other corporate bonds	8,982	12,171
Equities - listed on a recognised UK exchange	14	4
- listed elsewhere	4,274	7,692
Certificates of deposit	-	-
Commercial paper	-	29
Derivatives (Note 18)	142,697	101,991
	170,393	133,945

Eurobonds and other corporate bonds include $2,887 million (2010: $1,357 million) of bonds that are "designated at fair value" and the remainder are classified as "held for trading".

18. Derivatives

	2011 Fair Value		2010 Fair Value	
	Asset $ Million	Liability $ Million	Asset $ Million	Liability $ Million
Swap agreements, swap options and interest rate cap and floor agreements	121,975	121,008	85,367	86,091
Index and equity options and similar contractual commitments	11,747	13,785	8,792	12,413
Other options and contractual commitments	8,975	9,703	7,832	8,835
	142,697	144,496	101,991	107,339

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19. Cash at bank and in hand

The following amounts are included within cash at bank and in hand:

	2011 $ Million	2010 $ Million
Cash at bank held by third parties	2,104	2,169
Cash at bank held by other group undertakings	1,610	2,150
	3,714	4,319

Included within cash held by third parties is $1,746 million (2010: $1,011 million) that is held on behalf of clients in segregated accounts. Included within cash held by other group undertakings is $536 million (2010: $nil) on behalf of clients in segregated accounts.

20. Deferred tax asset

The following amounts are included within deferred tax:

	2011 $ Million	2010 $ Million
Short term timing differences	17	12
At 1 January	12	16
Prior year adjustment	(1)	-
Released during the year	6	(2)
Foreign exchange differences	-	(2)
At 31 December	17	12

Deferred tax is recognised on timing differences arising in the Company's non-UK branch operations. The balance includes amounts arising from share based payments and pensions. In accordance with the Company's accounting policies, as it is more likely than not that there will be suitable taxable profits arising in these operations from which the future reversal of underlying timing differences can be deducted, deferred tax is recognised.

The Company has not recognised a deferred tax asset of $554 million (2010: $535 million) in relation to carried forward losses and timing differences.

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21. Creditors

The following amounts are included within creditors:

	2011 $ Million	2010* $ Million
Amounts falling due within one year:		
Securities sold, but not yet purchased	27,083	23,444
Derivatives (Note 18)	144,496	107,339
Collateralised financing transactions	81,388	72,682
Cash collateral held	8,741	7,281
Bank loans and overdrafts	5,261	3,953
Trade creditors	17,998	20,819
Other creditors and accruals	715	941
Payroll taxes	73	95
Corporation tax payable	-	-
	285,755	236,554
Amounts falling due in greater than one year:		
Trade creditors	36	125
Payroll taxes	5	16
	41	141

*It is noted that the netting of certain centrally cleared collateralised financing transactions have been netted in the 2011 financial statements. The 2010 comparatives have been amended to ensure consistent presentation with 2011. Trade creditors have been restated for prior year adjustment, as detailed in Note 28.

Included within 'Other creditors and accruals' is the accrual in respect of the bank levy.

Included within creditors are the following balances due to group undertakings:

	2011 $ Million	2010* $ Million
Amounts falling due within one year:		
Collateralised financing transactions	14,566	12,103
Cash collateral held	3,799	3,931
Bank loans and overdrafts	5,014	3,769
Trade creditors	4,483	7,009
Other creditors and accruals	-	67
	27,862	26,879
Amounts falling due in greater than one year:		
Trade creditors	36	125

* restated for prior year adjustment, as detailed in Note 28.

22. Derecognition of financial assets and financial liabilities

As described below, there are certain instances where the Company continues to recognise financial assets that it has transferred.

The Company enters into collateralised financing transactions where it sells or lends debt or equity securities with a concurrent agreement to re-purchase them. As significantly all of the risks and rewards of the underlying securities are retained, a collateralised financing liability is recognised and the securities remain on balance sheet (to the extent that the underlying securities were recognised by the Company). As at 31 December 2011 the Company reported $81,383 million (2010: $72,670 million) of collateralised financing liabilities relating to these transactions. The securities sold or loaned under these transactions are either purchased outright by the Company or bought or borrowed in subject to an agreement to resell for a fixed price. The supply of such securities is managed on a dynamic basis. The Company does not recognise securities that are bought or borrowed in subject to an agreement to resell, but instead records a collateralised financing asset.

23. Trading financial assets and liabilities

Any initial gain or loss on financial instruments where valuation is dependent on valuation techniques using unobservable parameters are deferred over the life of the contract or until the instrument is redeemed, transferred or sold or the fair value becomes observable.

The table below sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of the year with a reconciliation of the changes of the balance during the year for those financial assets and liabilities classified as trading.

	2011 **$ Million**	**2010** **$ Million**
Unamortised balance at 1 January	76	49
Deferral on new transactions	18	58
Recognised in profit and loss during the period:		
- amortisation	(44)	(31)
Unamortised balance at 31 December	50	76

24. Subordinated loans

The subordinated loans form part of the Company's regulatory capital resources held to meet the capital adequacy requirements of the FSA and can only be repaid with their consent.

The following amounts were included within subordinated loans:

	2011 $ Million	2010 $ Million
Amounts falling due within one year	5,980	7,480
Amounts falling due after five years	4,200	3,700
	10,180	11,180

The subordinated loans, on which interest is payable at market rates, are due to other group undertakings.

On 11 March 2011 the Company repaid $900 million of short term subordinated loan borrowings to Citigroup Financial Products Inc. On this same date the Company also repaid $600 million of short term subordinated loan borrowings to Citigroup Global Markets Europe Limited.

On 14 September 2011 the Company drew down an additional $500 million of subordinated long term debt from its facility with Citigroup Financial Products Inc.

At 31 December 2011, the Company had in place the following subordinated loan facilities:

Facilities with other group undertakings:	Total facilities available $ Million	Drawn down $ Million
Facilities falling due within one year	15,000	5,980
Facilities falling due after five years	5,000	4,200
	20,000	10,180

The long term facility with Citigroup Financial Products Inc. was increased by $1 billion on 13 September 2011.

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25. Provisions for liabilities

	Restructuring provision $ Million	Litigation provisions $ Million	Other provisions $ Million	Total $ Million
At 1 January 2011	7	2	57	66
Charge to profits	68	30	65	163
Provisions utilised	(10)	(19)	(90)	(119)
Exchange adjustments	-	-	2	2
At 31 December 2011	65	13	34	112

The restructuring provision relates to the provision for the cost of staff redundancies and compensation. The full amount is expected to be fully utilised in 2012. There are no reimbursements anticipated.

Other provisions are held in respect of accounting reconciliation and control procedures.

26. Called up share capital

The Company's share capital comprises:

	2011 $ Million	2010 $ Million
Authorised:		
1,644,000,000 ordinary shares of $1 each	1,644	1,644
350,000,000 convertible non-redeemable preference shares of $1 each	350	350
	1,994	1,994
Allotted, called-up and fully paid:		
1,149,626,620 ordinary shares of $1 each	1,150	1,150
350,000,000 convertible non-redeemable preference shares of $1 each	350	350
	1,500	1,500

The convertible non-redeemable preference shares of $1 each carry an entitlement to a fixed non-cumulative preferential dividend of an amount per share per annum determined at the discretion of the Directors and paid on 31 December of each year and in respect of the year ending on such date, or on such date and in respect of such period, as the Directors may determine. These convertible non-redeemable preference shares confer upon the holders the right to convert such shares into fully paid ordinary shares on each quarter end on the basis of $1 nominal of ordinary shares for every $1 nominal of convertible non-redeemable preference shares held. These convertible non-redeemable preference shares do not permit holders to vote at general meetings of the Company unless a dividend declared on those shares has not been paid on the due date. On a return of capital on liquidation or otherwise, the convertible non-redeemable preference shares rank in priority to the ordinary shares.

27. Reserves

The Company's reserves comprise:

	Capital reserve $ Million	Profit and loss account* $ Million	Total* $ Million
At 1 January 2011	6,202	2,387	8,589
Profit for the year	-	(358)	(358)
Total recognised gains and losses	-	(50)	(50)
Share based payment transactions	-	231	231
Dividends	-	-	-
Capital contribution	503	-	503
At 31 December 2011	6,705	2,210	8,915

*Restated for prior year adjustment, as detailed in Note 28

The capital reserve includes capital contributions from the parent company, which are distributable.

A capital contribution was made to the Company by Citigroup Global Markets Europe Limited ("CGMEL") of $500 million on 2 May 2011. The capital contribution was made in order to reinforce the Company's regulatory capital excess.

Capital contributions include $3 million of deemed capital contributions on the transfer of Citifinancial and AVCO pension schemes from Citi Financial Europe plc, a Citigroup affiliate company.

28. Prior year adjustment

During 2011 it was identified that an intercompany recharge relating to a share based payment award had been recorded incorrectly in 2010. The accounting impact of this meant that the 2010 operating expenses were understated by $276 million, trade creditors understated by $236 million and the Profit and loss account understated by $40 million.

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28. Prior year adjustment (continued)

The tables below outline how each of the profit and Loss Account, Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholder's Funds and core notes are affected by the adjustment.

	$ Million
Profit and Loss Account	
Profit for the financial year	502
Operating expenses - Employee Remuneration (Note 7)	(276)
Tax on profit on ordinary activities (Note 11(a))	-
Profit for the year (after prior period adjustment)	226
Statement of Total Recognised Gains and Losses	
Total recognised gain for the financial year	519
Profit adjustment for the year (net of tax)	(276)
Total recognised gain for the financial year (after prior period adjustment)	243
Reconciliation of Movements in Shareholder's Funds	
Closing shareholder's funds	10,325
Profit adjustment for the year (net of tax)	(276)
Share based payment transactions	40
Closing shareholder's funds (after prior period adjustment)	10,089

	$ Million
Note 21 Creditors	
Trade creditors (amounts falling due within one year) as reported	20,583
Share based payment liability (intercompany)	236
	20,819

Note 27 Reserves	**Capital reserve $ Million**	**Profit and loss account $ Million**	**Total $ Million**
At 31 December 2010 as reported	6,202	2,623	8,825
Profit for the year	-	(276)	(276)
Share based payment transactions	-	40	40
At 31 December 2010 restated	6,202	2,387	8,589

29. Financial instruments and risk management

Objectives, policies and strategies

Dealing in financial instruments is fundamental to the Company's business. The risks associated with financial instruments are a significant component of the overall risk faced by the Company, particularly in turbulent financial markets.

The Company maintains positions in financial instruments for three principal reasons:

- as a result of the sale or assignment of structured or derivative positions to our clients (usually in the over-the-counter market);
- to satisfy our clients requirements to buy or sell investments
- as a result of underwriting activites
- to economically hedge positions in our own books created by the business noted above; and
- for trading purposes.

In addition to the activities noted above, the Company acts as agent for its customers in the purchase, sale and assignment of securities and derivatives listed on recognised investment exchanges.

The Company's derivative transactions are principally in the equity, interest rate, credit and commodity markets. Most of the counterparties in the Company's derivative transactions are banks and other financial institutions. The risks involved in derivatives include market, credit and liquidity risk.

The majority of the financial instruments are held as part of portfolios which are maintained and monitored by risk type. The positions thus maintained will result from the Company's normal market activities. The Company aims to maintain a variety of economic hedging strategies. Individual trading areas are allocated risk limits based on a wide range of market factors and are required to maintain portfolios within those limits. As such they are responsible for maintaining economic hedges at a macro level.

The development of new business is subject to a new product approval process, the purpose of which is to seek to ensure the proactive identification of risks and rewards before the Company transacts in new financial instruments or services. This process includes the setting of any limits applicable to the new business.

The market uncertainty places additional importance on the risk management policies and procedures which are outlined below. The Group believes that effective risk management is of primary importance to its success. Accordingly, the Group's risk management process is designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. These risks include credit, market, liquidity and operational risks. As part of Citigroup, the risk management framework is designed to balance corporate oversight with independent risk management functions. The risk management framework is based on guiding principles established by the Chief Risk Officer of Citigroup:

- a common risk capital model to evaluate risks ;
- a defined risk appetite, aligned with business strategy ;
- accountability through a common framework to manage risks;
- risk decisions based on analytics ;
- authority and independence of Risk Managers; and
- empowering Risk Managers to make decisions and escalate issues.

The Company's risk management framework aims to recognise the diversity of the Company's global business activities by combining corporate oversight with independent risk management functions within each business. The independent risk managers at the business level are responsible for establishing and implementing risk management policies and practices within their business, for overseeing the risk in their business, and for responding to the needs and issues of their business.

29. Financial instruments and risk management (continued)

Risk management

The management of risk within Citigroup is across three dimensions: businesses, regions and critical products. Each of the major business groups has a Business Chief Risk Officer who is the focal point for risk decisions (such as setting risk limits or approving transactions) in the business.

There are also Regional Chief Risk Officers, accountable for the risks in their geographic area, and who are the primary risk contact for the regional business heads and local regulators. In addition, the position of Product Chief Risk Officers exists for those areas of critical importance to Citigroup such as real estate, structured credit products and fundamental credit. The Product Risk Officers are accountable for the risks within their specialty and they focus on problem areas across businesses and regions. The Product Risk Officers serve as a resource to the Chief Risk Officer, as well as to the Business and Regional Chief Risk Officers, to better enable the Business and Regional Chief Risk Officers to focus on the day-to-day management of risks and responsiveness to business flow.

The Citigroup risk organisation also includes a Business Management team to seek to ensure that the risk organisation has the appropriate infrastructure, processes and management reporting. This team which supports risk management within the Company includes:

- the risk capital group, which continues to enhance the risk capital model and its consistency across all our business activities;
- the risk architecture group, which seeks to ensure we have integrated systems and common metrics, and thereby allows us to aggregate and stress exposures across the institution;
- the enterprise risk management group, which focuses on improving the effectiveness of existing controls while increasing accountability and eliminating redundancy; and
- the office of the Strategic Regulatory Relationships and Chief Administrative Officer, which focuses on our critical regulatory relationships as well as risk communications.

Risk aggregation and stress testing
The Chief Risk Officer, as noted above, is expected to monitor and control major risk exposures and concentrations across the organisation. This means aggregating risks, within and across businesses, as well as subjecting those risks to alternative stress scenarios in order to assess the potential economic impact they may have on the Company.

Stress tests are undertaken across Citigroup, mark-to-market, available-for-sale, and amortised cost portfolios. These firm-wide stress reports seek to measure the potential impact to the Company and its component businesses including the risk within the Company of very large changes in various types of key risk factors (e.g., interest rates, credit spreads), as well as the potential impact of a number of historical and hypothetical forward-looking systemic stress scenarios.

Supplementing the stress testing described above, Risk Management, working with input from the businesses and Finance, provides periodic updates to senior management and the Board of Directors on significant potential exposures across Citigroup arising from risk concentrations, financial market participants and other systemic issues. These risk assessments are forward-looking exercises, intended to inform senior management and the Board of Directors about the potential economic impacts to Citigroup that may occur, directly or indirectly, as a result of hypothetical scenarios, based on judgmental analysis from independent risk managers.

The stress testing and risk assessment exercises are a supplement to the standard limit-setting and risk capital exercises described later in this section, as these processes incorporate events in the marketplace and within Citigroup that impact our outlook on the form, magnitude, correlation and timing of identified risks that may arise. In addition to enhancing awareness and understanding of potential exposures within the Company, the results of these processes then serve as the starting point for developing risk management and mitigation strategies.

29. Financial instruments and risk management (continued)

Market risk

Market risk is the risk to earnings or capital from adverse changes in market factors such as interest rates, foreign exchange rates, equity and commodity prices, as well as their implied volatilities and other higher order factors.

Market risks are measured in accordance with established standards to seek to ensure consistency across businesses and the ability to aggregate like risk at the Citigroup level. Independent market risk management establishes, after discussion with each business, a market risk limit framework, including risk measures, limits and controls, that clearly defines approved risk profiles and is within the parameters of Citigroup's and the Company's overall risk appetite. In all cases, the businesses are ultimately responsible for the market risks they take and for remaining within their defined limits.

Market risk in trading portfolios is measured through a complementary set of tools, including factor sensitivities, value-at-risk ("VaR"), and stress testing. Each of these is discussed in greater detail below. Each trading portfolio has its own market risk limit framework, encompassing these measures and other controls, including permitted product lists and a new product approval process for complex products.

Factor sensitivities are defined as the change in the value of a position for a defined change in a market risk factor (e.g. the change in the value of a Treasury bill for a one basis point change in interest rates). It is the responsibility of each business to seek to ensure that factor sensitivities are calculated and reported for all relevant risks taken in a trading portfolio.

VaR Methodology
VaR estimates the potential decline in the value of a position or a portfolio, under normal market conditions, over a specified holding period and confidence level. The Citigroup standard is a one-day holding period, at a 99 per cent confidence level. The VaR methodology incorporates the factor sensitivities of the trading portfolio and the volatilities and correlations of those factors. The Company's VaR is based on the volatilities of, and correlations between, a wide range market risk factors, including factors that track the specific issuer risk in debt and equity securities.

Citi uses Monte Carlo simulation, which it believes is conservatively calibrated to incorporate the greater of short-term (most recent month) and long-term (three years) market volatility. The Monte Carlo simulation involves approximately 300,000 market factors, making use of 180,000 time series, with market factors updated daily and model parameters updated weekly. The conservative features of the VaR calibration contribute an approximate 20% add-on to what would be a VaR estimated under the assumption of stable and perfectly normally distributed markets. Under normal and stable market conditions, Citi would thus expect the number of days where trading losses exceed its VaR to be less than two or three exceptions per year. Periods of unstable market conditions could increase the number of these exceptions.

VaR Limitations
Although extensive back-testing of VaR hypothetical portfolios is performed, with varying concentrations by industry, risk rating and other factors, the VaR cannot necessarily provide an indication of the potential size of loss when it occurs. Hence a comprehensive set of factor sensitivity limits and stress tests are used, in addition to VaR limits.

Stress testing is performed on trading portfolios on a regular basis to estimate the impact of extreme market movements. Stress testing is performed on individual trading portfolios, as well as on aggregations of portfolios and businesses, as appropriate. It is the responsibility of independent market risk management, in conjunction with the businesses, to develop stress scenarios, review the output of periodic stress testing exercises, and use the information to make judgments as to the ongoing appropriateness of exposure levels and limits.

29. Financial instruments and risk management (continued)

Market risk (continued)

A VaR trigger is in place for the Company that seeks to ensure any excesses are discussed and resolved between Risk and the business and entity management.

Although a valuable guide to risk, VaR should also be viewed in the context of further limitations:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those of an extreme nature;
- the use of a one day holding period assumes that all positions can be liquidated or the risks offset in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one day holding period may be insufficient to fully liquidate or hedge positions;
- the use of a 99% confidence level, by definition does not take into account losses that might occur beyond this confidence level;
- VaR is calculated on the basis of exposures outstanding at close of business therefore does not necessarily reflect intra-day exposures; and
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

The following table summarises trading price risk by disclosing the Company's calculated average VaR during the reporting period, together with the VaR as at 31 December:

	2011 $ Million						
	Equity risk	Interest rate risk	Foreign exchange risk	Distressed debt	Commodity risk	Covariance adjustment	Overall VaR
Average	18.9	33.7	3.6	0.9	3.2	(0.2)	60.1
As at 31 December	10.1	33.7	0.1	0.5	10.3	(0.9)	53.8

	2010 $ Million						
	Equity risk	Interest rate risk	Foreign exchange risk	Distressed debt	Commodity risk	Covariance adjustment	Overall VaR
Average	14.9	30.3	3.8	0.7	4.0	(0.1)	53.6
As at 31 December	24.5	22.7	2.7	0.9	(0.2)	(0.3)	50.3

Credit risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit process is grounded in a series of fundamental policies, including:

- joint business and independent risk management responsibility for managing credit risks;
- single centre of control for each credit relationship that coordinates credit activities with that client;
- a minimum two authorised credit officer signature requirement on extensions of credit; one from a sponsoring credit officer in the business and one from a credit officer in independent credit risk management;
- risk rating standards, applicable to every obligor and facility; and
- consistent standards for credit origination documentation and remedial management.

The Company uses derivatives as both an end-user for asset/liability management and in its client businesses. The Company enters into derivatives for trading purposes or to enable customers to transfer, modify or reduce their credit, equity, interest rate and other market risks. In addition, the Company uses derivatives, and other instruments, as an end-user to manage the risks to which the Company is exposed.

29. Financial instruments and risk management (continued)

Credit risk (continued)

The Company's credit exposure on derivatives and foreign exchange contracts is primarily to professional counterparties in the global financial sector, including banks, investment banks, hedge funds, insurance companies and asset management companies.

The Company seeks to reduce its exposure to credit losses by entering into master netting arrangements with most counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. Many of these arrangements also provide for the calling and posting of variation margin or collateral, further reducing the Company's exposures. The internal measurement of exposure on each credit facility takes into account legally enforceable netting and margining arrangements – both in terms of current exposure and in terms of the simulated calculation of potential future exposure.

The following table presents the maximum exposure to credit risk from financial instruments, before taking account of any collateral held or other credit enhancements (where such credit enhancements do not meet offsetting requirements).

31 December 2011	Maximum exposure $ Million	Offset $ Million	Exposure to credit risk (net) $ Million
Cash	3,714		3,714
Current asset investments	170,393	(152,909)	17,484
Collateralised financing transactions	104,516	(14,327)	90,189
Cash collateral pledged	6,651		6,651
Trade debtors	20,264	(7,983)	12,281
Other debtors	385		385
Fixed asset investments	26		26
	305,949	(175,219)	130,730

31 December 2010	Maximum exposure $ Million	Offset $ Million	Exposure to credit risk (net) $ Million
Cash	4,319		4,319
Current asset investments	133,945	(104,968)	28,977
Collateralised financing transactions	89,680	(11,237)	78,443
Cash collateral pledged	5,038		5,038
Trade debtors	24,628	(9,536)	15,092
Other debtors	77		77
Fixed asset investments	49		49
	257,736	(125,741)	131,995

The current asset investments offset amount in the above table relates to exposures where the counter party has an offsetting derivative exposure with the company and a master netting agreement is in place. These amounts do not qualify for net presentation for accounting purposes as settlement may not actually be made on a net basis.

The collateralised financing transactions offset adjustment relates to balances arising from repo and reverse repo transactions. The offset relates to balances where there is a legally enforceable right of offset in the event of counterparty default, and where, as a result there is a net exposure for credit risk management purposes. However as there is no intention to settle individual transactions on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes. Credit risk exposure is monitored on asset base or the position is specially collateralised, normally in the form of cash.

29. Financial instruments and risk management (continued)

Credit risk (continued)

As at 31 December the Company's third party credit exposure (mark to market plus potential future exposure as determined by the Company's internal measure) in relation to collateralised financing transactions and derivatives was distributed as follows:

Industry	2011 %	2010 %
Commercial and universal banks	39.0	50.8
Insurance and fund management	4.2	2.7
Brokers and investment banks	10.2	8.4
Other (including hedge funds)	46.6	38.1
	100	100

Wrong-way risk is an aggravated form of concentration risk and arises when there is a strong correlation between the counterparty's probability of default and the mark-to-market value of the underlying transaction. We use a range of procedures to monitor and control wrong-way risk, including requiring entities to obtain prior approval before undertaking wrong-way risk transactions outside pre-agreed guidelines. Wrong-way risk is mitigated through the use of enforceable netting agreements and margining.

The credit quality of the Company's financial assets is maintained by adherence to Citigroup policies on the provision of credit to counterparties. The Company monitors the credit ratings of its counterparties in current asset investment and derivative transactions. The table below shows the exposure to counterparties for current asset investments and derivatives as at 31 December as rated by Moody's, S&P and Fitch.

	Government bonds		Eurobonds and corporate bonds		Commercial paper		Derivatives	
	2011 %	2010 %	2011 %	2010 %	2011 %	2010 %	2011 %	2010 %
AAA / AA / A	98.0	84.3	66.9	61.7	-	53.1	54.8	58.0
BBB	0.5	2.5	11.2	11.9	-	6.5	1.5	0.8
BB / B	1.0	12.4	10.8	10.6	-	-	0.3	0.6
CCC or below	-	-	2.3	1.3	-	-	0.2	0.1
Unrated	0.5	0.8	8.8	14.5	-	40.4	43.2	40.5

The maximum credit risk to which the Company is exposed without taking into account any collateral or credit enhancements is $306,723 million (2010: $259,135 million) being its total assets per the balance sheet plus any other off balance sheet commitments.

As discussed above the maximum credit risk is mitigated through the use of collateral, netting arrangements and the use of credit limits. The credit quality table above shows that the majority of the Company's credit exposure is to counterparties which are rated BBB or better.

29. Financial instruments and risk management (continued)

Operational risk (unaudited)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human factors or systems, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the Company undertakes. Operational risk is inherent in the Company's business activities and, as with other risk types, is managed through an overall framework with checks and balances that includes:

- recognised ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by Audit and Risk Review.

Framework
The Company's approach to operational risk is defined in the Citigroup Risk and Control Self-Assessment/Operational Risk Policy. The objective of the Policy is to establish a consistent, value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citigroup. The Operational Risk standards aim to facilitate the effective communication of operational risk. Information about operational risk, historical losses and the control environment is reported and summarised for the Audit Committee, Senior Management and for the Directors.

Measurement and Basel II
To support advanced capital modelling and management each business is required to capture relevant operational risk capital information. An enhanced version of the Citigroup risk capital model for operational risk has been developed and implemented across the major business segments. The FSA has approved this model, including a capital allocation, for use within the Company as an "Advanced Measurement Approach" under Basel II. It uses a combination of internal and external loss data to support statistical modelling of capital requirement estimates, which are then adjusted to reflect qualitative data regarding the operational risk and control environment.

Liquidity risk

Management of liquidity at Citigroup is the responsibility of the Corporate Treasury function. A uniform liquidity risk management policy exists for Citigroup and its major operating subsidiaries. Under this policy, there is a single set of standards for the measurement of liquidity risk to seek consistency across businesses, stability in methodologies and transparency of risk. Management of liquidity at each UK operating subsidiary is performed on a daily basis and is monitored by Corporate Treasury.

The UK forum for liquidity issues is the UK Asset/Liability Management Committee ("ALCO"), which includes senior executives from within the Group and is chaired by the Country Treasurer. This forum is composed of the UK CFO, UK legal entity Risk Manager, UK Treasurer, EMEA Regional Treasurer and the Finance Desk Head. The UK ALCO reviews the current and prospective funding requirements for the Company, as well as the capital position and balance sheet.

A liquidity plan is prepared annually and the liquidity profile is monitored on an on-going basis and reported daily. Liquidity risk is monitored using various ratios and limits in accordance with the Liquidity Risk Management Policy for Citigroup. The funding and liquidity plan includes analysis of the balance sheet as well as the economic and business conditions impacting the major operating subsidiaries in the UK. As part of the funding and liquidity plan, liquidity limits, liquidity ratios and assumptions for periodic stress tests are reviewed and approved.

Simulated liquidity stress testing is performed and reviewed by the UK ALCO. The scenarios include assumptions about significant changes in key funding sources, credit ratings and contingent uses of funding. The product of these stress tests is a series of alternatives that can be used in the event of a liquidity event.

29. Financial instruments and risk management (continued)

Liquidity risk (continued)

The following table analyses the Group's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date:

31 December 2011	Total $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Cash	3,714	1,357	-	-	2,357	-
Current asset investments	170,393	170,393	-	-	-	-
Collateralised financing transactions	104,516	-	86,420	2,627	15,469	-
Cash collateral pledged	6,651	-	6,651	-	-	-
Trade debtors	20,264	-	20,264	-	-	-
Other debtors	385	-	385	-	-	-
Fixed asset investments	26	-	-	-	-	26
Total financial assets	305,949	171,750	113,720	2,627	17,826	26

	Total $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Bank loans and overdrafts	5,261	1,985	3,276	-	-	-
Collateralised financing transactions	81,388	-	61,408	9,357	10,623	-
Derivatives	144,496	144,496	-	-	-	-
Securities sold but not yet purchased	27,083	-	27,083	-	-	-
Trade creditors	18,034	-	17,998	-	36	-
Other creditors and accruals	715	-	715	-	-	-
Subordinated loans	10,180	-	-	-	5,980	4,200
Total financial liabilities	287,157	146,481	110,480	9,357	16,639	4,200
Net liquidity gap	18,792	25,269	3,240	(6,730)	1,187	(4,174)
Cumulative liquidity gap		25,269	28,509	21,779	22,966	18,792

NOTES TO THE FINANCIAL STATEMENTS

29. Financial instruments and risk management (continued)

Liquidity risk (continued)

31 December 2010	Total $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Cash	4,319	2,386	-	-	1,933	-
Current asset investments	133,945	133,945	-	-	-	-
Collateralised financing transactions	89,680	-	73,319	1,358	15,003	-
Cash collateral pledged	5,038	-	5,038	-	-	-
Trade debtors	24,628	-	24,628	-	-	-
Other debtors	77	-	77	-	-	-
Fixed asset investments	49	-	-	-	-	49
Total financial assets	257,736	136,331	103,062	1,358	16,936	49

	Total $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Bank loans and overdrafts	3,953	1,813	2,140	-	-	-
Collateralised financing transactions	72,682	-	65,728	4,995	1,959	-
Derivatives	107,339	107,339	-	-	-	-
Cash collateral held	7,281	-	7,281	-	-	-
Securities sold but not yet purchased	23,444	-	23,444	-	-	-
Trade creditors	20,944	-	20,819	-	125	-
Other creditors and accruals	941	-	941	-	-	-
Subordinated loans	11,180	-	-	7,480	-	3,700
Total financial liabilities	247,764	109,152	120,353	12,475	2,084	3,700
Net liquidity gap	9,972	27,179	(17,291)	(11,117)	14,852	(3,651)
Cumulative liquidity gap		27,179	9,888	(1,229)	13,623	9,972

29. Financial instruments and risk management (continued)

Liquidity risk (continued)

The table below analyses the Company's liabilities into relevant maturity groupings based on the remaining contractual future undiscounted cash flows up to maturity. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the liquidity risk based on the contractual maturity as disclosed in the previous table. Derivatives have been excluded from the table because they are not held for settlement over the period of contractual maturity.

31 December 2011	Contractual value $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Subordinated loans	12,339	-	120	361	7,060	4,798
Total financial liabilities	12,339	-	120	361	7,060	4,798

31 December 2010	Contractual value $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Subordinated loans	12,449	-	100	7,779	342	4,228
Total financial liabilities	12,449	-	100	7,779	342	4,228

Country Risk

Country risk is the risk that an event in a country (precipitated by developments within or external to a country) will impair the value of Citigroup's franchise or will adversely affect the ability of obligors within that country to honor their obligations to Citigroup. Country risk events may include sovereign defaults, banking defaults or crises, currency crises and/or political events.

The information below is based on Citigroup's internal risk management measures. The country designation in Citigroup's risk management systems is based on the country to which the client relationship, taken as a whole, is most directly exposed to economic, financial, sociopolitical or legal risks. This includes exposure to subsidiaries within the client relationship that are domiciled outside of the country.

Citigroup assesses the risk of loss associated with certain of the country exposures on a regular basis. These analyses take into consideration alternative scenarios that may unfold, as well as specific characteristics of the Company's portfolio, such as transaction structure and collateral. The Company currently believes that the risk of loss associated with the exposures set forth below is likely materially lower than the exposure amounts disclosed below and is sized appropriately relative to its operations in these countries.

29. Financial instruments and risk management (continued)

Country Risk (continued)

The sovereign entities of all the countries disclosed below, as well as the financial institutions and corporations domiciled in these countries, are important clients to the Company and in the global Citigroup franchise. Citigroup fully expects to maintain its presence in these markets to service all of its global customers. As such, the Company's exposure in these countries may vary over time, based upon its franchise, client needs and transaction structures.

Several European countries including Greece, Ireland, Italy, Portugal and Spain have been the subject of credit deterioration due to weaknesses in their economic and fiscal situations. Given the interest in the area, the table below outlines the Group's exposures to these countries as of 31 December 2011.

$ Millions	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**
Net current funded credit exposure	(20)	(2)	144	-	(3)	119
Net trading exposure	49	66	231	(2)	(114)	230
Net current funded exposure	29	64	375	(2)	(117)	349
Net current funded credit exposure:						
Sovereigns	-	-	29	-	-	29
Financial institutions	4	(2)	99	-	(3)	98
Corporations	(24)	-	16	-	-	(8)
Total net current funded credit exposure	(20)	(2)	144	-	(3)	119

The exposure detailed above is the nominal exposure without the benefit of any collateral but it reflects the benefit of margin and credit protection. The net trading exposures are marked to market daily and levels vary as the positions are maintained consistent with customer needs. As such, the Company's net exposure is significantly less.

The Company does not have any exposure to unfunded commitments.

30. Capital management

CGML's approach to capital management is driven by strategic and organisational requirements, taking into account the regulatory, economic and commercial environment.

It is the Company's objective to continue to maintain a strong capital base to support the business and regulatory capital requirement at all times. The composition and amount of capital will be commensurate with the regulations in force, including CRD4 in the future.

Capital forecasts are prepared taking into account strategic growth plans, the Internal Capital Adequacy Assessment Process ("ICAAP") and the capital plans for each entity. Capital forecasts are updated and reviewed at a minimum on a quarterly basis.

The Company maintains an internal capital buffer in excess of the "ICAAP" capital requirement.

Regulatory capital

The Company's capital adequacy position is managed and monitored in accordance with the prudential requirements of the FSA, the UK financial services regulator. The Company must at all times meet the relevant minimum capital requirements of the FSA. The Company has established processes and controls in place to monitor and manage its capital adequacy position.

Under the FSA's minimum capital standards, the Company is required to maintain an excess of total capital resources over its capital resources requirements. For this purpose the Company calculates capital requirements for market risk, counterparty credit risk, concentration risk and operational risk based upon a number of internal models and recognises a number of credit risk mitigation techniques.

The Company's regulatory capital resources comprise three distinct elements:

- Tier one capital, which includes ordinary share capital, retained earnings and capital reserves.
- Tier two capital, which includes qualifying long-term subordinated liabilities.
- Tier three capital, which includes qualifying short-term subordinated liabilities.

Various limits are applied to these elements of the capital base. In particular, qualifying long-term subordinated loan capital may not exceed 50 per cent of tier one capital; and qualifying short-term subordinated loan capital may not exceed 250 per cent of tier one capital. Other deductions from capital include illiquid assets and certain other regulatory items.

The Company's policy is to maintain a sufficient capital base in order to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' returns is also recognised, as is the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company's regulatory capital resources at 31 December were as follows:

	2011 $ Million	2010* $ Million
Tier one capital	10,221	9,922
Tier two capital	4,200	3,700
Tier three capital	5,980	7,480
Deductions #	(366)	(111)
Total regulatory capital resources #	20,035	20,991

* restated for prior year adjustment, as detailed in Note 28

unaudited

30. Other commitments

a) Letters of credit

As at 31 December 2011, the Company had $325 million (2010: $1,164 million) of unsecured letters of credit outstanding from banks to satisfy collateral requirements under securities borrowing agreements and margin requirements.

b) Capital commitments

As at 31 December 2011, the Company had no capital commitments (2010: $nil).

32. Registered charges

The Company has granted to various banks and other entities a number of fixed and floating charges over certain holdings in securities, properties, collateral and monies held by or on behalf of such banks or other entities, including charges relating to the Company's European Settlements Office agreement with the Bank of England and the Company's participation in clearance/settlement systems.

33. Post balance sheet events

On 31 January 2012 the Company repaid $2 billion of short term subordinated loan borrowings to Citigroup Financial Products Inc., a fellow group company.

34. Group structure

The Company's immediate parent undertaking is CGMEL, a company registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is Citigroup Inc, incorporated in the State of Delaware, United States of America.

The audited consolidated financial statements of CGMEL are made available to the public annually in accordance with Companies House regulations and may be obtained from its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The audited consolidated financial statements of Citigroup Inc are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from www.citigroup.com/citi/corporategovernance/ar.htm.

CITIGROUP GLOBAL MARKETS LIMITED

(Registered Number: 01763297)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2012

CITIGROUP GLOBAL MARKETS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2012

The Directors present their Report and the audited financial statements of Citigroup Global Markets Limited ("the Company") for the year ended 31 December 2012.

The Financial Statements are prepared on a going concern basis taking into account the ultimate reliance on support from the Company's parent. The Directors are satisfied that the Company has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions. Further information relevant to the assessment is provided in the following sections of the financial statements:

- principal activities, strategic direction and challenges and uncertainties are described in the business review;
- a financial summary, including the profit and loss account and balance sheet, is provided in the financial results section on pages 20 to 22; and
- objectives, policies and processes for managing market, credit, liquidity and operational risk, and the Company's approach to capital management and allocation, as described in note 28 'Financial instruments and risk management'.

Business review and principal activities

The Company is a wholly-owned indirect subsidiary of Citigroup Inc. and is authorised by the Financial Services Authority ("FSA") under the Financial Services and Markets Act 2000. On 1 April 2013, the FSA was dissolved and replaced by two new bodies, the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA") who will regulate the Company going forward. For the purposes of these financial statements, the regulatory body is referred to as the FSA. The Company is a broker and dealer in fixed income and equity securities and related products in the international capital markets and an underwriter and provider of corporate finance services, operating globally from the UK and through its branches in Western Europe and the Middle East. The Company also markets securities owned by other group undertakings on a commission basis.

During 2012 the Financial Reporting Council (FRC) revised the financial reporting standards for the United Kingdom and Republic of Ireland, fundamentally reforming financial reporting and which will be effective for periods beginning on or after 1 January 2015, as described in note 1 'Principal accounting policies – (a) Basis of presentation.

On 24 February 2012 Standard and Poor's issued the Company with an A/A-1 short-term counterparty credit rating.

The Company's 2012 results have once again been significantly impacted by the challenging operating environment, as macroeconomic concerns, including in the United States and the Eurozone, continued to affect investment and corporate confidence resulting in reduced market activity. The Company continues to focus on its client driven franchise and has withdrawn from a number of proprietary businesses.

The Company's pre-tax losses for the year to 31 December 2012 were $313 million, compared to losses of $338 million for 2011. Losses after tax were $351 million (2011: loss of $358 million).

Income

Total income net of interest expense was $2,767 million, a marginal decline from the previous year reflecting lower fee revenues from the Company's intercompany transfer pricing arrangements, offset by improved performance in the Company's core business.

Commission income and fees fell from $2,090 million to $1,517 million, driven by lower trading management fees in the Fixed Income business. This business benefitted in 2011 from the market impact of Eurozone uncertainty and global geo-political concerns.

Net dealing income increased from $1,127 million to $1,313 million, reflecting improved performance in the Equities and Credit businesses as actions were taken to address underperforming desks and market conditions improved relative to 2011.

Net interest payable moved from $296 million to $63 million. This represents a combination of reduction in interest on collateralized financing transactions and the Company's repayment of subordinated debt in 2012.

Other income was $54 million. This represents the Company's gain on sale of its shares in the London Metal Exchange in December 2012.

Costs
Operating expenses are down 4.0% over the period despite an adverse FX impact. This was driven by reduced compensation as average headcount over the period dropped by 154. Additionally the Company benefitted from a release of balance sheet provisions and a decrease in exchange fees as cash trading volumes fell.

Balance sheet
Total assets of $266 billion at 31 December 2012 were 13% lower than at 31 December 2011. As part of the strategic management of the Company's balance sheet there was a compression of intercompany swaps, which combined with spread tightening on credit default swaps, resulted in a 36% reduction in derivative assets. Trading securities, collateralized financing transactions and derivatives make up a significant portion of the assets.

Total liabilities of $255 billion at 31 December 2012 were 14% lower than at 31 December 2011. This is primarily due to a 33% decrease in derivative liabilities which has the same drivers as the reduction in derivative assets.

The Company repaid $4,480 million in subordinated debt in 2012. The repayments were made as follows; $2,000 million on 31 January 2012, $1,484 million on 13 July 2012 and $996 million on 12 October 2012.

A capital contribution was made to the Company by Citigroup Global Markets Europe Limited ("CGMEL") of $284 million on 13 July 2012. The capital contribution was made in order to augment the Company's regulatory capital resources.

Post balance sheet events

On 22 February 2013 Fitch Ratings issued the Company with an A/F1 issuer default rating.

Key financial performance indicators

In addition to the financial results of the Company, senior management consider the following key financial indicators:

- amount of capital compared to local regulatory requirements
- liquidity requirements in respect of the Company's highly stressed (stress 2) and severely stressed (stress 4) liquidity scenarios
- level of expenses

The Company's strategy continues to be to take advantage of opportunities for the further development of its business. The Company believes that the European sovereign debt crisis and its potential impact on the global markets and growth will likely continue to create macro uncertainty and remain an issue until the market, investors and Citigroup's clients and customers believe that a comprehensive resolution to the crisis has been structured, and is achievable. Such uncertainty could have a continued negative impact on investor activity, and thus on the Company's activity levels and results in 2013. Compounding this continuing macroeconomic uncertainty is the ongoing uncertainty facing the Company, its business and related entities as a result of the numerous regulatory initiatives underway in the UK and globally. Together the Risk Factors section of this Directors' Report and Note 28 to the financial statements provides information on some of the key risks to which the Company is exposed.

Risk factors

The continued disruptions in global financial markets have increased the risks and uncertainties identified by Citigroup globally and other Financial Service companies. Given the Company's ultimate reliance on the support of our parent, the below is an extract of the risk factors impacting Citigroup Inc, our Group Parent, from its 2012 annual report on form 10-K. Please note that the references to Citi in this section mean Citigroup Inc.

Regulatory risk

Citi Faces Ongoing Significant Regulatory Changes and Uncertainties in the U.S. and Non-U.S. Jurisdictions in Which It Operates That Negatively Impact the Management of Its Businesses, Results of Operations and Ability to Compete.
Citi continues to be subject to significant regulatory changes and uncertainties both in the U.S. and the non-U.S. jurisdictions in which it operates. As discussed throughout this section, the complete scope and ultimate form of a number of provisions of The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and other regulatory initiatives in the U.S. are still being finalized and, even when finalized, will likely require

Risk factors (continued)

Regulatory risk (continued)

significant interpretation and guidance. These regulatory changes and uncertainties are compounded by numerous regulatory initiatives underway in non-U.S. jurisdictions in which Citi operates.

Certain of these initiatives, such as prohibitions or restrictions on proprietary trading or the requirement to establish "living wills," overlap with changes in the U.S., while others, such as proposals for financial transaction and/or bank taxes in particular countries or regions, currently do not. Even when U.S. and international initiatives overlap, in many instances they have not been undertaken on a coordinated basis and areas of divergence have developed with respect to scope, interpretation, timing, structure or approach.

Citi could be subject to additional regulatory requirements or changes beyond those currently proposed, adopted or contemplated, particularly given the ongoing heightened regulatory environment in which financial institutions operate. For example, in connection with their orderly liquidation authority under Title II of the Dodd-Frank Act, U.S. regulators may require that bank holding companies maintain a prescribed level of debt at the holding company level. In addition, under the Dodd-Frank Act, U.S. regulators may require additional collateral for inter-affiliate derivative and other credit transactions which, depending upon rulemaking and regulatory guidance could be significant. There also continues to be discussion of potential GSE reform which would likely affect markets for mortgages and mortgage securities in ways that cannot currently be predicted. The heightened regulatory environment has resulted not only in a tendency toward more regulation, but toward the most prescriptive regulation as regulatory agencies have generally taken a conservative approach to rulemaking, interpretive guidance and their general ongoing supervisory authority.

Regulatory changes and uncertainties make Citi's business planning more difficult and could require Citi to change its business models or even its organizational structure, all of which could ultimately negatively impact Citi's results of operations as well as realization of its deferred tax assets (DTAs). For example, regulators have proposed applying limits to certain concentrations of risk, such as through single counterparty credit limits or legal lending limits, and implementation of such limits currently or in the future could require Citi to restructure client or counterparty relationships and could result in the potential loss of clients.

Further, certain regulatory requirements could require Citi to create new subsidiaries instead of branches in foreign jurisdictions, or create subsidiaries to conduct particular businesses or operations (so-called "subsidiarization"). This could, among other things, negatively impact Citi's global capital and liquidity management and overall cost structure. Unless and until there is sufficient regulatory certainty, Citi's business planning and proposed pricing for affected businesses necessarily include assumptions based on possible or proposed rules or requirements, and incorrect assumptions could impede Citi's ability to effectively implement and comply with final requirements in a timely manner. Business planning is further complicated by the continual need to review and evaluate the impact on Citi's businesses of ongoing rule proposals and final rules and interpretations from numerous regulatory bodies, all within compressed timeframes.

Citi's costs associated with implementation of, as well as the ongoing, extensive compliance costs associated with, new regulations or regulatory changes will likely be substantial and will negatively impact Citi's results of operations. Given the continued regulatory uncertainty, however, the ultimate amount and timing of such impact going forward cannot be predicted. Also, compliance with inconsistent, conflicting or duplicative regulations, either within the U.S. or between the U.S. and non-U.S. jurisdictions, could further increase the impact on Citi. For example, the Dodd-Frank Act provided for the elimination of "federal preemption" with respect to the operating subsidiaries of federally chartered institutions such as Citibank, N.A., which allows for a broader application of state consumer finance laws to such subsidiaries. As a result, Citi is now required to conform the consumer businesses conducted by operating subsidiaries of Citibank, N.A. to a variety of potentially conflicting or inconsistent state laws not previously applicable, such as laws imposing customer fee restrictions or requiring additional consumer disclosures. Failure to comply with these or other regulatory changes could further increase Citi's costs or otherwise harm Citi's reputation.

Uncertainty persists regarding the competitive impact of these new regulations. Citi could be subject to more stringent regulations, or could incur additional compliance costs, compared to its U.S. competitors because of its global footprint. In addition, certain other financial intermediaries may not be regulated on the same basis or to the same extent as Citi and consequently may have certain competitive advantages. Moreover, Citi could be subject to more, or more stringent, regulations than its foreign competitors because of several U.S. regulatory initiatives, particularly with respect to Citi's non-U.S. operations.

Risk factors (continued)

Regulatory risk (continued)

Differences in substance and severity of regulations across jurisdictions could significantly reduce Citi's ability to compete with its U.S. and non-U.S. competitors and further negatively impact Citi's results of operations. For example, Citi conducts a substantial portion of its derivatives activities through Citibank, N.A.

Pursuant to the CFTC's current and proposed rules on cross-border implications of the new derivatives registration and trading requirements under the Dodd-Frank Act, clients who transact their derivatives business with overseas branches of Citibank, N.A. could be subject to U.S. registration and other derivatives requirements. Clients of Citi and other large U.S. financial institutions have expressed an unwillingness to continue to deal with overseas branches of U.S. banks if the rules would subject them to these requirements. As a result, Citi could lose clients to non-U.S. financial institutions that are not subject to the same compliance regime.

***Continued Uncertainty Regarding the Timing and Implementation of Future Regulatory Capital Requirements Makes It Difficult to Determine the Ultimate Impact of These Requirements on Citi's Businesses and Results of Operations and Impedes Long-Term Capital Planning*.**
During 2012, U.S. regulators proposed the U.S. Basel III rules that would be applicable to Citigroup and its depository institution subsidiaries, including Citibank, N.A. U.S. regulators also adopted final rules relating to Basel II.5 market risk that were effective on January 1, 2013. This new regulatory capital regime will increase the level of capital required to be held by Citi, not only with respect to the quantity and quality of capital (such as capital required to be held in the form of common equity), but also as a result of increasing Citi's overall risk-weighted assets.

There continues to be significant uncertainty regarding the overall timing and implementation of the final U.S. regulatory capital rules. For example, while the U.S. Basel III rules have been proposed, additional rulemaking and interpretation is necessary to adopt and implement the final rules. Overall implementation phase-in will also need to be finalized by U.S. regulators, and it remains to be seen how U.S. regulators will address the interaction between the new capital adequacy rules, Basel I, Basel II, Basel II.5 and the proposed "standardized" approach serving as a "floor" to the capital requirements of "advanced approaches" institutions, such as Citigroup. As a result, the ultimate impact of this new regime on Citi's businesses and results of operations cannot currently be estimated.

Based on the proposed regulatory capital regime, the level of capital required to be held by Citi will likely be higher than most of its U.S. and non-U.S. competitors, including as a result of the level of DTAs recorded on Citi's balance sheet and its strategic focus on emerging markets (which could result in Citi having higher risk-weighted assets under Basel III than those of its global competitors that either lack presence in, or are less focused on, such markets). In addition, while the Federal Reserve Board has yet to finalize any capital surcharge framework for U.S. "global systemically important banks" (G-SIBs), Citi is currently expected to be subject to a surcharge of 2.5%, which will likely be higher than the surcharge applicable to most of Citi's U.S. and non-U.S. competitors. Competitive impacts of the proposed regulatory capital regime could further negatively impact Citi's businesses and results of operations.

Citi's estimated Basel III capital ratios necessarily reflect management's understanding, expectations and interpretation of the proposed U.S. Basel III requirements as well as existing implementation guidance. Furthermore, Citi must incorporate certain enhancements and refinements to its Basel II.5 market risk models, as required by both the Federal Reserve Board and the OCC, in order to retain the risk-weighted asset benefits associated with the conditional approvals received for such models. Citi must also separately obtain final approval from these agencies for the use of certain credit risk models that would also yield reduced risk-weighted assets, in part, under Basel III.

All of these uncertainties make long-term capital planning by Citi's management challenging. If management's estimates and assumptions with respect to these or other aspects of U.S. Basel III implementation are not accurate, or if Citi fails to incorporate the required enhancement and refinements to its models as required by the Federal Reserve Board and the OCC, then Citi's ability to meet its future regulatory capital requirements as it projects or as required could be negatively impacted, or the business and financial consequences of doing so could be more adverse than expected.

Risk factors (continued)

Regulatory risk (continued)

The Ongoing Implementation of Derivatives Regulation Under the Dodd-Frank Act Could Adversely Affect Citi's Derivatives Businesses, Increase Its Compliance Costs and Negatively Impact Its Results of Operations.
Derivatives regulations under the Dodd-Frank Act have impacted and will continue to substantially impact the derivatives markets by, among other things: (i) requiring extensive regulatory and public reporting of derivatives transactions; (ii) requiring a wide range of over-the-counter derivatives to be cleared through recognized clearing facilities and traded on exchanges or exchange-like facilities; (iii) requiring the collection and segregation of collateral for most uncleared derivatives; and (iv) significantly broadening limits on the size of positions that may be maintained in specified derivatives. These market structure reforms will make trading in many derivatives products more costly, may significantly reduce the liquidity of certain derivatives markets and could diminish customer demand for covered derivatives. These changes could negatively impact Citi's results of operations in its derivatives businesses.

Numerous aspects of the new derivatives regime require costly and extensive compliance systems to be put in place and maintained. For example, under the new derivatives regime, certain of Citi's subsidiaries have registered as "swap dealers," thus subjecting them to extensive ongoing compliance requirements, such as electronic recordkeeping (including recording telephone communications), real-time public transaction reporting and external business conduct requirements (e.g., required swap counterparty disclosures), among others. These requirements require the successful and timely installation of extensive technological and operational systems and compliance infrastructure, and Citi's failure to effectively install such systems subject it to increased compliance risks and costs which could negatively impact its earnings and result in regulatory or reputational risk. Further, new derivatives-related systems and infrastructure will likely become the basis on which institutions such as Citi compete for clients. To the extent that Citi's connectivity, product offerings or services for clients in these businesses is deficient, this could further negatively impact Citi's results of operations

Additionally, while certain of the derivatives regulations under the Dodd-Frank Act have been finalized, the rulemaking process is not complete, significant interpretive issues remain to be resolved and the timing for the effectiveness of many of these requirements is not yet clear. Depending on how the uncertainty is resolved, certain outcomes could negatively impact Citi's competitive position in these businesses, both with respect to the crossborder aspects of the U.S. rules as well as with respect to the international coordination and timing of various non-U.S. derivatives regulatory reform efforts. For example, in mid-2012, the European Union (EU) adopted the European Market Infrastructure Regulation which requires, among other things, information on all European derivative transactions be reported to trade repositories and certain counterparties to clear "standardized" derivatives contracts through central counterparties. Many of these non- U.S. reforms are likely to take effect after the corresponding provisions of the Dodd-Frank Act and, as a result, it is uncertain whether they will be similar to those in the U.S. or will impose different, additional or even inconsistent requirements on Citi's derivatives activities. Complications due to the sequencing of the effectiveness of derivatives reform, both among different components of the Dodd-Frank Act and between the U.S. and other jurisdictions, could result in disruptions to Citi's operations and make it more difficult for Citi to compete in these businesses.

The Dodd-Frank Act also contains a so-called "push-out" provision that, to date, has generally been interpreted to prevent FDIC-insured depository institutions from dealing in certain equity, commodity and credit-related derivatives, although the ultimate scope of the provision is not certain. Citi currently conducts a substantial portion of its derivatives-dealing activities within and outside the U.S. through Citibank, N.A., its primary insured depository institution. The costs of revising customer relationships and modifying the organizational structure of Citi's businesses or the subsidiaries engaged in these businesses remain unknown and are subject to final regulations or regulatory interpretations, as well as client expectations. While this push-out provision is to be effective in July 2013, U.S. regulators may grant up to an initial two-year transition period to each depository institution. In January 2013, Citi applied for an initial two-year transition period for Citibank, N.A.

The timing of any approval of a transition period request, or any parameters imposed on a transition period, remains uncertain. In addition, to the extent that certain of Citi's competitors already conduct these derivatives activities outside of FDIC-insured depository institutions, Citi would be disproportionately impacted by any restructuring of its business for push-out purposes. Moreover, the extent to which Citi's non-U.S. operations will be impacted by the push-out provision remains unclear, and it is possible that Citi could lose market share or profitability in its derivatives business or client relationships in jurisdictions where foreign bank competitors can operate without the same constraints.

Risk factors (continued)

Regulatory risk (continued)

It Is Uncertain What Impact the Proposed Restrictions on Proprietary Trading Activities Under the Volcker Rule Will Have on Citi's Market-Making Activities and Preparing for Compliance with the Proposed Rules Necessarily Subjects Citi to Additional Compliance Risks and Costs.
The "Volcker Rule" provisions of the Dodd-Frank Act are intended in part to restrict the proprietary trading activities of institutions such as Citi. While the five regulatory agencies required to adopt rules to implement the Volcker Rule have each proposed their rules, none of the agencies has adopted final rules. Instead, in July 2012, the regulatory agencies instructed applicable institutions, including Citi, to engage in "good faith efforts" to be in compliance with the Volcker Rule by July 2014. Because the regulations are not yet final, the degree to which Citi's market-making activities will be permitted to continue in their current form remains uncertain. In addition, the proposed rules and any restrictions imposed by final regulations will also likely affect Citi's trading activities globally, and thus will impact it disproportionately in comparison to foreign financial institutions that will not be subject to the Volcker Rule with respect to all of their activities outside of the U.S.

As a result of this continued uncertainty, preparing for compliance based only on proposed rules necessarily requires Citi to make certain assumptions about the applicability of the Volcker Rule to its businesses and operations. For example, as proposed, the regulations contain exceptions for marketmaking, underwriting, risk-mitigating hedging, certain transactions on behalf of customers and activities in certain asset classes, and require that certain of these activities be designed not to encourage or reward "proprietary risk taking." Because the regulations are not yet final, Citi is required to make certain assumptions as to the degree to which Citi's activities in these areas will be permitted to continue. If these assumptions are not accurate, Citi could be subject to additional compliance risks and costs and could be required to undertake such compliance on a more compressed time frame when regulators issue final rules. In addition, the proposed regulations would require an extensive compliance regime for the "permitted" activities under the Volcker Rule. Citi's implementation of this compliance regime will be based on its "good faith" interpretation and understanding of the proposed regulations, and to the extent its interpretation or understanding is not correct, Citi could be subject to additional compliance risks and costs. Like the other areas of ongoing regulatory reform, alternative proposals for the regulation of proprietary trading are developing in non-U.S. jurisdictions, leading to overlapping or potentially conflicting regimes. For example, in the U.K., the so-called "Vickers" proposal would separate investment and commercial banking activity from retail banking and would require ring-fencing of U.K. domestic retail banking operations coupled with higher capital requirements for the ring-fenced assets. In the EU, the so-called "Liikanen" proposal would require the mandatory separation of proprietary trading and other significant trading activities into a trading entity legally separate from the legal entity holding the banking activities of a firm. It is likely that, given Citi's worldwide operations, some form of the Vickers and/or Liikanen proposals will eventually be applicable to a portion of Citi's operations. While the Volcker Rule and these non-U.S. proposals are intended to address similar concerns—separating the perceived risks of proprietary trading and certain other investment banking activities in order not to affect more traditional banking and retail activities—they would do so under different structures, resulting in inconsistent regulatory regimes and increased compliance and other costs for a global institution such as Citi.

Regulatory Requirements in the U.S. and in Non-U.S. Jurisdictions to Facilitate the Future Orderly Resolution of Large Financial Institutions Could Negatively Impact Citi's Business Structures, Activities and Practices.
The Dodd-Frank Act requires Citi to prepare and submit annually a plan for the orderly resolution of Citigroup (the bank holding company) under the U.S. Bankruptcy Code in the event of future material financial distress or failure. Citi is also required to prepare and submit a resolution plan for its insured depository institution subsidiary, Citibank, N.A., and to demonstrate how Citibank is adequately protected from the risks presented by non-bank affiliates. These plans must include information on resolution strategy, major counterparties and "interdependencies," among other things, and require substantial effort, time and cost across all of Citi's businesses and geographies. These resolution plans are subject to review by the Federal Reserve Board and the FDIC.

If the Federal Reserve Board and the FDIC both determine that Citi's resolution plans are not "credible" (which, although not defined, is generally believed to mean the regulators do not believe the plans are feasible or would otherwise allow the regulators to resolve Citi in a way that protects systemically important functions without severe systemic disruption and without exposing taxpayers to loss), and Citi does not remedy the deficiencies within the required time period, Citi could be required to restructure or reorganize businesses, legal entities, or operational systems and intracompany transactions in ways that could negatively impact its operations, or be subject to restrictions on growth. Citi could also eventually be subjected to more stringent capital, leverage or liquidity requirements, or be required to divest certain assets or operations.

Risk factors (continued)

Regulatory risk (continued)

In addition, other jurisdictions, such as the U.K., have requested or are expected to request resolution plans from financial institutions, including Citi, and the requirements and timing relating to these plans are different from the U.S. requirements and from each other. Responding to these additional requests will require additional effort, time and cost, and regulatory review and requirements in these jurisdictions could be in addition to, or conflict with, changes required by Citi's regulators in the U.S.

Additional Regulations with Respect to Securitizations Will Impose Additional Costs, Increase Citi's Potential Liability and May Prevent Citi from Performing Certain Roles in Securitizations.
Citi plays a variety of roles in asset securitization transactions, including acting as underwriter of asset-backed securities, depositor of the underlying assets into securitization vehicles, trustee to securitization vehicles and counterparty to securitization vehicles under derivative contracts. The Dodd- Frank Act contains a number of provisions that affect securitizations. These provisions include, among others, a requirement that securitizers in certain transactions retain un-hedged exposure to at least 5% of the economic risk of certain assets they securitize and a prohibition on securitization participants engaging in transactions that would involve a conflict with investors in the securitization. Many of these requirements have yet to be finalized. The SEC has also proposed additional extensive regulation of both publicly and privately offered securitization transactions through revisions to the registration, disclosure, and reporting requirements for asset-backed securities and other structured finance products. Moreover, the proposed capital adequacy regulations are likely to increase the capital required to be held against various exposures to securitizations. The cumulative effect of these extensive regulatory changes as well as other potential future regulatory changes cannot currently be assessed. It is likely, however, that these various measures will increase the costs of executing securitization transactions, and could effectively limit Citi's overall volume of, and the role Citi may play in, securitizations, expose Citi to additional potential liability for securitization transactions and make it impractical for Citi to execute certain types of securitization transactions it previously executed. As a result, these effects could impair Citi's ability to continue to earn income from these transactions or could hinder Citi's ability to use such transactions to hedge risks, reduce exposures or reduce assets with adverse risk-weighting in its businesses, and those consequences could affect the conduct of these businesses. In addition, certain sectors of the securitization markets, particularly residential mortgage-backed securitizations, have been inactive or experienced dramatically diminished transaction volumes since the financial crisis. The impact of various regulatory reform measures could negatively delay or restrict any future recovery of these sectors of the securitization markets, and thus the opportunities for Citi to participate in securitization transactions in such sectors.

Market and economic risks

There Continues to Be Significant Uncertainty Arising from the Ongoing Eurozone Debt and Economic Crisis, Including the Potential Outcomes That Could Occur and the Impact Those Outcomes Could Have on Citi's Businesses, Results of Operations or Financial Condition, as well as the Global Financial Markets and Financial Conditions Generally.
Several European countries, including Greece, Ireland, Italy, Portugal and Spain (GIIPS), continue to experience credit deterioration due to weaknesses in their economic and fiscal situations. Concerns have been raised, both within the European Monetary Union (EMU) as well as internationally, as to the financial, political and legal effectiveness of measures taken to date, and the ability of these countries to adhere to any required austerity, reform or similar measures. These ongoing conditions have caused, and are likely to continue to cause, disruptions in the global financial markets, particularly if they lead to any future sovereign debt defaults and/or significant bank failures or defaults in the Eurozone.

The impact of the ongoing Eurozone debt and economic crisis and other developments in the EMU could be even more significant if they lead to a partial or complete break-up of the EMU. The exit of one or more member countries from the EMU could result in certain obligations relating to the exiting country being redenominated from the Euro to a new country currency. Redenomination could be accompanied by immediate revaluation of the new currency as compared to the Euro and the U.S. dollar, the extent of which would depend on the particular facts and circumstances. Any such redenomination/revaluation would cause significant legal and other uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and would likely lead to complex, lengthy litigation. Redenomination/revaluation could also be accompanied by the imposition of exchange and/or capital controls, required functional currency changes and "deposit flight."

Risk factors (continued)

Market and economic risks (continued)

The ongoing Eurozone debt and economic crisis has created, and will continue to create, significant uncertainty for Citi and the global economy. Any occurrence or combination of the events described above could negatively impact Citi's businesses, results of operations and financial condition, both directly through its own exposures as well as indirectly. For example, at times, Citi has experienced widening of its credit spreads and thus increased costs of funding due to concerns about its Eurozone exposure. In addition, U.S. regulators could impose mandatory loan loss and other reserve requirements on U.S. financial institutions, including Citi, if a particular country's economic situation deteriorates below a certain level, which could negatively impact Citi's earnings, perhaps significantly. Citi's businesses, results of operations and financial condition could also be negatively impacted due to a decline in general global economic conditions as a result of the ongoing Eurozone crises, particularly given its global footprint and strategy. In addition to the uncertainties and potential impacts described above, the ongoing Eurozone crisis and/or partial or complete break-up of the EMU could cause, among other things, severe disruption to global equity markets, significant increases in bond yields generally, potential failure or default of financial institutions (including those of systemic importance), a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession.

While Citi endeavors to mitigate its credit and other exposures related to the Eurozone, the potential outcomes and impact of those outcomes resulting from the Eurozone crisis are highly uncertain and will ultimately be based on the specific facts and circumstances. As a result, there can be no assurance that the various steps Citi has taken to protect its businesses, results of operations and financial condition against these events will be sufficient. In addition, there could be negative impacts to Citi's businesses, results of operations or financial condition that are currently unknown to Citi and thus cannot be mitigated as part of its ongoing contingency planning.

The Continued Uncertainty Relating to the Sustainability and Pace of Economic Recovery in the U.S. and Globally Could Have a Negative Impact on Citi's Businesses and Results of Operations. Moreover, Any Significant Global Economic Downturn or Disruption, Including a Significant Decline in Global Trade Volumes, Could Materially and Adversely Impact Citi's Businesses, Results of Operations and Financial Condition.

Like other financial institutions, Citi's businesses have been, and could continue to be, negatively impacted by the uncertainty surrounding the sustainability and pace of economic recovery in the U.S. as well as globally. This continued uncertainty has impacted, and could continue to impact, the results of operations in, and growth of, Citi's businesses. Among other impacts, continued economic concerns can negatively affect Citi's ICG businesses, as clients cut back on trading and other business activities, as well as its Consumer businesses, including its credit card and mortgage businesses, as continued high levels of unemployment can impact payment and thus delinquency and loss rates. Fiscal and monetary actions taken by U.S. and non-U.S. government and regulatory authorities to spur economic growth or otherwise, such as by maintaining a low interest rate environment, can also have an impact on Citi's businesses and results of operations. For example, actions by the Federal Reserve Board can impact Citi's cost of funds for lending, investing and capital raising activities and the returns it earns on those loans and investments, both of which affect Citi's net interest margin. Moreover, if a severe global economic downturn or other major economic disruption were to occur, including a significant decline in global trade volumes, Citi would likely experience substantial loan and other losses and be required to significantly increase its loan loss reserves, among other impacts. A global trade disruption that results in a permanently reduced level of trade volumes and increased costs of global trade, whether as a result of a prolonged "trade war" or some other reason, could significantly impact trade financing activities, certain trade dependent economies (such as the emerging markets in Asia) as well as certain industries heavily dependent on trade, among other things. Given Citi's global strategy and focus on the emerging markets, such a downturn and decrease in global trade volumes could materially and adversely impact Citi's businesses, results of operation and financial condition, particularly as compared to its competitors. This could include, among other things, a potential that any such losses would not be tax benefitted, given the current environment.

Concerns About the Level of U.S. Government Debt and a Downgrade (or a Further Downgrade) of the U.S. Government Credit Rating Could Negatively Impact Citi's Businesses, Results of Operations, Capital, Funding and Liquidity.

Concerns about the level of U.S. government debt and uncertainty relating to fiscal actions that may be taken to address these and related issues have, and could continue to, adversely affect Citi. In 2011, Standard & Poor's loweredits long-term sovereign credit rating on the U.S. government from AAA to AA+, and Moody's and Fitch both placed such rating on negative outlook.

Risk factors (continued)

Market and economic risks (continued)

According to the credit rating agencies, these actions resulted from the high level of U.S. government debt and the continued inability of Congress to reach an agreement to ensure payment of U.S. government debt and reduce the U.S. debt level. Among other things, a future downgrade (or further downgrade) of U.S. debt obligations or U.S. government-related obligations, or concerns that such a downgrade might occur, could negatively affect Citi's ability to obtain funding collateralized by such obligations and the pricing of such funding as well as the pricing or availability of Citi's funding as a U.S. financial institution. Any further downgrade could also have a negative impact on financial markets and economic conditions generally and, as a result, could have a negative impact on Citi's businesses, results of operations, capital, funding and liquidity.

Citi's Extensive Global Network Subjects It to Various International and Emerging Markets Risks as well as Increased Compliance and Regulatory Risks and Costs.
During 2012, international revenues accounted for approximately 57% of Citi's total revenues. In addition, revenues from the emerging markets (which Citi generally defines as the markets in Asia (other than Japan, Australia and New Zealand), the Middle East, Africa and central and eastern European countries in EMEA and the markets in Latin America) accounted for approximately 44% of Citi's total revenues in 2012. Citi's extensive global network subjects it to a number of risks associated with international and emerging markets, including, among others, sovereign volatility, political events, foreign exchange controls, limitations on foreign investment, socio-political instability, nationalization, closure of branches or subsidiaries and confiscation of assets. For example, Citi operates in several countries, such as Argentina and Venezuela, with strict foreign exchange controls that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside the country. In such cases, Citi could be exposed to a risk of loss in the event that the local currency devalues as compared to the U.S. dollar. There have also been instances of political turmoil and other instability in some of the countries in which Citi operates, including in certain countries in the Middle East and Africa, to which Citi has responded by transferring assets and relocating staff members to more stable jurisdictions. Similar incidents in the future could place Citi's staff and operations in danger and may result in financial losses, some significant, including nationalization of Citi's assets.

Additionally, given its global focus, Citi could be disproportionately impacted as compared to its competitors by an economic downturn in the international and/or emerging markets, whether resulting from economic conditions within these markets, the ripple effect of the ongoing Eurozone crisis, the global economy generally or otherwise. If a particular country's economic situation were to deteriorate below a certain level, U.S. regulators could impose mandatory loan loss and other reserve requirements on Citi, which could negatively impact its earnings, perhaps significantly. In addition, countries such as China, Brazil and India, each of which are part of Citi's emerging markets strategy, have recently experienced uncertainty over the pace and extent of future economic growth. Lower or negative growth in these or other emerging market economies could make execution of Citi's global strategy more challenging and could adversely affect Citi's results of operations.

Citi's extensive global operations also increase its compliance and regulatory risks and costs. For example, Citi's operations in emerging markets subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as anti-money-laundering regulations and the Foreign Corrupt Practices Act, which can be more acute in less developed markets and thus require substantial investment in compliance infrastructure. Any failure by Citi to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi's earnings and its general reputation. Further, Citi provides a wide range of financial products and services to the U.S. and other governments, to multi-national corporations and other businesses, and to prominent individuals and families around the world. The actions of these clients involving the use of Citi products or services could result in an adverse impact on Citi, including adverse regulatory and reputational impact.

Liquidity risks

The Maintenance of Adequate Liquidity Depends on Numerous Factors, Including Those Outside of Citi's Control such as Market Disruptions and Increases in Citi's Credit Spreads.
As a global financial institution, adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets or negative perceptions about the financial services industry in general, or negative investor perceptions of Citi's liquidity, financial position or creditworthiness in particular.

Risk factors (continued)

Liquidity risks (continued)

Market perception of sovereign default risks, including those arising from the ongoing Eurozone debt crisis, can also lead to inefficient money markets and capital markets, which could further impact Citi's availability and cost of funding.

In addition, Citi's cost and ability to obtain deposits, secured funding and long-term unsecured funding from the credit and capital markets are directly related to its credit spreads. Changes in credit spreads constantly occur and are market-driven, including both external market factors and factors specific to Citi, and can be highly volatile. Citi's credit spreads may also be influenced by movements in the costs to purchasers of credit default swaps referenced to Citi's long-term debt, which are also impacted by these external and Citi-specific factors. Moreover, Citi's ability to obtain funding may be impaired if other market participants are seeking to access the markets at the same time, or if market appetite is reduced, as is likely to occur in a liquidity or other market crisis. In addition, clearing organizations, regulators, clients and financial institutions with which Citi interacts may exercise the right to require additional collateral based on these market perceptions or market conditions, which could further impair Citi's access to and cost of funding. As a holding company, Citigroup relies on dividends, distributions and other payments from its subsidiaries to fund dividends as well as to satisfy its debt and other obligations. Several of Citigroup's subsidiaries are subject to capital adequacy or other regulatory or contractual restrictions on their ability to provide such payments. Limitations on the payments that Citigroup receives from its subsidiaries could also impact its liquidity.

The Credit Rating Agencies Continuously Review the Ratings of Citi and Certain of Its Subsidiaries, and Reductions in Citi's or Its More Significant Subsidiaries' Credit Ratings Could Have a Negative Impact on Citi's Funding and Liquidity Due to Reduced Funding Capacity, Including Derivatives Triggers That Could Require Cash Obligations or Collateral Requirements.
The credit rating agencies, such as Fitch, Moody's and S&P, continuously evaluate Citi and certain of its subsidiaries, and their ratings of Citi's and its more significant subsidiaries' long-term/senior debt and short-term/ commercial paper, as applicable, are based on a number of factors, including financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as the agencies' proprietary rating agency methodologies and assumptions and conditions affecting the financial services industry and markets generally.

Citi and its subsidiaries may not be able to maintain their current respective ratings. A ratings downgrade by Fitch, Moody's or S&P could negatively impact Citi's ability to access the capital markets and other sources of funds as well as the costs of those funds, and its ability to maintain certain deposits. A ratings downgrade could also have a negative impact on Citi's funding and liquidity due to reduced funding capacity, including derivative triggers, which could take the form of cash obligations and collateral requirements.

In addition, a ratings downgrade could also have a negative impact on other funding sources, such as secured financing and other margined transactions for which there are no explicit triggers, as well as on contractual provisions which contain minimum ratings thresholds in order for Citi to hold third-party funds.

Moreover, credit ratings downgrades can have impacts which may not be currently known to Citi or which are not possible to quantify. For example, some entities may have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. In addition, certain of Citi's corporate customers and trading counterparties, among other clients, could re-evaluate their business relationships with Citi and limit the trading of certain contracts or market instruments with Citi in response to ratings downgrades. Changes in customer and counterparty behavior could impact not only Citi's funding and liquidity but also the results of operations of certain Citi businesses.

Legal Risks

Citi Is Subject to Extensive Legal and Regulatory Proceedings, Investigations, and Inquiries That Could Result in Substantial Losses. These Matters Are Often Highly Complex and Slow to Develop, and Results Are Difficult to Predict or Estimate.
At any given time, Citi is defending a significant number of legal and regulatory proceedings and is subject to numerous governmental and regulatory examinations, investigations and other inquiries. These proceedings, examinations, investigations and inquiries could result, individually or collectively, in substantial losses. In the wake of the financial crisis of 2007–2009, the frequency with which such proceedings, investigations and inquiries are initiated, and the severity of the remedies sought, have increased substantially, and the global judicial,

Risk factors (continued)

Legal Risks (continued)

regulatory and political environment has generally become more hostile to large financial institutions such as Citi. Many of the proceedings, investigations and inquiries involving Citi relating to events before or during the financial crisis have not yet been resolved, and additional proceedings, investigations and inquiries relating to such events may still be commenced. In addition, heightened expectations by regulators and other enforcement authorities for strict compliance could also lead to more regulatory and other enforcement proceedings seeking greater sanctions for financial institutions such as Citi.

For example, Citi is currently subject to extensive legal and regulatory inquiries, actions and investigations relating to its historical mortgagerelated activities, including claims regarding the accuracy of offering documents for residential mortgage-backed securities and alleged breaches of representation and warranties relating to the sale of mortgage loans or the placement of mortgage loans into securitization trusts. Citi is also subject to extensive legal and regulatory inquiries, actions and investigations relating to, among other things, submissions made by Citi and other panel banks to bodies that publish various interbank offered rates, such as the London Inter-Bank Offered Rate (LIBOR), or other rates or benchmarks. Like other banks with operations in the U.S., Citi is also subject to continuing oversight by the OCC and other bank regulators, and inquiries and investigations by other governmental and regulatory authorities, with respect to its anti-money laundering program. Other banks subject to similar or the same inquiries, actions or investigations have incurred substantial liability in relation to their activities in these areas, including in a few cases criminal convictions or deferred prosecution agreements respecting corporate entities as well as substantial fines and penalties.

Moreover, regulatory changes resulting from the Dodd-Frank Act and other recent regulatory changes—such as the limitations on federal preemption in the consumer arena, the creation of the Consumer Financial Protection Bureau with its own examination and enforcement authority and the "whistle-blower" provisions of the Dodd-Frank Act—could further increase the number of legal and regulatory proceedings against Citi. In addition, while Citi takes numerous steps to prevent and detect employee misconduct, such as fraud, employee misconduct cannot always be deterred or prevented and could subject Citi to additional liability.

All of these inquiries, actions and investigations have resulted in, and will continue to result in, significant time, expense and diversion of management's attention. In addition, proceedings brought against Citi may result in adverse judgments, settlements, fines, penalties, restitution, disgorgement, injunctions, business improvement orders or other results adverse to it, which could materially and negatively affect Citi's businesses, financial condition or results of operations, require material changes in Citi's operations, or cause Citi reputational harm. Moreover, many large claims asserted against Citi are highly complex and slow to develop, and they may involve novel or untested legal theories.

The outcome of such proceedings is difficult to predict or estimate until late in the proceedings, which may last several years. In addition, certain settlements are subject to court approval and may not be approved. Although Citi establishes accruals for its legal and regulatory matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued.

Business and operational risks

Citi May Be Unable to Reduce Its Level of Expenses as It Expects, and Investments in Its Businesses May Not Be Productive.
Citi continues to pursue a disciplined expense-management strategy, including re-engineering, restructuring operations and improving the efficiency of functions. In December 2012, Citi announced a series of repositioning actions designed to further reduce its expenses and improve its efficiency. However, there is no guarantee that Citi will be able to reduce its level of expenses, whether as a result of the recently-announced repositioning actions or otherwise, in the future. Citi's ultimate expense levels also depend, in part, on factors outside of its control. For example, as a result of the extensive legal and regulatory proceedings and inquiries to which Citi is subject, Citi's legal and related costs remain elevated, have been, and are likely to continue to be, subject to volatility and are difficult to predict. In addition, expenses incurred in Citi's foreign entities are subject to foreign exchange volatility. Further, Citi's ability to continue to reduce its expenses as a result of the wind-down of Citi Holdings will also decline as Citi Holdings represents a smaller overall portion of Citigroup. Moreover, investments Citi has made in its businesses, or may make in the future, may not be as productive as Citi expects or at all.

Risk factors (continued)

Business and operational risks (continued)

Citi's Operational Systems and Networks Have Been, and Will Continue to Be, Subject to an Increasing Risk of Continually Evolving Cybersecurity or Other Technological Risks, Which Could Result in the Disclosure of Confidential Client or Customer Information, Damage to Citi's Reputation, Additional Costs to Citi, Regulatory Penalties and Financial Losses.

A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. For example, through its global consumer banking, credit card and Transaction Services businesses, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. With the evolving proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, large, global financial institutions such as Citi have been, and will continue to be, subject to an increasing risk of cyber incidents from these activities.

Although Citi devotes significant resources to maintain and regularly upgrade its systems and networks with measures such as intrusion and detection prevention systems and monitoring firewalls to safeguard critical business applications, there is no guarantee that these measures or any other measures can provide absolute security. Citi's computer systems, software and networks are subject to ongoing cyber incidents such as unauthorized access; loss or destruction of data (including confidential client information); account takeovers; unavailability of service; computer viruses or other malicious code; cyber attacks; and other events. These threats may derive from human error, fraud or malice on the part of employees or third parties, or may result from accidental technological failure. Additional challenges are posed by external extremist parties, including foreign state actors, in some circumstances as a means to promote political ends. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to Citi's reputation with its clients and the market, customer dissatisfaction, additional costs to Citi (such as repairing systems or adding new personnel or protection technologies), regulatory penalties, exposure to litigation and other financial losses to both Citi and its clients and customers. Such events could also cause interruptions or malfunctions in the operations of Citi (such as the lack of availability of Citi's online banking system), as well as the operations of its clients, customers or other third parties. Given Citi's global footprint and high volume of transactions processed by Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

Citi has been subject to intentional cyber incidents from external sources, including (i) denial of service attacks, which attempted to interrupt service to clients and customers; (ii) data breaches, which aimed to obtain unauthorized access to customer account data; and (iii) malicious software attacks on client systems, which attempted to allow unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data. For example, in 2012 Citi and other U.S. financial institutions experienced distributed denial of service attacks which were intended to disrupt consumer online banking services.

While Citi's monitoring and protection services were able to detect and respond to these incidents before they became significant, they still resulted in certain limited losses in some instances as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such cyber incidents will not occur again, and they could occur more frequently and on a more significant scale. In addition, because the methods used to cause cyber attacks change frequently or, in some cases, are not recognized until launched, Citi may be unable to implement effective preventive measures or proactively address these methods.

Third parties with which Citi does business may also be sources of cybersecurity or other technological risks. Citi outsources certain functions, such as processing customer credit card transactions, uploading content on customer-facing websites, and developing software for new products and services. These relationships allow for the storage and processing of customer information, by third party hosting of or access to Citi websites, which could result in service disruptions or website defacements, and the potential to introduce vulnerable code, resulting in security breaches impacting Citi customers. While Citi engages in certain actions to reduce the exposure resulting from outsourcing, such as performing onsite security control assessments, limiting third-party access to the least privileged level necessary to perform job functions, and restricting third-party processing to systems stored within Citi's data centers, ongoing threats may result in unauthorized access, loss or destruction of data or other cyber incidents with increased costs and consequences to Citi such as those discussed above. Furthermore, because financial institutions are becoming increasingly interconnected with central agents, exchanges and clearing houses, including through the derivatives provisions of the Dodd-Frank Act, Citi has increased exposure to operational failure or cyber attacks through third parties.

Risk factors (continued)

Business and operational risks (continued)

While Citi maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Citi's Performance and the Performance of Its Individual Businesses Could Be Negatively Impacted If Citi Is Not Able to Hire and Retain Qualified Employees for Any Reason.
Citi's performance and the performance of its individual businesses is largely dependent on the talents and efforts of highly skilled employees. Specifically, Citi's continued ability to compete in its businesses, to manage its businesses effectively and to continue to execute its overall global strategy depends on its ability to attract new employees and to retain and motivate its existing employees. Citi's ability to attract and retain employees depends on numerous factors, including without limitation, its culture, compensation, the management and leadership of the company as well as its individual businesses, Citi's presence in the particular market or region at issue and the professional opportunities it offers. The banking industry has and may continue to experience more stringent regulation of employee compensation, including limitations relating to incentive-based compensation, clawback requirements and special taxation. Moreover, given its continued focus on the emerging markets, Citi is often competing for qualified employees in these markets with entities that have a significantly greater presence in the region or are not subject to significant regulatory restrictions on the structure of incentive compensation. If Citi is unable to continue to attract and retain qualified employees for any reason, Citi's performance, including its competitive position, the successful execution of its overall strategy and its results of operations could be negatively impacted.

Incorrect Assumptions or Estimates in Citi's Financial Statements Could Cause Significant Unexpected Losses in the Future, and Changes to Financial Accounting and Reporting Standards Could Have a Material Impact on How Citi Records and Reports Its Financial Condition and Results of Operations.
Citi is required to use certain assumptions and estimates in preparing its financial statements under U.S. GAAP, including determining credit loss reserves, reserves related to litigation and regulatory exposures and mortgage representation and warranty claims, DTAs and the fair value of certain assets and liabilities, among other items. If Citi's assumptions or estimates underlying its financial statements are incorrect, Citi could experience unexpected losses, some of which could be significant.

Moreover, the Financial Accounting Standards Board (FASB) is currently reviewing or proposing changes to several financial accounting and reporting standards that govern key aspects of Citi's financial statements, including those areas where Citi is required to make assumptions or estimates.

For example, the FASB's financial instruments project could, among other things, significantly change how Citi determines the impairment on financial instruments and accounts for hedges. The FASB has also proposed a new accounting model intended to require earlier recognition of credit losses. The accounting model would require a single "expected credit loss" measurement objective for the recognition of credit losses for all financial instruments, replacing the multiple existing impairment models in U.S. GAAP, which generally require that a loss be "incurred" before it is recognized.

As a result of changes to financial accounting or reporting standards, whether promulgated or required by the FASB or other regulators, Citi could be required to change certain of the assumptions or estimates it previously used in preparing its financial statements, which could negatively impact how it records and reports its financial condition and results of operations generally. In addition, the FASB continues its convergence project with the International Accounting Standards Board (IASB) pursuant to which U.S. GAAP and International Financial Reporting Standards (IFRS) may be converged. Any transition to IFRS could further have a material impact on how Citi records and reports its financial results.

Risk factors (continued)

Business and operational risks (continued)

Changes Could Occur in the Method for Determining LIBOR and It Is Unclear How Any Such Changes Could Affect the Value of Debt Securities and Other Financial Obligations Held or Issued by Citi That Are Linked to LIBOR, or How Such Changes Could Affect Citi's Results of Operations or Financial Condition.
As a result of concerns about the accuracy of the calculation of the daily LIBOR, which is currently overseen by the British Bankers' Association (BBA), the BBA has taken steps to change the process for determining LIBOR by increasing the number of banks surveyed to set LIBOR and to strengthen the oversight of the process. In addition, recommendations relating to the setting and administration of LIBOR were put forth in September 2012, and the U.K. government has announced that it intends to incorporate these recommendations in new legislation.

It is uncertain what changes, if any, may be required or made by the U.K. government or other governmental or regulatory authorities in the method for determining LIBOR. Accordingly, it is not certain whether or to what extent any such changes could have an adverse impact on the value of any LIBOR-linked debt securities issued by Citi, or any loans, derivatives and other financial obligations or extensions of credit for which Citi is an obligor. It is also not certain whether or to what extent any such changes would have an adverse impact on the value of any LIBOR-linked securities, loans, derivatives and other financial obligations or extensions of credit held by or due to Citi or on Citi's overall financial condition or results of operations.

Citi May Incur Significant Losses If Its Risk Management Processes and Strategies Are Ineffective, and Concentration of Risk Increases the Potential for Such Losses.
Citi's independent risk management organization is structured so as to facilitate the management of the principal risks Citi assumes in conducting its activities—credit risk, market risk and operational risk—across three dimensions: businesses, regions and critical products. Credit risk is the potential for financial loss resulting from the failure of a borrower or counterparty to honor its financial or contractual obligations. Market risk encompasses both liquidity risk and price risk. Price risk losses arise from fluctuations in the market value of trading and non-trading positions resulting from changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices and in their implied volatilities. Operational risk is the risk for loss resulting from inadequate or failed internal processes, systems or human factors, or from external events, and includes reputation and franchise risk associated with business practices or market conduct in which Citi is involved. Managing these risks is made especially challenging within a global and complex financial institution such as Citi, particularly given the complex and diverse financial markets and rapidly evolving market conditions in which Citi operates.

Citi employs a broad and diversified set of risk management and mitigation processes and strategies, including the use of various risk models, in analyzing and monitoring these and other risk categories. However, these models, processes and strategies are inherently limited because they involve techniques, including the use of historical data in some circumstances, and judgments that cannot anticipate every economic and financial outcome in the markets in which it operates nor can it anticipate the specifics and timing of such outcomes. Citi could incur significant losses if its risk management processes, strategies or models are ineffective in properly anticipating or managing these risks.

In addition, concentrations of risk, particularly credit and market risk, can further increase the risk of significant losses. At December 31, 2012, Citi's most significant concentration of credit risk was with the U.S. government and its agencies, which primarily results from trading assets and investments issued by the U.S. government and its agencies. Citi also routinely executes a high volume of securities, trading, derivative and foreign exchange transactions with counterparties in the financial services sector, including banks, other financial institutions, insurance companies, investment banks and government and central banks. To the extent regulatory or market developments lead to an increased centralization of trading activity through particular clearing houses, central agents or exchanges, this could increase Citi's concentration of risk in this sector. Concentrations of risk can limit, and have limited, the effectiveness of Citi's hedging strategies and have caused Citi to incur significant losses, and they may do so again in the future.

Redenomination and devaluation risk

As referenced above in the 10K risk factors, the ongoing Eurozone debt crisis and other developments in the European Monetary Union (EMU) could lead to the withdrawal of one or more countries from the EMU or a partial or complete break-up of the EMU. See also "Risk Factors—Market and Economic Risks" on page 8-9. If one or more countries were to leave the EMU, certain obligations relating to the exiting country could be redenominated from the Euro to a new country currency. While alternative scenarios could develop, redenomination could be accompanied by immediate devaluation of the new currency as compared to the Euro and the U.S. dollar.

The Company, like other financial institutions with substantial operations in the EMU, is exposed to potential redenomination and devaluation risks arising from (i) Euro-denominated assets and/or liabilities located or held within the exiting country that are governed by local country law ("local exposures"), as well as (ii) other Euro-denominated assets and liabilities, such as loans, securitized products or derivatives, between entities outside of the exiting country and a client within the country that are governed by local country law ("offshore exposures"). However, the actual assets and liabilities that could be subject to redenomination and devaluation risk are subject to substantial legal and other uncertainty.

The Company has been, and will continue to be, engaged in contingency planning for such events, particularly with respect to Greece, Ireland, Italy, Portugal and Spain ("GIIPS"). Generally, to the extent that the Company's local and offshore assets are approximately equal to its liabilities within the exiting country, and assuming both assets and liabilities are symmetrically redenominated and devalued, the Company believes that its risk of loss as a result of a redenomination and devaluation event would not be material. However, to the extent its local and offshore assets and liabilities are not equal, or there is asymmetrical redenomination of assets versus liabilities, the Company could be exposed to losses in the event of a redenomination and devaluation. Moreover, a number of events that could accompany a redenomination and devaluation, including a drawdown of unfunded commitments or "deposit flight," could exacerbate any mismatch of assets and liabilities within the exiting country.

The Company's redenomination and devaluation exposures to the GIIPS as at 31 December 2012 are not additive to its credit risk exposures to such countries. Rather, the Company's credit risk exposures in the affected country would generally be reduced to the extent of any redenomination and devaluation of assets. As at 31 December 2012, the Company estimates that it had net asset exposure subject to redenomination and devaluation in Italy and Spain, principally relating to net trading exposures. Redenomination and devaluation exposure in Greece, Ireland, and Portugal were not significant.

Any estimates of redenomination/devaluation exposure are subject to ongoing review and necessarily involve numerous assumptions, including which assets and liabilities would be subject to redenomination in any given case, the availability of purchased credit protection and the extent of any utilization of unfunded commitments. In addition, other events outside of the Company's control— such as the extent of any deposit flight and devaluation, the imposition of exchange and/or capital controls, or any required timing of functional currency changes and the accounting impact thereof —could further negatively impact the Company in such an event. Accordingly, in an actual redenomination and devaluation scenario, the Company's exposures could vary considerably based on the specific facts and circumstances

Any estimates of redenomination/devaluation exposure are subject to ongoing review and necessarily involve numerous assumptions, including which assets and liabilities would be subject to redenomination in any given case, the availability of purchased credit protection and the extent of any utilization of unfunded commitments, each as referenced above. In addition, other events outside of the Company's control— such as the extent of any deposit flight and devaluation, the imposition of exchange and/or capital controls, or any required timing of functional currency changes and the accounting impact thereof —could further negatively impact the Company in such an event. Accordingly, in an actual redenomination and devaluation scenario, the Company's exposures could vary considerably based on the specific facts and circumstances.

Financial instruments

The financial risk management objectives and policies and the exposure to market, credit, operational, liquidity and country risk of the Company have been disclosed in Note 28 'Financial instruments and risk management'.

DIRECTORS' REPORT
for the year ended 31 December 2012

Dividends

During the year the Company paid dividends totalling \$nil (2011: \$nil).

Directors and their interests

The Directors who held office during the year ended 31 December 2012 were:

J P Asquith	(appointed 31 October 2012)
J D K Bardrick	(resigned 8 August 2012)
D J Challen	
M L Corbat	(resigned 19 November 2012)
J C Cowles	
S H Dean	(appointed 26 April 2012)
M Falco	(resigned 22 August 2012)
P McCarthy	(appointed 16 May 2012)
D L Taylor	

Directors' indemnity

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

CITIGROUP GLOBAL MARKETS LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2012

Employment of disabled people

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers within the Company. Opportunities for training, career development and promotion of disabled persons are, as far as possible, identical to those available to other employees who are not disabled.

Suppliers

It is the Company's policy to ensure that suppliers are paid within 60 days of invoice date or as may be otherwise agreed between the Company and the respective supplier. Otherwise, the Company does not follow any code or standard on payment practice.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed by written communications and meetings on matters affecting them as employees and on the various factors affecting the business.

Charitable donations and political contributions

During the year the Company made charitable donations of $234,381 (2011: $724,746). No political contributions were made during the year (2011: $nil).

Disclosure of information to auditors

In accordance with section 418, Companies Act 2006 it is stated by the Directors who held office at the date of approval of this Directors' Report that, so far as each is aware, there is no relevant audit information of which the Company's Auditors are unaware; and each Director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information. This statement is made subject to all the provisions of section 418.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board

J D Robson

J D Robson
Secretary

3 April 2013

Incorporated in England and Wales
Registered office: Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB
Registered Number: 01763297

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIGROUP GLOBAL MARKETS LIMITED

We have audited the financial statements of Citigroup Global Markets Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholder's funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 17, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express our opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its losses for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

R. Faulkner

Richard Faulkner (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

3 April 2013

CITIGROUP GLOBAL MARKETS LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Commission income and fees	**4**	1,517	2,090
Net dealing income		1,313	1,127
Interest receivable	**5**	1,282	1,338
Interest payable	**5**	(1,345)	(1,634)
Gross profit		2,767	2,921
Operating expenses	**7**	(3,125)	(3,255)
Other finance expense	**8**	(9)	(3)
Other income / (expense)		54	(1)
Operating loss ordinary activities before taxation		(313)	(338)
Tax on losses on ordinary activities	**11(a)**	(38)	(20)
Loss for the financial year		(351)	(358)

The accompanying notes on pages 23 to 66 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Loss for the financial year		(351)	(358)
Net movement in STRGL in respect of the pension scheme	8	(75)	(50)
Total recognised loss for the financial year		(426)	(408)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS
for the year ended 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Loss for the financial year		(351)	(358)
Capital Contribution	27	284	503
Share based payment transactions	9	(154)	231
Other recognised gains and losses relating to the year (net)		(75)	(50)
Opening shareholder's funds		10,415	10,089
Closing shareholder's funds		10,119	10,415

The accompanying notes on pages 23 to 66 form an integral part of these financial statements.

CITIGROUP GLOBAL MARKETS LIMITED

BALANCE SHEET
as at 31 December 2012

	Notes	2012 $ Million	2011 $ Million
Fixed assets			
Tangible fixed assets	**12**	211	202
Fixed Asset Investments	**13**	36	26
		247	228
Current assets			
Debtors	**15**	126,874	132,063
Investments	**17**	134,862	170,393
Cash at bank and in hand	**19**	3,517	3,714
		265,253	306,170
Creditors: amounts falling due within one year			
Creditors	**21**	249,496	285,755
Subordinated loans	**24**	-	5,980
		249,496	291,735
Net current assets		15,757	14,435
Total assets, less current liabilities		16,004	14,663
Creditors: amounts falling due after more than one year			
Creditors	**21**	254	41
Subordinated loans	**24**	5,700	4,200
		5,954	4,241
Provisions for liabilities	**25**	42	112
Net assets excluding net pension asset		10,008	10,310
Net pension asset	**8**	111	105
Net assets		10,119	10,415
Capital and reserves			
Called up share capital	**26**	1,500	1,500
Capital reserve	**27**	6,989	6,705
Profit and loss account	**27**	1,630	2,210
Shareholder's funds		10,119	10,415

The accompanying notes on pages 23 to 66 form an integral part of these financial statements.

The financial statements on pages 20 to 66 were approved by the Directors on 3 April 2013 and were signed on their behalf by:

J C Cowles
Director

Registered Number: 01763297

1. Principal accounting policies

(a) Basis of presentation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the following exceptions:

- derivative and trading financial instruments are measured at fair value; and
- financial instruments designated at fair value through profit or loss are measured at fair value.

The financial statements have been prepared on a going concern basis taking into account the ultimate reliance on support from the Company's parent. The risks and uncertainties identified by the parent group, which lead to the Company's reliance on parental support are discussed further in the Directors' Report on pages 2 to 18. Taking these risk factors into account the Directors acknowledge and accept the intent and ability of Citigroup to provide support to the Company if required and consequently present these financial statements on a going concern basis.

The principal accounting policies have been applied consistently throughout the current and preceding year except for the following standards that have been adopted for the first time:

- The Company has applied the amendments to FRS 29 (IFRS 7) 'Financial Instruments: Disclosures' - transfers of financial assets. The amendment enhances the disclosure requirements on transfers of financial assets that are derecognised in their entirety' and financial assets that are not derecognised in their entirety but for which the entity retains continuing involvement. The effective date is for annual periods beginning on or after 1 July 2011. This has been incorporated in the Notes to the financial statements within Note 22 Derecognition of financial assets and financial liabilities.

During 2012 the Financial Reporting Council (FRC) revised the financial reporting standards for the United Kingdom and Republic of Ireland. This revision fundamentally reforms financial reporting, replacing almost all extant standards with three Financial Reporting Standards which is effective for periods beginning on or after 1 January 2015.

- FRS 100 'Application of Financial Reporting Requirements sets out a new financial reporting regime explaining which standards apply to which entity and when an entity can apply the reduced disclosure framework.
- FRS 101 'Reduced Disclosure Framework' sets out the disclosure exemptions for the individual financial statements of subsidiaries, including intermediate parents, and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards (IFRS).
- FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' will complete the new reporting standards. The current expected date for issuing is 2013.

The Company is currently assessing the impact of the FRC revision of the financial reporting standards effective 1 January 2015.

The financial statements have been prepared in US Dollars, which is the functional currency of the Company, and any reference to $ in these financial statements refers to US Dollars.

As permitted under section 400 of the Companies Act 2006, consolidated financial statements have not been prepared because the Company is a wholly owned subsidiary of Citigroup Global Markets Europe Limited ("CGMEL") which prepares annual consolidated financial statements and is incorporated and registered in England and Wales.

Under the wholly owned group exemption of FRS 8, 'Related Party Disclosures', the Company is not required to disclose all transactions with other group companies and investees of the group qualifying as related parties.

1. Principal accounting policies (continued)

(b) Financial instruments

Trading assets and trading liabilities
Financial instruments that have been acquired principally for the purpose of selling in the near term, or form part of a portfolio of financial instruments that are managed together and for which there is evidence of short term profit taking are classified as “held for trading”. Financial assets classified as “held for trading” include collateralized financing transactions, government bonds, eurobonds and other corporate bonds, equities, certificates of deposit, commercial paper and derivatives. Financial liabilities classified as “held for trading” include securities sold but not yet purchased, collateralized financing transactions and derivatives.

Trading assets and liabilities are initially recognised at fair value on trade date and subsequently re-measured at fair value. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

Derivative contracts
Derivative contracts used in trading activities are recognised at fair value on the date the derivative is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

Repurchase and resale agreements
Repurchase and resale agreements are treated as collateralized financing transactions. Securities which have been sold with an agreement to repurchase continue to be shown on the balance sheet and the sale proceeds are recorded as a collateralized financing transaction within creditors. Securities acquired in purchase and resale transactions are not recognised in the balance sheet and the purchase is recorded as a collateralized financing transaction within debtors. The difference between the sale price and the repurchase price is recognised over the life of the transaction and is charged or credited to the profit and loss account as interest payable or receivable. Assets and liabilities recognised under collateralized financing transactions are classified as “held for trading” and are recorded at fair value, with changes in fair value recorded in the profit and loss account.

Financial assets designated at fair value
Financial instruments, other than those held for trading, are classified into fair value through profit and loss when they meet one or more of the criteria set out below, and are so designated by management. The Company may designate financial instruments at fair value when this will:

- eliminate or significantly reduce valuation or recognition inconsistencies that would otherwise arise from measuring financial assets or financial liabilities, or recognising gains and losses on them, on different bases;
- apply to groups of financial assets thereof that are managed and their performance evaluated, on a fair value basis in accordance with a documented risk management or investment strategy, and where information about groups of financial instruments is reported to management on that basis; and
- relate to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments.

The fair value designation, once made, is irrevocable. Designated financial instruments are initially recognised at fair value on trade date and subsequently re-measured at fair value. Gains and losses realised on disposal or redemption and unrealised gains and losses from changes in fair value are reported in the profit and loss account.

The Company has elected to apply the fair value option to certain corporate bonds on the basis that such bonds are part of a portfolio that is managed and evaluated on a fair value basis.

Other financial assets
Financial assets other than those which are classified as “held for trading” or “designated at fair value through profit and loss”, are classified as loans and receivables. Loans and receivables include trade debtors, including settlement receivables, and are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortised cost using the effective interest rate method.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

Other financial assets also include a small amount of investments in subsidiaries and unquoted equity investments whose fair value cannot be reliably determined and therefore are carried at cost.

At each reporting date the Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the debtor or other observable data such as adverse changes in the payment status of debtors, or economic conditions that correlate with defaults of the debtor.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The Company writes off loans and receivables and fixed asset investments when they are determined to be uncollectible.

Other financial liabilities and subordinated loans
Financial liabilities and subordinated loans are measured at amortised cost using the effective interest rate, except those which are "held for trading", which are held at fair value through the profit and loss account.

Determination of fair value
Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. See Note 14 -'Financial assets and liabilities accounting classifications and fair values' for further discussion.

Collateral
The Company receives collateral from customers as part of its business activity. Collateral can take the form of cash, securities or other assets. Where cash collateral (client money) is received this is recorded on the balance sheet and, where required by collateral agreements, is held in segregated client cash accounts. The Company does not recognise non-cash collateral on its balance sheet.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and financial liabilities
Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Company has transferred its contractual right to receive the cash flows of the financial assets and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

If the Company enters into a transaction that results in it retaining significantly all of the risks and rewards of a financial asset it will continue to recognise that financial asset and will recognise a financial liability equal to the consideration received under the transaction.

1. Principal accounting policies (continued)

(b) Financial instruments (continued)

In transactions in which the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

(c) Physical commodities

Physical commodities inventory is carried at the lower of cost or market (LOCOM) with related gains or losses reported in Net dealing income. Realized gains and losses on sales of commodities inventory are included in Net dealing income.

(d) Commission income and fees

Commission revenues and expenses are recognised when the right to consideration has been obtained in exchange for performance.

(e) Interest receivable and payable

Interest income and expense is recognised in the profit and loss account for all financial assets classified as loans and receivables and non-trading financial liabilities, using the effective interest rate method.

Interest arising on financial assets or financial liabilities that are “held for trading” or “designated at fair value” is reported within interest income and expense respectively.

(f) Net dealing income

Net dealing income comprises gains and losses related to trading assets, trading liabilities and financial assets designated at fair value and physical commodities, and includes all realised and unrealised fair value changes, dividends and foreign exchange differences.

(g) Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation. The cost of developed software includes directly attributable internal costs and the cost of external consultants. Depreciation is provided at rates calculated to write-off the cost, less the estimated residual value of each asset, on a straight-line basis over its expected economic useful life, as follows:

Premises improvements	-	lesser of the life of the lease or 10 years
Equipment	-	3 to 5 years
Capitalised software	-	5 to 10 years

At each reporting date the Company assesses whether there is any indication that tangible fixed assets are impaired.

(h) Shares in subsidiary undertakings

Fixed asset investments are stated at cost, less any write down for diminution in value regarded as permanent.

(i) Taxation

The charge for taxation is based on the taxable profits/losses for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

1. Principal accounting policies (continued)

(i) Taxation (continued)

Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes except as otherwise provided by FRS 19 on an undiscounted basis.

(j) Pension and other post retirement benefit costs

The Company operates both a defined benefit and defined contribution pension scheme.

The cost of the Company's defined contribution pension scheme is the amount of contributions payable in respect of the year. For defined benefit obligations, the current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. The post-retirement benefit surplus or deficit is included on the balance sheet, net of the related deferred tax. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. These include differences between the expected and actual return on scheme assets and differences which arise from experience and assumption changes.

(k) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars using the year end spot exchange rates. Non-monetary assets and liabilities denominated in currencies other than US Dollar that are classified as "held for trading" or "designated at fair value" are translated into US Dollars using the year end spot rate. Non-monetary assets and liabilities, denominated in currencies other than US Dollars that are not measured at fair value, have been translated at the relevant historical exchange rates. Any gains or losses on exchange are taken to the profit and loss account as incurred.

(l) Share-based incentive plans

The Company participates in a number of Citigroup Inc. ("Citigroup") share-based incentive plans under which Citigroup grants shares to the Company's employees. Pursuant to a separate Stock Plans Affiliate Participation Agreement ("SPAPA") the Company makes a cash settlement to Citigroup for the fair value of the share-based incentive awards delivered to the Company's employees under these plans.

The Company applies equity-settled accounting for its share based incentive plans, with separate accounting for its associated obligations to make payments to Citigroup Inc. The Company recognises the fair value of the awards at grant date as compensation expense over the vesting period with a corresponding credit in the equity reserve as a capital contribution from Citigroup Inc. All amounts paid to Citigroup Inc and the associated obligations are recognised in the equity reserve over the vesting period. Subsequent changes in the fair value of all unexercised awards and the SPAPA are reviewed annually and any changes in value are recognised in the equity reserve, again over the vesting period.

For Citigroup's share based incentive plans that have a graded vested period each "tranche" of the award is treated as a separate award, where a plan has a cliff vest the award only has a single "tranche". The expense is recognised as follows:

	% of expense recognised			
Vesting Period of Award	**Year 1**	**Year 2**	**Year 3**	**Year 4**
2 Years (2 Tranches)	75%	25%		
2 Years (1 Tranche)	50%	50%		
3 Years (3 Tranches)	61%	28%	11%	
3 years (1 Tranche)	33%	33%	33%	
4 Years (4 Tranches)	52%	27%	15%	6%
4 Years (1 Tranche)	25%	25%	25%	25%

1. Principal accounting policies (continued)

(l) Share-based incentive plans (continued)

However, employees who meet certain age plus years of service requirements (retirement eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. The cost of share based incentive plans are recognised over the requisite service period. For awards granted to retiree eligible employees, the services are provided prior to grant date, and subsequently the costs are accrued in the year prior to the grant date.

(m) Profit sharing plan

In October 2010, the Committee approved awards under the 2010 Key Employee Profit Sharing Plan (KEPSP) which may entitle participants to profit-sharing payments based on an initial performance measurement period of 1 January 2010 until 31 December 2012. Generally, if a participant remains employed and all other conditions to vesting and payment are satisfied, the participant will be entitled to an initial payment in 2013, as well as a holdback payment in 2014. The payment may be reduced based on performance during the subsequent holdback period (generally, January 1, 2013 through December 31, 2013). If the vesting and performance conditions are satisfied, a participant's initial payment will equal two-thirds of the product of the cumulative pretax income of Citicorp (as defined in the KEPSP) for the initial performance period and the participant's applicable percentage. The initial payment will be paid after 20 January 2013, but no later than 15 March 2013.

These have been accounted for on an accrual basis, the expense recognised in Employee remuneration.

2. Use of assumptions, estimates and judgements

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The accounting policies used in the preparation of the financial statements are described in detail above.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Valuation of financial instruments
The Company's accounting policy for valuation of financial instruments is included in Note 1(b). The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. To the extent practical, models use only observable data, where this is not possible management may be required to make estimates. Note 14 'Financial assets and liabilities accounting classifications and fair values' discusses further the valuation of financial instruments.

During 2011, the Company, in line with industry practice, began incorporating overnight indexed swap ("OIS") curves as fair value measurement inputs for the valuation of certain collateralized interest-rate related derivatives. The OIS curves reflect the interest rates paid on cash collateral provided against the fair value of these derivatives. The Company believes using relevant OIS curves as inputs to determine fair value measurements provides a more representative reflection of the fair value of these collateralized interest-rate related derivatives. Previously, the Company used the currency of the derivative (e.g., the US London Interbank Offered Rate curves for US dollar derivatives) as the discount rate for these collateralized interest-rate related derivatives.

Pension
The Company participates in nine locally operated defined benefit schemes. Defined benefit schemes are measured on an actuarial basis, with the key assumptions being inflation, discount rate, mortality, and investment returns. Return on assets is an average of expected returns weighted by asset class. Returns on investments in equity are based upon government bond yields with a premium to reflect an additional return expected on equity investments.

2. Use of assumptions, estimates and judgements (continued)

Mortality assumptions are based upon the relevant standard industry and national mortality tables. Discount rates are based on specific corporate bond indices which reflect the underlying yield curve of each scheme. Management judgement is required in estimating the rate of future salary growth. All assumptions are unbiased, mutually compatible and based upon market expectations at the reporting date.

Share-based incentive plans
Awards granted through Citigroup's Stock Option Program are measured by applying an option pricing model, taking into account the terms and conditions of the program. Analysis of past exercise behaviour, Citigroup's dividend history and historical volatility are inputs to the valuation model. Management judgement is required in estimating the forfeiture rate.

Credit value adjustment
The Company has a number of financial liabilities that are valued at fair value. Under FRS 26, the Company is required to consider its own credit risk in determining the fair value of such financial liabilities. Management judgement is required in determining the appropriate measure of own credit risk to be included in the valuation model of the financial liability.

Credit valuation adjustments (CVA) are applied to over-the-counter derivative instruments, in which the base valuation generally discounts expected cash flows using appropriate benchmark curves. Given that not all counterparties have the same credit risk as that implied by the relevant discount curve, a CVA is necessary to incorporate the market view of both counterparty credit risk and Citigroup's own credit risk in the valuation.

Citigroup CVA methodology comprises two steps. First, the exposure profile for each counterparty is determined using the terms of all individual derivative positions and a Monte Carlo simulation or other quantitative analysis to generate a series of expected cash flows at future points in time. The calculation of this exposure profile considers the effect of credit risk mitigants, including pledged cash or other collateral and any legal right of offset that exists with counterparty through arrangements such as netting agreements. Individual derivative contracts that are subject to an enforceable master netting agreement with a counterparty are aggregated for this purpose, since it is those aggregate net cash flows that are subject to non-performance risk. This process identifies specific, point-in-time future cash flows that are subject to non-performance risk, rather than using the current recognised net asset or liability as a basis to measure the CVA.

Second, market-based views of default probabilities derived from observed credit spreads of in the credit default swap market are applied to the expected future cash flows determined in step one. Own-credit CVA is determined using Citigroup-specific credit default swap (CDS) spreads for the relevant tenor. Generally, counterparty CVA is determined using CDS spread indices for each credit rating and tenor. For certain identified facilities where individual analysis is practicable (for example, exposures to monoline counterparties) counterparty-specific CDS spreads are used.

The CVA adjustment is designed to incorporate a market view of the credit risk inherent in the derivative portfolio. However, most derivative instruments are negotiated bilateral contracts and are not commonly transferred to third parties. Derivative instruments are normally settled contractually or, if terminated early, are terminated at a value negotiated bilaterally between the counterparties. Therefore, the CVA (both counterparty and own-credit) may not be realised upon a settlement or termination in the normal course of business. In addition, all or a portion of the credit valuation adjustments may be reversed or otherwise adjusted in future periods in the event of changes in the credit risk of Citigroup or its counterparties, or changes in the credit mitigants (collateral and netting agreements) associated with the derivative instruments.

During 2012 the Company recorded CVA losses of $13 million (2011: $166 million gains). This was mainly due to the narrowing of the Company's credit spreads partially offset by the narrowing of investment grade spreads in the market. The total adjustment recorded in the balance sheet at the year-end was an increase of $256 million (2011: increase of $269 million).

NOTES TO THE FINANCIAL STATEMENTS

3. Turnover and results

As permitted by paragraph 4 of Schedule 1 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No 410), the format of the profit and loss account has been adapted to the circumstances of the Company. Instead of turnover, the Directors have reported commission income and fees, net dealing income and interest income less interest expense in determining the gross profit of the Company.

No segmental analysis of revenue, profit before taxation or net assets has been presented because the Directors are of the opinion that operations are global and the Company's principal activities comprise one segment.

4. Commission income and fees

Commission income and fees are derived from underwriting activities, marketing securities owned by other group undertakings, trading services provided to other group undertakings and corporate finance fees associated with mergers and acquisitions and other corporate finance advisory activities.

5. Interest receivable and interest payable

	2012 $ Million	2011 $ Million
Interest receivable comprises:		
Interest on current asset investments and collateralised financing transactions at fair value through profit and loss	1,274	1,322
Interest on debtors and cash assets not at fair value through profit and loss	8	16
	1,282	1,338
Interest payable comprises:		
Interest on collateral held and collateralised financing transactions at fair value through profit and loss	471	711
Interest on borrowings not at fair value through profit and loss	874	923
	1,345	1,634

Included within interest receivable is interest received on client money.

6. Gains and losses on financial assets and financial liabilities held at fair value through profit and loss

	2012 $ Million	2011 $ Million
Gains and losses on financial assets and financial liabilities held for trading:		
Net dealing income	1,335	1,150
Interest receivable	1,274	1,322
Interest payable	(471)	(711)
Gains and losses on financial assets "designated at fair value through profit or loss":		
Net dealing expense	(21)	(23)
	2,117	1,738

7. Operating expenses

	2012 $ Million	2011 $ Million
Operating expenses include:		
Employee remuneration	1,218	1,347
Share-based incentive expense (Note 9)	329	308
Payroll taxes	213	143
Pension costs		
- defined benefit scheme (Note 8)	10	14
- defined contribution scheme	49	60
Depreciation (Note 12)	51	42
Auditor's remuneration:		
Audit of these financial statements	1.16	1.29
Amounts receivable by the company's auditor and its associates in respect of:		
Audit related assurance services	0.77	0.67

The Company employed an average of 3,993 (2011: 4,147) employees during the year.

8. Pension costs

The Citigroup (UK) Pension Plan was established in September 2000 and provides defined contribution benefits to all new hires.

Defined benefit scheme

The Citigroup Global Markets Limited Pension and Life Assurance Scheme ("PLAS") is a funded pension scheme providing benefits on both a defined benefit and defined contribution basis. The Scheme is now closed to new entrants. The assets of the Scheme are held separately from those of the Company, in a trustee administered fund. Employees are not required to contribute to the Scheme, which is contracted out of the State Earnings Related Pension Scheme.

A revised contribution rate until 31 March 2017 is 43.1% of salary (2011: 29.2%) as a revised Schedule of Contributions has come into force. This has been partially offset by a reduction in the Pensionable Payroll.

The pension cost in respect of defined benefit obligations is assessed in accordance with the advice of a qualified external actuary using a Projected Unit method with a triennial review. The most recent full actuarial assessment of the liabilities of the scheme was at 5 April 2011. The current service costs will increase as the members of the scheme approach retirement.

During 2012, contributions to the value of $93,039,154 (2011: $ 107,193,000) were paid into the scheme including a funding contribution of $21,005,160 (2011: $78,221,700) on finalisation of the Citifinancial and AVCO scheme merger into PLAS and $39,782,500 arising from the Triennial formal valuation of the legacy PLAS plan.

Expected regular employer contributions to be paid into the scheme during 2013 are $33,598,721 (2012: $28,346,700).

The assumptions which have the most significant effect on the results of the valuation are those relating to the discount rate on scheme liabilities and mortality assumptions. The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The average life expectancy of an individual retiring at age 65 is 24 for males and 24 for females.

8. Pension costs (continued)

The financial assumptions used in calculating the defined benefit scheme liabilities as at 31 December 2012 are as follows:

	2012	2011	2010
Inflation	3.3%	3.4%	3.5%
Rate of general long-term increase in salaries	3.3%	3.4%	5.0%
Rate of increase to pensions in payment			
- Pensions accrued from 1 May 2005	2.4%	2.2%	2.1%
- Pensions accrued prior to 1 May 2005	3.0%	2.9%	3.0%
Discount rate for scheme liabilities	4.7%	4.8%	5.3%

The Retail Price Index ("RPI") and Consumer Price Index ("CPI") are used in the calculation of the "Rate of increase to pensions in payment". As at 31 December 2011, the most common assumed difference between RPI and CPI was 1%, with some companies adopting larger differences over 2012. In October 2012, the Office for National Statistics (ONS) published their consultation on changes to the calculation of RPI to reduce or eliminate the formula effects between CPI and RPI. The outcome of the consultation was not known until 10 January 2013, when the ONS announced that RPI would continue in its present form.

The announcement has no effect on the choice of assumption at an earlier balance sheet date, because it is regarded as a non-adjusting event after the reporting period. However, there is a requirement to disclose the impact of such events when it is considered material under FRS21. Because the markets had been anticipating some change to RPI, had assumptions been set at 10 January 2013, the RPI assumption would have been 0.3% higher affecting both the fair value of plan assets and the present value of plan obligations.

The net impact of this announcement has been viewed as immaterial and has not been adjusted for in the Company's financial statements as at 31st December 2012.

In addition to the assumptions on which the Scheme obligation at the balance sheet date is based, it is also necessary to select expected rates of return on assets. Assumptions that are affected by economic conditions (financial assumptions) are based on market expectations, at the balance sheet date, for the period over which the obligations are settled. The overall expected rate of return on assets is derived by aggregating the expected return for each asset class over the actual asset allocation for the scheme as at 31 December 2012.

The expected return and fair value at the reporting date are set out as follows:

	Expected return				Fair value	
	2012	2011	2010	2009	2012	2011
					$ Million	$ Million
Equities	0.0%	0.0%	0.0%	8.3%	-	-
Government bonds	3.1%	2.8%	4.1%	4.3%	906	826
Corporate bonds	4.3%	4.1%	5.3%	0.0%	569	429
Insured Pensions	4.7%	4.8%	5.3%	0.0%	1	-
Other	2.8%	2.9%	4.2%	4.5%	4	80
Total market value of assets					1,480	1,335

8. Pension costs (continued)

Analysis of amounts recognised in profit and loss account:

	2012 $ Million	2011 $ Million
Current service cost	10	14
Expense recognised in the profit and loss account	10	14

Analysis of other finance income:

	2012 $ Million	2011 $ Million
Expected return on pension scheme assets	45	43
Interest on pension scheme liabilities	(54)	(46)
Net return	(9)	(3)

Analysis of amount recognised in Statement of Total Recognised Gains and Losses ("STRGL"):

	2012 $ Million	2011 $ Million
Actual return less expected return on pension scheme assets	(13)	145
Experience gains and losses arising on the scheme liabilities	(30)	(58)
Unrecognised surplus in respect of FRS 17 para 41	(28)	(138)
Impact of foreign exchange	(4)	1
Net movement in STRGL in respect of the pension scheme	(75)	(50)
Cumulative amount of losses recognised in STRGL	(465)	(390)

Under FRS 17, any surplus in a Scheme can only be recognised on the balance sheet if the surplus can be recovered either by an agreed refund to the Company or by the reduction of future contributions. As the Scheme is closed to new entrants, the surplus has been calculated as the present value of the service cost expected to arise over the average future working lifetime of the active membership resulting in an unrecognised asset of $166 million (2011: $138 million).

Reconciliation to the balance sheet:

	2012 $ Million	2011 $ Million	2010 $ Million	2009 $ Million	2008 $ Million
Total market value of assets	1,480	1,340	903	899	662
Present value of scheme liabilities	(1,203)	(1,097)	(844)	(870)	(562)
Net pension asset excluding unrecognised asset	277	243	59	29	100
Unrecognised asset due to FRS 17 para 41	(166)	(138)	-	-	-
Total	111	105	59	29	100

8. Pension costs (continued)

	2012 $ Million	2011 $ Million
Surplus in scheme at beginning of the year	105	59
Current service cost	(10)	(14)
Contributions	93	107
Transfer in of Citifinancial and AVCO schemes	-	9
Other finance expense	(9)	(3)
Actuarial (loss)/gain	(43)	87
Foreign exchange adjustment	3	(2)
Unrecognised asset due to FRS 17 para 41	(28)	(138)
Surplus in scheme at end of year	111	105

The impact of para 41 limitation in FRS 17:

	2012 $ Million	2011 $ Million
Fair value of scheme assets	1,480	1,340
Defined benefit obligation	(1,203)	(1,097)
Net asset	277	243
Present value of service cost over next 10 years	(111)	(105)
Unrecognisable surplus in respect of FRS 17 para 41	166	138

The changes to the present value of the defined obligation during the year are as follows:

	2012 $ Million	2011 $ Million
Opening defined benefit obligation	1,097	844
Current service cost	10	14
Interest cost	54	46
Actuarial lossess on scheme liabilities	30	58
Net benefits paid out	(39)	(24)
Transfer in of Citifinancial and AVCO schemes	-	171
Foreign exchange adjustment	51	(12)
Closing defined benefit obligation	1,203	1,097

8. Pension costs (continued)

The changes to the fair value of scheme assets during the year are as follows:

	2012 $ Million	2011 $ Million
Opening fair value of scheme assets	1,202	903
Expected return on scheme assets	45	43
Actuarial (losses)/gains on scheme assets	(13)	145
Contributions by the employer	93	107
Net benefits paid out	(39)	(24)
Transfer in of Citifinancial and AVCO schemes	-	180
Unrecognised asset due to FRS 17 para 41	(28)	(138)
Foreign exchange adjustment	54	(14)
Closing fair value of scheme assets	1,314	1,202

The actual return on assets is as follows:

	2012 $ Million	2011 $ Million
Expected return on assets	45	43
Actuarial (losses)/gains on scheme assets	(13)	145
Actual return on assets	32	188

History of experience gains and losses:

	2012 $ Million	2011 $ Million	2010 $ Million	2009 $ Million	2008 $ Million	2007 $ Million
Difference between expected and actual return on scheme assets	(13)	145	(12)	36	(134)	30
Experience losses on scheme liabilities	-	-	-	(35)	(6)	(15)
Total amount recognised in STRGL	(75)	(50)	11	(121)	(6)	86

9. Share-based incentive plans

As part of the Company's remuneration program it participates in a number of Citigroup share-based incentive plans. These plans involve the granting of stock options, restricted or deferred share awards and share payments. Such awards are used to attract, retain and motivate officers and employees to provide incentives for their contributions to the long-term performance and growth of the Company, and to align their interests with those of the shareholders. The award programs are administered by the Personnel and Compensation Committee of the Citigroup Inc Board of the Directors, which is composed entirely of non-employee directors.

In the share award program Citigroup issues common shares in the form of restricted share awards, deferred share awards and share payments. For all stock award programs during the applicable vesting period, the shares awarded are not issued to participants (in the case of a deferred stock award) or cannot be sold or transferred by the participants (in the case of a restricted stock award), until after the vesting conditions have been satisfied. Recipients of deferred share awards do not have any shareholder rights until shares are delivered to them, but they generally are entitled to receive dividend-equivalent payments during the vesting period. Recipients of restricted share awards are entitled to a limited voting right and to receive dividend or dividend-equivalent payments during the vesting period. Once a share award vests the shares become freely transferrable, but in the case of certain employees, may be subject to transfer restriction by their terms or share ownership commitment.

9. Share-based incentive plans (continued)

(i) Stock award program

The Company participates in Citigroup's Capital Accumulation Program ('CAP') program, under which shares of Citigroup common stock are awarded in the form of restricted or deferred stock to participating employees.

Generally CAP awards of restricted or deferred stock constitute a percentage of annual incentive compensation and vest ratably over a three or four year period beginning on or about the first anniversary of the award date. Continuous employment within Citigroup is generally required to vest in CAP and other stock award programs.

The program provides that employees who meet certain age plus years-of-service requirements (retirement-eligible employees) may terminate active employment and continue vesting in their awards provided they comply with specified non-compete provisions. Awards granted to retirement-eligible employees are accrued in the year prior to the grant date in the same manner as cash incentive compensation is accrued.

For all stock award programs, during the applicable vesting period, the shares awarded cannot be sold or transferred by the participant, and the award is subject to cancellation if the participant's employment is terminated. After the award vests, the shares become freely transferable (subject to the stock ownership commitment of senior employees). From the date of award, the recipient of a restricted stock award can direct the vote of the shares and receive regular dividends to the extent dividends are paid on Citigroup common stock. Recipients of deferred stock awards receive dividend equivalents to the extent dividends are paid on Citigroup common stock, but cannot vote. Stock awards granted generally vest 25% per year over four years.

In 2010 the Company awarded Deferred Cash Stock Unit's ("DCSU"). None were awarded subsequently. The DCSU has been accounted for as a cash settled liability which fully amortised and vested in 2012.

As part of both 2010 and 2011 remuneration the Company entered into an arrangement referred to as an "EU Short Term" award. The award will be delivered in the form of immediately vested restricted shares subject to a six month sale restriction.

Total restricted and deferred stock awarded:

	2012	**2011**	**2010***	**2009***
Shares awarded	6,488,348	7,197,950	6,259,496	968,143
Weighted average fair market value per share	$30.54	$49.96	$35.20	$46.70

* adjusted for 2011 reserve stock split

(ii) Stock option program

The Company also participates in a number of Citigroup stock option programs for its employees. Generally, since January 2005, stock options have been granted only to CAP participants who elect to receive stock options in lieu of restricted or deferred stock awards and to non-employee directors who elect to receive their compensation in the form of a stock option grant.

All stock options are granted on Citigroup common stock with exercise prices equal to the fair market value at the time of grant.

Options granted since January 2005 typically vest 25% each year over four years and have six-year terms. Options granted in 2004 and 2003 typically also have six-year terms but vest in thirds each year over three years, with the first vesting date occurring 17 months after the grant date. The sale of underlying shares acquired through the exercise of employee stock options granted since 2003 is restricted for a two-year period (and the shares are subject to stock ownership commitment of senior employees thereafter).

9. Share-based incentive plans (continued)

(ii) Stock option program (continued)

Prior to 2003, Citigroup options, including options granted since the date of the merger of Citicorp and Travelers Group, Inc., generally had a 10 year term and vested at a rate of 20% per year over five years, with the first vesting occurring 12 to 18 months following the grant date.

Certain options, mostly granted prior to 1 January 2003, permit an employee exercising an option under certain conditions to be granted new options (reload options) in an amount equal to the number of common shares used to satisfy the exercise price and the withholding taxes due upon exercise. The reload options are granted for the remaining term of the related original option and vest after six months. An option may not be exercised using the reload method unless the market price on the date of exercise is at least 20% greater than the option exercise price. Reload options have been treated as separate grants from the related original grants. Reload options are intended to encourage employees to exercise options at an earlier date and to retain the shares so acquired, in furtherance of the Company's long-standing policy of encouraging increased employee stock ownership.

Since 2009 the Company has made discretionary grants of options to eligible employees pursuant to the broad-based Citigroup Employee Option Grant (CEOG) Program under the Citigroup Stock Incentive Plan. Under CEOG, the options generally vest equally over three years, the option term is 6 years from the grant date and the shares acquired on exercise are not subject to a sale restriction. To the extent permitted, CEOG options granted to eligible UK employees were granted under an HMRC approved sub-plan with any excess over the applicable individual limit being granted under the global plan, which is not an HMRC approved plan.

The stock option activity with respect to 2012 and 2011 under Citigroup stock option plans is as follows:

	2012		2011	
	Options	Weighted average exercise price	Options	Weighted average exercise price
		$		$
Outstanding, beginning of year	5,173,123	55.6	6,893,478	72.8
Granted	-	-	275,000	49.1
Forfeited	(111,373)	120.0	(680,636)	64.5
Exercised	-	-	(41,370)	40.8
Transfers to/from other Citi entities	(44,168)	34.6	(1,088,700)	84.0
Expired	(130,303)	443.0	(184,648)	491.5
Outstanding, end of year	4,887,279	44.0	5,173,124	55.6
Exercisable, end of year	4,728,074	43.83	3,057,827	63.31

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2012:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price	Number Exercisable	Weighted average exercise price
			$		$
< $50.00	4,852,466	2.96	42.48	4,693,262	42.26
$50.00 - $399.90	33,646	2.28	245.99	33,645	245.99
$400.00 - $449.90	-	-	-	-	-
≥ $450.00	1,167	0.04	543.8	1,167	543.80
	4,887,279	2.96	44.00	4,728,074	43.83

The weighted average share price at the exercise date for options exercised during the year was $nil (2011: $45.02).

9. Share-based incentive plans (continued)

(ii) Stock option program (continued)

The following table summarises the stock options outstanding under Citigroup stock option plans at 31 December 2011:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average contractual life remaining	Weighted average exercise price	Number Exercisable	Weighted average exercise price
			$		$
< $50.00	4,985,413	3.98	42.52	2,883,440	42.25
$50.00 - $399.90	44,468	2.98	245.85	34,904	245.86
$400.00 - $449.90	98,083	0.12	420.91	94,323	420.90
≥ $450.00	45,160	0.37	519.84	45,160	519.84
	5,173,124	3.86	55.61	3,057,827	63.31

Fair value assumptions

Reload options have been treated as separate grants from the related original grants. The result of this program is that employees generally will exercise options as soon as they are able and, therefore, these options have shorter expected lives. Shorter option lives result in lower valuations using a Binomial option model. However, such values are expensed more quickly due to the shorter vesting period of reload options. In addition, since reload options are treated as separate grants, the existence of the reload feature results in a greater number of options being valued.

Shares received through option exercises under the reload program, as well as certain other options granted, are subject to restrictions on sale. Discounts have been applied to the fair value of options granted to reflect these sale restrictions.

Additional valuation and related assumption information for the Citigroup option plans is presented below. Citigroup used a binomial model to value stock options. Volatility has been estimated by taking the historical implied volatility in traded Citigroup options over a recorded 31 month period and adjusting where there are known factors that may affect future volatility.

	2012	2011
Weighted average fair value for options granted during the year	$0.00	$3.44
Weighted average expected life		
Original grants	3 years	4 years
Reload grants	0 years	0 years
Option life	3 years	4 years
Valuation assumptions		
Expected volatility (per annum)	42.56%	41.08%
Risk-free interest rate	0.38%	0.63%
Expected annual dividend yield per share	0.13%	0.11%
Expected annual forfeitures	9.62%	9.62%

9. Share-based incentive plans (continued)

(iii) Profit and loss statement impact

The table below details the profit and loss impact of the share based incentive plans.

	2012 $ million	2011 $ million
Awards granted in 2012		
Stock Awards	137	-
Stock Options	-	-
Awards granted in 2011		
Stock Awards	80	191
Stock Options	1	2
Awards granted in 2010		
Stock Awards	44	54
Stock Options	1	2
Awards granted in 2009		
Stock Awards	10	5
Stock Options	5	14
Awards granted in 2008 or earlier		
Stock Awards	3	28
Stock Options	-	-
Cash accrued	48	12
Total Expense (Note 7)	329	308
Fair value adjustment of intercompany recharges in profit and loss account (Note 27)	(154)	231
Total carrying amount of equity-settled transaction liability	496	348
Total carrying amount of cash-settled transaction liability	21	38

10. Directors' remuneration

Directors' remuneration in respect of services to the Company was as follows:

	2012 $'000	2011 $'000
Aggregate emoluments	8,380	9,689
Contributions to money purchase pension scheme	39	15
	8,419	9,704

The contributions to the money purchase pension schemes are accruing to four of the Directors (2011: four). Five of the Directors (2011: nine) of the Company participate in parent company share and share option plans and, during the year, none of the Directors (2011: none) exercised options.

The remuneration of the highest paid Director was $2,586,448 (2011: $3,501,645) and accrued pension of $nil (2011: $nil). The highest paid Director did not (2011: did not) exercise share options during the year.

The Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

The above remuneration is based on the apportionment of time incurred by the Directors for services to the Company, both in their capacity as a Director and, where applicable, their normal employment.

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11. Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2012 $ Million	2011 $ Million
Current tax:		
Overseas current tax	29	30
UK corporation tax	-	-
Adjustment in respect of overseas tax for previous years	3	(4)
Total current tax (Note 11(b))	32	26
Deferred tax:		
Origination and reversal of timing differences - overseas	1	(7)
Adjustment in respect of deferred tax for earlier years - overseas	5	1
Total deferred tax	6	(6)
Tax charge on ordinary activities	38	20

(b) Factors affecting tax charge for the year

	2012 $ Million	2011 $ Million
Loss on ordinary activities before tax	(313)	(338)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	(77)	(90)
Effects of:		
Expenses not deductible for tax purposes	17	18
Foreign tax deductions	(7)	(8)
Depreciation in excess of capital allowances	(5)	19
Accrued interest paid	(45)	(26)
Other timing differences	30	63
Pensions	(29)	(15)
Overseas tax in respect of European branch operations and dividends received	29	30
Group relief for nil consideration	116	39
Adjustments in relation to previous years	3	(4)
Current tax charge for year	32	26

(c) Factors that may affect future tax charges:

The Company has not recognised a deferred tax asset of $524 million (2011: $554 million) in relation to carried forward losses and timing differences.

The main rate of corporate tax for the year beginning 1 April 2012 reduced from 26% to 24%. The UK Government has announced that the rate will reduce to 23% from 1 April 2013 and 21% from 1 April 2014. While the reduction in corporate tax rate to 23% has already been enacted, the further reduction are expected to be enacted in the 2013 Finance Act. This results in a weighted average rate of 24.5% for 2012 (2011: 26.5%).

12. Tangible fixed assets

The movement in tangible fixed assets for the year was as follows:

	Equipment and software $ Million	Premises improvements $ Million	Total $ Million
Cost			
At 1 January 2012	292	7	299
Additions	59	2	61
Disposals	(4)	-	(4)
At 31 December 2012	347	9	356
Accumulated depreciation			
At 1 January 2012	92	5	97
Charge for the year (Note 7)	50	1	51
Disposals	(3)	-	(3)
At 31 December 2012	139	6	145
Net book value			
At 31 December 2012	208	3	211
At 31 December 2011	200	2	202

13. Fixed asset investments

	Unlisted Investments 2012 $ Million	Unlisted Investments 2011 $ Million
Cost		
At 1 January	26	49
Additions	10	5
Disposals	-	(28)
At 31 December	36	26

The following amounts for subsidiary undertakings are included in fixed asset investments:

	2012 $'000	2011 $'000
Cost		
At 1 January	2,470	1,404
Additions	783	1,066
At 31 December	3,253	2,470

During 2012 the Company incorporated two new 100% subsidiaries in Luxembourg, Citigroup Global Markets Funding Luxembourg SaRL and Citigroup Global Markets Funding Luxembourg SCA.

Details of principal Group subsidiary undertakings held at 31 December 2012 are as follows:

Name	Country of incorporation	% holding in ordinary share capital
Citigroup South Africa Credit Products (Proprietary) Limited ("CSA")	South Africa	100%
CGM (Monaco) SAM	Monaco	100%
Citigroup Global Markets Luxembourg LLC	Luxembourg	100%
Citigroup Global Markets Funding Luxembourg SCA	Luxembourg	100%
Citigroup Global Markets Funding Luxembourg SaRL	Luxembourg	100%

14. Financial assets and liabilities accounting classifications and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values.

31 December 2012	Held for Trading $ Million	Designated at fair value $ Million	Loans and receivables $ Million	Other amortised cost $ Million	Total carrying amount $ Million	Fair value $ Million
Cash	-	-	3,517	-	3,517	3,517
Current asset investments	131,450	3,412	-	-	134,862	134,862
Collateralised financing transactions	100,252	-	-	-	100,252	100,252
Cash collateral pledged	-	-	4,968	-	4,968	4,968
Trade debtors	-	-	21,248	-	21,248	21,248
Other debtors	-	-	92	-	92	92
Fixed asset investments	-	-	-	36	36	36
	231,702	3,412	29,825	36	264,975	264,975
Bank loans and overdrafts	-	-	-	6,405	6,405	6,405
Collateralised financing transactions	89,849	-	-	-	89,849	89,849
Derivatives	96,145	-	-	-	96,145	96,145
Cash collateral held	-	-	-	7,669	7,669	7,669
Securities sold but not yet purchased	30,066	-	-	-	30,066	30,066
Trade creditors	-	-	-	18,311	18,311	18,311
Other creditors and accruals	-	-	-	1,156	1,156	1,156
Subordinated loans	-	-	-	5,700	5,700	6,760
	216,060	-	-	39,241	255,301	256,361

31 December 2011	Held for Trading $ Million	Designated at fair value $ Million	Loans and receivables $ Million	Other amortised cost $ Million	Total carrying amount $ Million	Fair value $ Million
Cash	-	-	3,714	-	3,714	3,714
Current asset investments	167,506	2,887	-	-	170,393	170,393
Collateralised financing transactions	104,516	-	-	-	104,516	104,516
Cash collateral pledged	-	-	6,651	-	6,651	6,651
Trade debtors	-	-	20,264	-	20,264	20,264
Other debtors	-	-	385	-	385	385
Fixed asset investments	-	-	-	26	26	26
	272,022	2,887	31,014	26	305,949	305,949
Bank loans and overdrafts	-	-	-	5,261	5,261	5,261
Collateralised financing transactions	81,388	-	-	-	81,388	81,388
Derivatives	144,496	-	-	-	144,496	144,496
Cash collateral held	-	-	-	8,741	8,741	8,741
Securities sold but not yet purchased	27,083	-	-	-	27,083	27,083
Trade creditors	-	-	-	18,034	18,034	18,034
Other creditors and accruals	-	-	-	715	715	715
Subordinated loans	-	-	-	10,180	10,180	10,924
	252,967	-	-	42,931	295,898	296,642

Given the short term nature and characteristics of trade debtors, other debtors, trade creditors, other creditors and accruals the fair value has been assumed to approximate the carrying value. The fair value of subordinated loans has been calculated using the present value of future estimated cash flows, discounted using a discount rate of 3 month USD OIS plus the Company's credit spread as at 31 December 2012.

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14. Financial assets and liabilities accounting classifications and fair values (continued)

The calculation of fair value incorporates the Company's estimate of the fair value of financial assets and financial liabilities. Other entities may use different valuation methods and assumptions in determining fair values, so comparisons of fair values between entities may not be necessarily meaningful.

The following table shows an analysis of financial assets and liabilities classified as held for trading or designated at fair value by fair value hierarchy:

31 December 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
	$ Million	**$ Million**	**$ Million**	**$ Million**
Financial assets held for trading				
Current asset investments				
Derivatives	58	88,352	3,447	91,857
Government bonds	20,463	4,109	77	24,649
Eurobonds and other corporate bonds	13	11,091	679	11,783
Equities	4,899	1,614	60	6,573
Collateralised financing transactions	-	100,252	-	100,252
	25,433	205,418	4,263	235,114
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	3,412	-	3,412
	25,433	**208,830**	**4,263**	**238,526**
Financial liabilities held for trading				
Derivatives	30	91,386	4,729	96,145
Collateralised financing transactions	-	89,849	-	89,849
Securities sold but not yet purchased	25,907	4,140	19	30,066
	25,937	**185,375**	**4,748**	**216,060**

31 December 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
	$ Million	**$ Million**	**$ Million**	**$ Million**
Financial assets held for trading				
Current asset investments				
Derivatives	133	137,180	5,384	142,697
Government bonds	12,349	1,748	329	14,426
Eurobonds and other corporate bonds	67	5,193	835	6,095
Equities	2,736	1,521	31	4,288
Collateralised financing transactions	-	104,516	-	104,516
	15,285	250,158	6,579	272,022
Financial assets designated at fair value				
Current asset investments				
Eurobonds and other corporate bonds	-	2,887	-	2,887
	15,285	**253,045**	**6,579**	**274,909**
Financial liabilities held for trading				
Derivatives	109	139,430	4,957	144,496
Collateralised financing transactions	-	81,388	-	81,388
Securities sold but not yet purchased	22,740	4,117	226	27,083
	22,849	**224,935**	**5,183**	**252,967**

14. Financial assets and liabilities accounting classifications and fair values (continued)

The Company measures fair values using the following fair value hierarchy that reflects whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

The types of inputs have created the following fair value hierarchy as described below:

- Level 1: Quoted prices for *identical* instruments in active markets.

- Level 2: Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are *observable* in active markets.

- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable.*

The Company considers relevant and observable market prices in its valuations where possible. The frequency of transactions, the size of the bid-ask spread and the amount of adjustment necessary when comparing similar transactions are factors that are driven by the liquidity of markets and the relevance of observed prices in those markets.

The Company's policy with respect to transfers between levels of the fair value hierarchy is to recognize transfers into and out of each level as of the end of the reporting period.

As set out in Note 1(b), when available, the Company generally uses quoted market prices in an active market to calculate the fair value of a financial asset or liability and classifies such items as Level 1. In some cases where a market price is available, the Company will make use of acceptable practical expedients (such as matrix pricing) to calculate fair value, in which case the items are classified as Level 2.

If quoted market prices are not available, fair values are based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters such as interest rates, currency rates and option volatilities. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

Where available, the Company may also make use of quoted prices for recent trading activity in positions with the same or similar characteristics to that being valued. The frequency and size of transactions and the amount of the bid-ask spread are among the factors considered in determining the liquidity of markets and the relevance of observed prices from those markets. If relevant and observable prices are available, those valuations would be classified as Level 2. If prices are not available, other valuation techniques would be used and the item would be classified as Level 3.

Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors or brokers. Vendors' and brokers' valuations may be based on a variety of inputs ranging from observed prices to proprietary valuation models.

The Company uses the following procedures to determine the fair value of financial assets and financial liabilities irrespective of whether they are "held for trading" or have been "designated at fair value" including an indication of the level in the fair value hierarchy in which each financial instrument is generally classified. Where appropriate, the description includes details of the valuation models, the key inputs to those models and any significant assumptions.

Derivatives
Exchange-traded derivatives in active markets are generally fair valued using quoted market prices (i.e. exchange) and are therefore classified as Level 1 of the fair value hierarchy.

14. Financial assets and liabilities accounting classifications and fair values (continued)

The majority of derivatives entered into by the Company are executed over the counter and are valued using a combination of external prices and internal valuation techniques, including benchmarking to pricing vendor services. The valuation techniques and inputs depend on the type of derivative and the nature of the underlying instrument. The principal techniques used to value these instruments are industry wide approaches including discounted cash flows, modelling and numerical approaches.

The type of inputs may include interest rate yield curves, credit spreads, foreign exchange rates, volatilities and correlations.

Government bonds, Corporate bonds and Equities
When available, the Company uses quoted market prices to determine the fair value of government bonds, corporate bonds and equities; such items are classified as Level 1 of the fair value hierarchy. Examples include some government bonds and exchange-traded equities.

For government bonds, corporate bonds and equities traded over the counter, the Company generally determines fair value utilising internal valuation techniques. Fair value estimates from internal valuation techniques are verified, where possible, to prices obtained from independent vendors. Vendors compile prices from various sources and may apply matrix pricing for similar bonds or loans where no price is observable. If available, the Company may also use quoted prices for recent trading activity of assets with similar characteristics to the bond or loan being valued. Government bonds, corporate bonds and equities and loans priced using such methods are generally classified as Level 2. However, when less liquidity exists for government bonds, corporate bonds or equities, a quoted price is stale or prices from independent sources vary, they are generally classified as Level 3.

The Company discounts future cashflows using appropriate interest rate curves. In the case of collateralized interest rate derivatives, the Company follows the terms in the collateral agreement between it and the counterparty. The agreements generally provide that an Overnight Indexed Swap (OIS) curve is used. The OIS curves reflect the interest rate paid on the collateral against the fair value of these derivatives.

Collateralised financing transactions
No quoted prices exist for such financial instruments and so fair value is determined using a discounted cash-flow technique. Cash flows are estimated based on the terms of the contract, taking into account any embedded derivative or other features. Expected cash flows are discounted using market rates appropriate to the maturity of the instrument as well as the nature and amount of collateral taken or received. Generally, when such instruments are held at fair value, they are classified within Level 2 of the fair value hierarchy as the inputs used in the valuation are readily observable.

The Company values a number of assets and liabilities using valuation techniques that use one or more significant inputs that are not based on observable market data. The Company grades all such assets and liabilities in order to identify those items for which a reasonably possible change in one or more assumptions is likely to have a significant impact on fair value.

Adjustments may be applied to the “base” valuations of financial assets and liabilities calculated using one of the valuation techniques described above, to ensure that the fair value measurement incorporates all factors that market participants would consider when determining fair value. Note that no such adjustments are applied to instruments that are valued using quoted prices for identical instruments in an active market.

14. Financial assets and liabilities accounting classifications and fair values (continued)

The movement on level 3 items for the year was:

2012	At 1 January $ Million	Gain/(loss) recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Financial assets held for trading							
Current asset investments							
Derivatives	5,384	(831)	22	(14)	(916)	(198)	3,447
Government bonds	329	3	781	(302)	-	(734)	77
Eurobonds and other corporate bonds	835	(45)	1,079	(1,052)	-	(138)	679
Equities	31	7	19	(22)	-	25	60
	6,579	(866)	1,901	(1,390)	(916)	(1,045)	4,263

Financial liabilities held for trading	At 1 January $ Million	(Gain)/loss recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Derivatives	4,957	585	(7)	29	(997)	162	4,729
Long Term Debt	-	(3)	-	-	113	(110)	-
Securities sold but not yet purchased	226	58	-	19	(267)	(17)	19
	5,183	640	(7)	48	(1,151)	35	4,748

2011	At 1 January $ Million	Gain/(loss) recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Financial assets held for trading							
Current asset investments							
Derivatives	7,553	(1,729)	126	(206)	(1,491)	1,131	5,384
Government bonds	467	(18)	1,092	(496)	(428)	(288)	329
Eurobonds and other corporate bonds	605	154	877	(1,221)	397	23	835
Equities	239	(115)	26	(57)	-	(62)	31
	8,864	(1,708)	2,121	(1,980)	(1,522)	804	6,579

Financial liabilities held for trading	At 1 January $ Million	(Gain)/loss recorded in the profit and loss statement $ Million	Purchases $ Million	Sales $ Million	Settlements $ Million	Transfer from/(to) Level 1 and Level 2 $ Million	At 31 December $ Million
Derivatives	7,851	(621)	(22)	25	(1,132)	(1,144)	4,957
Securities sold but not yet purchased	1,820	(299)	-	61	(1,561)	205	226
	9,671	(920)	(22)	86	(2,693)	(939)	5,183

Issuances are not included within the above tables as they have an immaterial impact on level 3 changes in 2012 and 2011.

Included in the Level 3 balance at 31 December 2012 above are intercompany assets of $1,888 million (2011: $2,273 million) and liabilities of $2,501 million (2011: $2,017 million).

14. Financial assets and liabilities accounting classifications and fair values (continued)

Financial instruments may move between levels in the fair value hierarchy when factors, such as, liquidity or the observability of input parameters change. As conditions around these factors improve, financial instruments may transfer higher up the fair value hierarchy. There were no significant transfers of investments between Level 1 and Level 2 during the years ended 31 December 2012 and 2011.

Transfers in/out are primarily driven by changes in the availability of independent data for positions where the Company has risk exposure, yet the market is no longer considered to be active. As liquidity and transparency improves, the financial instrument may transfer back to a previous classification level.

The key derivative contributor to the Level 3 financial instrument decrease over 2012 focussed on Credit Markets, specifically with the settlement of positions across the Credit Correlation businesses.

Movements across purchases and issuances were driven by trading securities across the Securitised Markets and Rates businesses.

Transfers between Level 3 and Level 2 were driven by the Emerging Markets Credit Trading business, as transparency improved across a number of different trading securities.

During the year, total changes in fair value, representing a loss of $1,506 million (2011: $788 million loss) were recognised in the profit and loss account relating to items where fair value was estimated using a valuation technique that uses one or more significant inputs that were based on unobservable market data. As these valuation techniques are based upon assumptions, changing the assumptions will change the estimate of fair value. The potential downside impact of using reasonable possible alternative assumptions for the valuation techniques, for both observable and unobservable market data, has been quantified as approximately $251 million (2011: $162 million).

Valuation uncertainty is computed on a quarterly basis across all financial instruments in which one or more of the significant input parameters are unobservable. The methodology used to derive the impact across each product is determined by applying adjustments to the price or significant model input parameters used in the valuation.

The adjustments are typically computed with reference to historical or proxy analysis using third party data. Examples of the approach used to derive sensitivity adjustments are outlined below:

- Equity Derivatives: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

- Credit and Securitized Markets: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

- Commodity Derivatives: Valuation uncertainty is gauged from a combination of consensus market data and proxy analysis using third party data providers.

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15. Debtors

The following amounts are included in debtors:

	2012 $ Million	2011 $ Million
Amounts due within one year:		
Trade debtors	21,248	20,264
Collateralised financing transactions	100,252	104,516
Cash collateral pledged	4,968	6,651
Physical commodities	296	220
Other debtors	92	385
Prepayments and accrued income	6	9
Corporation tax recoverable	-	1
Amounts due in greater than one year:		
Deferred tax asset (Note 20)	12	17
	126,874	132,063

Included within debtors are the following balances due from group undertakings:

	2012 $ Million	2011 $ Million
Amounts due within one year:		
Trade debtors	6,050	6,309
Collateralised financing transactions	24,844	20,609
Cash collateral pledged	806	872
Other debtors	13	336
	31,713	28,126

16. Pledged assets

Collateral accepted as security for assets
The fair value of financial assets including government bonds, eurobonds and other corporate bonds, equities, and cash accepted that is permitted to be sold or re-pledged in the absence of default were $123.5 billion. The fair value of the collateral accepted that has been re-pledged at 31 December 2012 was $112.1 billion. The Company is obliged to return equivalent securities. These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

Financial assets pledged to secure liabilities
The total purchased financial assets including government bonds, eurobonds and other corporate bonds, equities and cash that have been pledged as collateral for liabilities at 31 December 2012 were $36.9 billion. These transactions are conducted under terms that are usual and customary to standard lending and securities borrowing and lending activities.

17. Current asset investments

Current asset investments form part of the asset trading portfolio of the Company and comprise marketable securities and other financial assets. The following amounts are included in current asset investments:

	2012 $ Million	2011 $ Million
Government bonds	24,649	14,426
Eurobonds and other corporate bonds	11,778	8,982
Equities - listed on a recognised UK exchange	2,049	14
- listed elsewhere	4,524	4,274
Certificates of deposit	5	-
Derivatives (Note 18)	91,857	142,697
	134,862	170,393

Eurobonds and other corporate bonds include $3,412 million (2011: $2,887 million) of bonds that are "designated at fair value" and the remainder are classified as "held for trading".

18. Derivatives

	2012 Fair Value		2011 Fair Value	
	Asset $ Million	Liability $ Million	Asset $ Million	Liability $ Million
Swap agreements, swap options and interest rate cap and floor agreements	76,806	79,277	121,975	121,008
Index and equity options and similar contractual commitments	7,732	9,411	11,747	13,785
Other options and contractual commitments	7,319	7,457	8,975	9,703
	91,857	96,145	142,697	144,496

19. Cash at bank and in hand

The following amounts are included within cash at bank and in hand:

	2012 $ Million	2011 $ Million
Cash at bank held by third parties	2,131	2,104
Cash at bank held by other group undertakings	1,386	1,610
	3,517	3,714

Included within cash held by third parties is $1,652 million (2011: $1,746 million) that is held on behalf of clients in segregated accounts. Included within cash held by other group undertakings is $147 million (2011: $536 million) on behalf of clients in segregated accounts.

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20. Deferred tax asset

The following amounts are included within deferred tax:

	2012 $ Million	2011 $ Million
Short term timing differences	12	17
At 1 January	17	12
Prior year adjustment	(5)	(1)
Released during the year	-	6
At 31 December	12	17

Deferred tax is recognised on timing differences arising in the Company's non-UK branch operations. The balance includes amounts arising from share based payments and pensions. In accordance with the Company's accounting policies, as it is more likely than not that there will be suitable taxable profits arising in these operations from which the future reversal of underlying timing differences can be deducted, deferred tax is recognised.

The Company has not recognised a deferred tax asset of $524 million (2011: $554 million) in relation to carried forward losses and timing differences.

21. Creditors

The following amounts are included within creditors:
Included within 'Other creditors and accruals' is the accrual in respect of the bank levy.

	2012 $ Million	2011 $ Million
Amounts falling due within one year:		
Securities sold, but not yet purchased	30,066	27,083
Derivatives (Note 18)	96,145	144,496
Collateralised financing transactions	89,849	81,388
Cash collateral held	7,669	8,741
Bank loans and overdrafts	6,405	5,261
Trade creditors	18,057	17,998
Other creditors and accruals	1,156	715
Payroll taxes	149	73
	249,496	285,755
Amounts falling due in greater than one year:		
Trade creditors	254	36
Payroll taxes	-	5
	254	41

21 Creditors (continued)

Included within creditors are the following balances due to group undertakings:

	2012 $ Million	2011 $ Million
Amounts falling due within one year:		
Collateralised financing transactions	11,757	14,566
Cash collateral held	2,763	3,799
Bank loans and overdrafts	6,376	5,014
Trade creditors	2,725	4,483
	23,621	27,862
Amounts falling due in greater than one year:		
Trade creditors	254	36

22. Derecognition of financial assets and financial liabilities

Transferred financial assets that are not derecognised in their entirety

There are certain instances where the Company continues to recognise financial assets that it has transferred.

The Company enters into collateralized financing transactions where it sells or lends debt or equity securities with a concurrent agreement to repurchase them. As significantly all of the risks and rewards of the underlying securities are retained, a collateralized financing liability is recognised and the securities remain on balance sheet.

As at 31 December 2012 the Company recognised $36,918 million of assets with an associated $26,391 million of collateralized financing liabilities.

23. Trading financial assets and liabilities

Any initial gain or loss on financial instruments where valuation is dependent on valuation techniques using unobservable parameters are deferred over the life of the contract or until the instrument is redeemed, transferred or sold or the fair value becomes observable.

The table below sets out the aggregate difference yet to be recognised in profit or loss at the beginning and end of the year with a reconciliation of the changes of the balance during the year for those financial assets and liabilities classified as trading.

	2012 $ Million	2011 $ Million
Unamortised balance at 1 January	50	76
Deferral on new transactions	4	18
Recognised in profit and loss during the period:		
- amortisation	(26)	(44)
Unamortised balance at 31 December	28	50

24. Subordinated loans

The subordinated loans form part of the Company's regulatory capital resources held to meet the capital adequacy requirements of the FSA and can only be repaid with their consent.

The following amounts were included within subordinated loans:

	2012 $ Million	2011 $ Million
Amounts falling due in less than one year	-	5,980
Amounts falling due between one and five years	1,500	-
Amounts falling due after five years	4,200	4,200
	5,700	10,180

The subordinated loans, on which interest is payable at market rates, are due to other group undertakings.

As at 31 December 2011 the Company had subordinated debt of $5,980 million falling due within one year. The Company rolled $1,500 million of short term subordinated loan borrowings which is now due in December 2014 and repaid $4,480 million to Citigroup Financial Products Inc during 2012. The repayments were made as follows; $2,000 million on 31 January 2012, $1,484 million on 13 July 2012 and $996 million on 12 October 2012.

At 31 December 2012, the Company had in place the following subordinated loan facilities:

Facilities with other group undertakings:	Total facilities available $ Million	Drawn down $ Million
Facilities falling due between one and five years	16,500	1,500
Facilities falling due after five years	5,000	4,200
	21,500	5,700

25. Provisions for liabilities

	Restructuring provision $ Million	Litigation provisions $ Million	Other provisions $ Million	Total $ Million
At 1 January 2012	65	13	34	112
Charge to profits	31	2	24	57
Provisions utilised	(84)	(2)	(42)	(128)
Exchange adjustments	-	-	1	1
At 31 December 2012	12	13	17	42

The restructuring provision relates to the provision for the cost of staff redundancies and compensation. The full amount is expected to be fully utilised in 2013. There are no releases anticipated.

We have not disclosed any additional information in respect of the litigation provisions due to its sensitive nature.

Other provisions are held in respect of accounting reconciliation and control procedures as part of the balance sheet substantiation process.

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26. Called up share capital

The Company's share capital comprises:

	2012 $ Million	2011 $ Million
Authorised:		
1,644,000,000 ordinary shares of $1 each	1,644	1,644
350,000,000 convertible non-redeemable preference shares of $1 each	350	350
	1,994	1,994
Allotted, called-up and fully paid:		
1,149,626,620 ordinary shares of $1 each	1,150	1,150
350,000,000 convertible non-redeemable preference shares of $1 each	350	350
	1,500	1,500

The convertible non-redeemable preference shares of $1 each carry an entitlement to a fixed non-cumulative preferential dividend of an amount per share per annum, as detailed in the Company's articles. The convertible non-redeemable preference share dividend shall be paid annually on 31 December in each year ending on that date or on such date and in respect of such period as the Directors may in their discretion determine. These convertible non-redeemable preference shares confer upon the holders the right to convert such shares into fully paid ordinary shares on each quarter end on the basis of $1 nominal of ordinary shares for every $1 nominal of convertible non-redeemable preference shares held. These convertible non-redeemable preference shares do not permit holders to vote at general meetings of the Company unless a dividend declared on those shares has not been paid on the due date. On a return of capital on liquidation or otherwise, the convertible non-redeemable preference shares rank in priority to the ordinary shares.

27. Reserves

The Company's reserves comprise:

	Capital reserve $ Million	Profit and loss account $ Million	Total $ Million
At 1 January 2012	6,705	2,210	8,915
Profit for the year	-	(351)	(351)
Total recognised gains and losses	-	(75)	(75)
Share based payment transactions	-	(154)	(154)
Dividends	-	-	-
Capital contribution	284	-	284
At 31 December 2012	6,989	1,630	8,619

The capital reserve includes capital contributions from the parent company, which are distributable.

A capital contribution of $284 million was made on the 13 July 2012 to the Company by CGMEL. The capital contribution was made in order to reinforce the Company's regulatory capital excess.

28. Financial instruments and risk management

Objectives, policies and strategies

Dealing in financial instruments is fundamental to the Company's business. The risks associated with financial instruments are a significant component of the overall risk faced by the Company, particularly in turbulent financial markets.

The Company maintains positions in financial instruments for four principal reasons:

- as a result of the sale or assignment of structured or derivative positions to our clients (usually in the over-the-counter market);
- to satisfy our clients requirements to buy or sell investments;
- as a result of underwriting activites; and
- to economically hedge positions in our own books created by the business noted above.

In addition to the activities noted above, the Company acts as agent for its customers in the purchase, sale and assignment of securities and derivatives listed on recognised investment exchanges.

The Company's derivative transactions are principally in the equity, interest rate, credit and commodity markets. Most of the counterparties in the Company's derivative transactions are banks and other financial institutions. The risks involved in derivatives include market, credit, liquidity and operational risk.

The majority of the financial instruments are held as part of portfolios which are maintained and monitored by the business. The positions thus maintained will result from the Company's normal market activities. The Company aims to maintain a variety of economic hedging strategies. Individual businesses are allocated risk limits based on a wide range of market factors and are required to maintain portfolios within those limits. As such they are responsible for maintaining economic hedges at a macro level.

The development of new business is subject to a new product approval process, the purpose of which is to seek to ensure the proactive identification of risks and rewards before the Company transacts in new financial instruments or services. This process includes the setting of any limits applicable to the new business.

The market uncertainty places additional importance on the risk management policies and procedures which are outlined below. The Citigroup risk management framework as established by the Chief Risk Officer is used as the basis to manage risk in the Company. The Company believes that effective risk management is of primary importance to its success. Accordingly, the Company's risk management process is designed to monitor, evaluate and manage the principal risks it assumes in conducting its activities. As part of Citigroup, the risk management framework is designed to balance corporate oversight with independent risk management functions. The risk management framework is based on guiding principles established by the Chief Risk Officer of Citigroup:

- a common risk capital model to evaluate risks;
- a defined risk appetite, aligned with business strategy;
- accountability through a common framework to manage risks;
- risk decisions based on analytics;
- authority and independence of Risk Managers; and
- empowering Risk Managers to make decisions and escalate issues.

The Company's risk management framework aims to recognise the diversity of the Company's global business activities by combining corporate oversight with independent risk management functions within each business. The independent risk managers at the business level are responsible for establishing and implementing risk management policies and practices within their business, for overseeing the risk in their business, and for responding to the needs and issues of their business.

28 Financial instruments and risk management (continued)

Risk management

The management of risk within Citigroup is across three dimensions: businesses, regions and critical products. Each of the major business groups has a Business Chief Risk Officer who is the focal point for risk decisions (such as setting risk limits or approving transactions) in the business.

There are also Regional Chief Risk Officers, accountable for the risks in their geographic area, and who are the primary risk contact for the regional business heads and local regulators. In addition, the position of Product Chief Risk Officers exists for those areas of critical importance to Citigroup such as real estate and fundamental credit. The Product Risk Officers are accountable for the risks within their specialty and they focus on problem areas across businesses and regions. The Product Risk Officers serve as a resource to the Chief Risk Officer, as well as to the Business and Regional Chief Risk Officers, to better enable the Business and Regional Chief Risk Officers to focus on the day-to-day management of risks and responsiveness to business flow.

The Citigroup risk organisation also includes a Business Management team to seek to ensure that the risk organisation has the appropriate infrastructure, processes and management reporting. This team which supports risk management within the Company includes:

- the risk capital group, which continues to enhance the risk capital model and its consistency across all our business activities;
- the risk architecture group, which seeks to ensure we have integrated systems and common metrics, and thereby allows us to aggregate and stress exposures across the institution;
- the enterprise risk management group, which focuses on improving the effectiveness of existing controls while increasing accountability and eliminating redundancy; and
- the office of the Strategic Regulatory Relationships and Chief Administrative Officer, which focuses on our critical regulatory relationships as well as risk communications.

Risk aggregation and stress testing
The Chief Risk Officer, as noted above, is expected to monitor and control major risk exposures and concentrations across the organisation. This means aggregating risks, within and across businesses, as well as subjecting those risks to alternative stress scenarios in order to assess the potential economic impact they may have on Citigroup.

Stress tests are undertaken across Citigroup, mark-to-market, available-for-sale, and amortised cost portfolios. These firm-wide stress reports seek to measure the potential impact to Citigroup and its component businesses including the risk within the Company of very large changes in various types of key risk factors (e.g. interest rates, credit spreads), as well as the potential impact of a number of historical and hypothetical forward-looking systemic stress scenarios.

Supplementing the stress testing described above, Risk Management, working with input from the businesses and Finance, provides periodic updates to senior management and the Board of Directors on significant potential exposures across Citigroup arising from risk concentrations, financial market participants and other systemic issues. These risk assessments are forward-looking exercises, intended to inform senior management and the Board of Directors about the potential economic impacts to Citigroup that may occur, directly or indirectly, as a result of hypothetical scenarios, based on judgmental analysis from independent risk managers.

The stress testing and risk assessment exercises are a supplement to the standard limit-setting and risk capital exercises described later in this section, as these processes incorporate events in the marketplace and within Citigroup that impact our outlook on the form, magnitude, correlation and timing of identified risks that may arise. In addition to enhancing awareness and understanding of potential exposures within the Company, the results of these processes then serve as the starting point for developing risk management and mitigation strategies.

28 Financial instruments and risk management (continued)

Market risk

Market risk is the risk to earnings or capital from adverse changes in market factors such as interest rates, foreign exchange rates, equity and commodity prices, as well as their implied volatilities and other higher order factors.

Market risks are measured in accordance with established standards to seek to ensure consistency across businesses and the ability to aggregate like risk at the Citigroup level. Independent market risk management establishes, after discussion with each business, a market risk limit framework, including risk measures, limits and controls, that clearly defines approved risk profiles and is within the parameters of Citigroup's and the Company's overall risk appetite. In all cases, the businesses are ultimately responsible for the market risks they take and for remaining within their defined limits.

Market risk is measured through a complementary set of tools, including factor sensitivities, value-at-risk ("VaR"), and stress testing. Each of these is discussed in greater detail below. Each business has its own market risk limit framework, encompassing these measures and other controls, including permitted product lists and a new product approval process for complex products.

Factor sensitivities are defined as the change in the value of a position for a defined change in a market risk factor (e.g. the change in the value of a Treasury bill for a one basis point change in interest rates). It is the responsibility of each business to seek to ensure that factor sensitivities are calculated and reported for all relevant risks taken in a trading portfolio.

VaR methodology
VaR estimates the potential decline in the value of a position or a portfolio, under normal market conditions, over a specified holding period and confidence level. The Citigroup standard is a one-day holding period, at a 99 per cent confidence level. The VaR methodology incorporates the factor sensitivities of the trading portfolio and the volatilities and correlations of those factors. The Company's VaR is based on the volatilities of, and correlations between, a wide range market risk factors, including factors that track the specific issuer risk in debt and equity securities.

Citigroup uses Monte Carlo simulation, which it believes is conservatively calibrated to incorporate the greater of short-term (most recent month) and long-term (three years) market volatility. The Monte Carlo simulation involves approximately 300,000 market factors, making use of 180,000 time series, with market factors updated daily and model parameters updated weekly. The conservative features of the VaR calibration contribute an approximate 20% add-on to what would be a VaR estimated under the assumption of stable and perfectly normally distributed markets. Under normal and stable market conditions, Citigroup would thus expect the number of days where trading losses exceed its VaR to be less than three exceptions per year. Periods of unstable market conditions could increase the number of these exceptions.

VaR limitations
Although extensive back-testing of VaR hypothetical portfolios is performed, with varying concentrations by industry, risk rating and other factors, the VaR cannot necessarily provide an indication of the potential size of loss when it occurs. Hence a comprehensive set of factor sensitivity limits and stress tests are used, in addition to VaR limits.

As set out above, stress testing is performed on portfolios on a regular basis to estimate the impact of extreme market movements. Stress testing is performed on individual portfolios, as well as on aggregations of portfolios and businesses, as appropriate. It is the responsibility of independent market risk management, in conjunction with the businesses, to develop stress scenarios, review the output of periodic stress testing exercises, and use the information to make judgments as to the ongoing appropriateness of exposure levels and limits.

28 Financial instruments and risk management (continued)

Market risk (continued)

A VaR trigger is in place for the Company that seeks to ensure any excesses are discussed and resolved between risk and the business and entity management.

Although a valuable guide to risk, VaR should also be viewed in the context of its limitations:

- The use of historical data as a proxy for estimating future events may not encompass all potential events, particularly those of an extreme nature;
- the use of a one day holding period assumes that all positions can be liquidated or the risks offset in one day. This may not fully reflect the market risk arising at times of severe illiquidity, when a one day holding period may be insufficient to fully liquidate or hedge positions;
- the use of a 99% confidence level, by definition does not take into account losses that might occur beyond this confidence level;
- VaR is calculated on the basis of exposures outstanding at close of business therefore does not necessarily reflect intra-day exposures; and
- VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

Stress testing is performed on portfolios on a regular basis to estimate the impact of extreme market movements. It is performed on both individual portfolios, as well as on aggregations of portfolios and businesses. Independent Market Risk Management, in conjunction with the businesses, develops stress scenarios, reviews the output of periodic stress testing exercises and uses the information to make judgements as to the ongoing appropriateness of exposure levels and limits.

Each portfolio has its own market risk limit framework encompassing these measures as well as other controls, including permitted product lists and a new product approval process for complex products

The following table summarises trading price risk by disclosing the Company's calculated average VaR during the reporting period, together with the VaR as at 31 December:

2012 $ Million	Equity risk	Interest rate risk	Foreign exchange risk	Distressed debt	Commodity risk	Covariance adjustment	Overall VaR
Average	8.5	15.7	1.6	1.4	4.1	0.3	31.6
As at 31 December	14.1	11.2	(0.4)	3.6	1.5	0.1	30.1

2011 $ Million	Equity risk	Interest rate risk	Foreign exchange risk	Distressed debt	Commodity risk	Covariance adjustment	Overall VaR
Average	18.9	33.7	3.6	0.9	3.2	(0.2)	60.1
As at 31 December	10.1	33.7	0.1	0.5	10.3	(0.9)	53.8

28 Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk that a party will fail to discharge an obligation and cause the other party to incur a financial loss. The credit process is grounded in a series of fundamental policies, including:

- joint business and independent risk management responsibility for managing credit risks;
- single centre of control for each credit relationship that coordinates credit activities with that client;
- a minimum two authorised credit officer signature requirement on extensions of credit; one from a sponsoring credit officer in the business and one from a credit officer in independent credit risk management;
- consistent risk rating standards, applicable to every Citigroup obligor and facility; and
- consistent standards for credit origination documentation and remedial management.

The Company uses derivatives as both an end-user for asset/liability management and in its client businesses. The Company enters into derivatives principally to enable customers to transfer, modify or reduce their credit, equity, interest rate and other market risks. In addition, the Company uses derivatives, and other instruments, as an end-user to manage the risks to which the Company is exposed.

The Company's credit exposure on derivatives and foreign exchange contracts is primarily to professional counterparties in the global financial sector, including banks, investment banks, hedge funds, insurance companies and asset management companies.

The Company seeks to reduce its exposure to credit losses by entering into master netting arrangements with most counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. Many of these arrangements also provide for the calling and posting of variation margin or collateral, further reducing the Company's exposures. The internal measurement of exposure on each credit facility takes into account legally enforceable netting and margining arrangements – both in terms of current exposure and in terms of the simulated calculation of potential future exposure.

The following table presents the maximum exposure to credit risk, before taking account of any collateral held or other credit enhancements (where such credit enhancements do not meet offsetting requirements).

31 December 2012	Maximum exposure $ Million	Offset $ Million	Exposure to credit risk (net) $ Million
Cash	3,517	-	3,517
Current asset investments	134,862	(90,690)	44,172
Collateralised financing transactions	100,252	(16,713)	83,539
Cash collateral pledged	4,968	-	4,968
Trade debtors	21,248	(6,152)	15,096
Other debtors	92	-	92
Fixed asset investments	36	-	36
	264,975	(113,555)	151,420

31 December 2011	Maximum exposure $ Million	Offset $ Million	Exposure to credit risk (net) $ Million
Cash	3,714		3,714
Current asset investments	170,393	(152,909)	17,484
Collateralised financing transactions	104,516	(14,327)	90,189
Cash collateral pledged	6,651		6,651
Trade debtors	20,264	(7,983)	12,281
Other debtors	385		385
Fixed asset investments	26		26
	305,949	(175,219)	130,730

28 Financial instruments and risk management (continued)

Credit risk (continued)

The current asset investments offset amount in the above table relates to exposures where the counter party has an offsetting derivative exposure with the Company and a master netting agreement is in place. These amounts do not qualify for net presentation for accounting purposes as settlement may not actually be made on a net basis.

The collateralized financing transactions offset adjustment relates to balances arising from repo and reverse repo transactions. The trade debtor offsets arise from unsettled trades. The offsets relate to balances where there is a legally enforceable right of offset in the event of counterparty default, and where, as a result there is a net exposure for credit risk management purposes. However as there is no intention to settle individual transactions on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes. Credit risk exposure is monitored on an asset basis except for positions which are specially collateralized, normally in the form of cash.

As at 31 December the Company's third party credit exposure (mark to market plus potential future exposure as determined by the Company's internal measure) in relation to collateralized financing transactions and derivatives was distributed as follows:

Industry	**2012**	**2011**
	%	**%**
Commercial and universal banks	32.7	39.0
Insurance and fund management	3.5	4.2
Brokers and investment banks	7.7	10.2
Other (including Corporates, SPVs and Hedge Funds)	56.1	46.6
	100	100

Wrong-way risk is an aggravated form of concentration risk and arises when there is a strong correlation between the counterparty's probability of default and the mark-to-market value of the underlying transaction. We use a range of procedures to monitor and control wrong-way risk, including requiring entities to obtain prior approval before undertaking wrong-way risk transactions outside pre-agreed guidelines. Wrong-way risk is mitigated through the use of enforceable netting agreements and margining.

The credit quality of the Company's financial assets is maintained by adherence to Citigroup policies on the provision of credit to counterparties. The Company monitors the credit ratings of its counterparties in current asset investment and derivative transactions. The table below shows the exposure to counterparties for current asset investments and derivatives as at 31 December as rated by Moody's, S&P and Fitch.

	Government bonds		**Eurobonds and corporate bonds**		**Derivatives**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
	%	**%**	**%**	**%**	**%**	**%**
AAA / AA / A	72.5	98.0	55.0	66.9	52.6	54.8
BBB	21.5	0.5	18.2	11.2	11.6	1.5
BB / B	4.9	1.0	7.2	10.8	1.4	0.3
CCC or below	-	-	1.4	2.3	-	0.2
Unrated	1.1	0.5	18.2	8.8	34.4	43.2
	100.0	100.0	100.0	100.0	100.0	100.0

As discussed above the maximum credit risk is mitigated through the use of collateral, netting arrangements and the use of credit limits. The credit quality table above shows that the majority of the Company's credit exposure is to counterparties which are rated BBB or better.

28 Financial instruments and risk management (continued)

Liquidity risk

The Company defines Liquidity risk as the risk that the firm will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without adversely affecting either daily operations or the financial condition of the firm.

The Company's funding and liquidity objectives are to maintain liquidity to fund its exiting asset base as well as grow its core business, while at the same time maintain sufficient excess liquidity, structured appropriately, so that it can operate under a wide variety of market conditions, including market disruptions for both short and long-term periods.

The UK forum for liquidity management is the UK Asset/Liability Management Committee ("UK ALCO"), which includes senior executives from within the Company and is chaired by the Chief Country Officer. This forum is composed of the UK CFO, EMEA CFO, UK legal entity Risk Manager, UK Treasurer, EMEA Regional Treasurer, the Financing Desk Heads and key business representatives. The UK ALCO reviews the current and prospective funding requirements for the Company, as well as the capital position and balance sheet.

A liquidity plan is prepared annually and the liquidity profile is monitored on an on-going basis and reported daily. Liquidity risk is monitored using various ratios and limits in accordance with the Liquidity Risk Management Policy for the Company. The funding and liquidity plan includes analysis of the balance sheet as well as the economic and business conditions impacting the major operating subsidiaries in the UK. As part of the funding and liquidity plan, liquidity limits, liquidity ratios and assumptions for periodic stress tests are reviewed and approved.

In order to meet its liquidity stress testing requirements and liquidity ratio hurdles, the Company holds a liquidity pool which includes highly liquid government bonds.

Stress testing and scenario analyses are intended to quantify the potential impact of a liquidity event on the balance sheet and liquidity position, and to identify viable funding alternatives that can be utilized. These scenarios include assumptions about significant changes in key funding sources, market triggers (such as credit ratings), potential uses of funding and political and economic conditions. These conditions include standard and stressed market conditions as well as firm-specific events.

A wide range of liquidity stress tests are important for monitoring liquidity risk across Citigroup. Some span liquidity events over a full year, some may cover an intense period of one month. These potential liquidity events are useful to ascertain potential mismatches between liquidity sources and uses over a variety of horizons and liquidity limits are set accordingly. To monitor the liquidity of a unit, those stress tests and potential mismatches may be calculated with varying frequencies, with several important tests performed daily.

Given the range of potential stresses, Citigroup Inc maintains a series of contingency funding plans on a consolidated basis as well as for individual entities, including the Company. The plans specify a wide range of readily available actions that are in a variety of adverse market conditions, or idiosyncratic disruptions.

28 Financial instruments and risk management (continued)

Liquidity risk (continued)

The following table analyses the Company's assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Note that in managing liquidity risk, management use certain assumptions based on behavioural characteristics which differ from the contractual maturity dates shown below:

31 December 2012	Total $ Million	On demand $ Million	3 months & less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Cash	3,517	578	2,939	-	-	-
Current asset investments	134,862	134,862	-	-	-	-
Collateralised financing transactions	100,252	26,780	68,457	1,219	2,524	1,272
Cash collateral pledged	4,968	-	4,968	-	-	-
Trade debtors	21,248	-	21,248	-	-	-
Other debtors	92	-	92	-	-	-
Fixed asset investments	36	-	-	-	-	36
Total financial assets	264,975	162,220	97,704	1,219	2,524	1,308

	Total $ Million	On demand $ Million	3 months & less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Bank loans and overdrafts	6,405	2,009	3,093	-	1,303	-
Collateralised financing transactions	89,849	14,346	65,343	9,636	524	-
Derivatives	96,145	96,145	-	-	-	-
Securities sold but not yet purchased	30,066	-	30,066	-	-	-
Trade creditors	18,311	-	18,057	-	254	-
Other creditors and accruals	1,156	-	1,156	-	-	-
Subordinated loans	5,700	-	-	-	1,500	4,200
Total financial liabilities	247,632	112,500	117,715	9,636	3,581	4,200
Net liquidity gap	17,343	49,720	(20,011)	(8,417)	(1,057)	(2,892)
Cumulative liquidity gap		49,720	29,709	21,292	20,235	17,343

28 Financial instruments and risk management (continued)

Liquidity risk (continued)

31 December 2011	Total $ Million	On demand $ Million	3 months & less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Cash	3,714	1,357	-	-	2,357	-
Current asset investments	170,393	170,393	-	-	-	-
Collateralised financing transactions	104,516	-	86,420	2,627	15,469	-
Cash collateral pledged	6,651	-	6,651	-	-	-
Trade debtors	20,264	-	20,264	-	-	-
Other debtors	385	-	385	-	-	-
Fixed asset investments	26	-	-	-	-	26
Total financial assets	305,949	171,750	113,720	2,627	17,826	26

	Total $ Million	On demand $ Million	3 months & less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Bank loans and overdrafts	5,261	1,985	3,276	-	-	-
Collateralised financing transactions	81,388	-	61,408	9,357	10,623	-
Derivatives	144,496	144,496	-	-	-	-
Securities sold but not yet purchased	27,083	-	27,083	-	-	-
Trade creditors	18,034	-	17,998	-	36	-
Other creditors and accruals	715	-	715	-	-	-
Subordinated loans	10,180	-	-	-	5,980	4,200
Total financial liabilities	287,157	146,481	110,480	9,357	16,639	4,200
Net liquidity gap	18,792	25,269	3,240	(6,730)	1,187	(4,174)
Cumulative liquidity gap		25,269	28,509	21,779	22,966	18,792

The table below analyses the Company's liabilities into relevant maturity groupings based on the remaining contractual future undiscounted cash flows up to maturity. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Company manages the liquidity risk based on the contractual maturity as disclosed in the previous table. Derivatives have been excluded from the table because they are not held for settlement over the period of contractual maturity.

31 December 2012	Contractual value $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Subordinated loans	7,296	-	70	210	2,402	4,614
Total financial liabilities	7,296	-	70	210	2,402	4,614

31 December 2011	Contractual value $ Million	On demand $Million	3 months or less $ Million	3 - 12 months $ Million	1 – 5 years $ Million	More than 5 years $ Million
Subordinated loans	12,339	-	120	361	7,060	4,798
Total financial liabilities	12,339	-	120	361	7,060	4,798

28 Financial instruments and risk management (continued)

Country Risk

Country risk is the risk that an event in a country (precipitated by developments within or external to a country) will impair the value of Citigroup's franchise or will adversely affect the ability of obligors within that country to honor their obligations to Citigroup. Country risk events may include sovereign defaults, banking defaults or crises, currency crises and/or political events.

The information below is based on Citigroup's internal risk management measures. The country designation in Citigroup's risk management systems is based on the country to which the client relationship, taken as a whole, is most directly exposed to economic, financial, sociopolitical or legal risks. This includes exposure to subsidiaries within the client relationship that are domiciled outside of the country.

Citigroup assesses the risk of loss associated with certain of the country exposures on a regular basis. These analyses take into consideration alternative scenarios that may unfold, as well as specific characteristics of the Company's portfolio, such as transaction structure and collateral. The Company currently believes that the risk of loss associated with the exposures set forth below is likely materially lower than the exposure amounts disclosed below and is sized appropriately relative to its operations in these countries.

The sovereign entities of all the countries disclosed below, as well as the financial institutions and corporations domiciled in these countries, are important clients to the Company and in the global Citigroup franchise. Citigroup fully expects to maintain its presence in these markets to service all of its global customers. As such, the Company's exposure in these countries may vary over time, based upon its franchise, client needs and transaction structures.

Several European countries including Greece, Ireland, Italy, Portugal and Spain have been the subject of credit deterioration due to weaknesses in their economic and fiscal situations. Given the interest in the area, the table below outlines the Group's exposures to these countries as of 31 December.

2012 **$ Millions**	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**
Net current funded credit exposure	9	2	240	-	(1)	250
Net trading exposure	(39)	42	1,271	70	1,142	2,486
Net current funded exposure	(30)	44	1,511	70	1,141	2,736
Net current funded credit exposure:						
Sovereigns	-	-	200	-	-	200
Financial institutions	1	2	32	-	(2)	33
Corporations	8	-	8	-	1	17
Total net current funded credit exposure	9	2	240	-	(1)	250

28 Financial instruments and risk management (continued)

Country Risk (continued)

2011 **$ Millions**	**Greece**	**Ireland**	**Italy**	**Portugal**	**Spain**	**Total**
Net current funded credit exposure	(20)	(2)	144	-	(3)	119
Net trading exposure	49	66	231	(2)	(114)	230
Net current funded exposure	29	64	375	(2)	(117)	349
Net current funded credit exposure:						
Sovereigns	-	-	29	-	-	29
Financial institutions	4	(2)	99	-	(3)	98
Corporations	(24)	-	16	-	-	(8)
Total net current funded credit exposure	(20)	(2)	144	-	(3)	119

The exposure detailed above is the nominal exposure without the benefit of any collateral but it reflects the benefit of margin and credit protection. The net trading exposures are marked to market daily and levels vary as the positions are maintained consistent with customer needs. As such, the Company's net exposure is significantly less.

The Company does not have any exposure to unfunded commitments.

Operational risk (unaudited)

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human factors or systems, or from external events. It includes the reputation and franchise risk associated with business practices or market conduct that the Company undertakes. Operational risk is inherent in the Company's business activities and, as with other risk types, is managed through an overall framework with checks and balances that includes:

- recognised ownership of the risk by the businesses;
- oversight by independent risk management; and
- independent review by audit and risk review.

Framework
The Company's approach to operational risk is defined in the Citigroup Risk and Control Self-Assessment/Operational Risk Policy. The objective of the policy is to establish a consistent, value-added framework for assessing and communicating operational risk and the overall effectiveness of the internal control environment across Citigroup. The operational risk standards aim to facilitate the effective communication of operational risk. Information about operational risk, historical losses and the control environment is reported and summarised for the Audit Committee, Senior Management and for the Directors.

Measurement and Basel II
To support advanced capital modelling and management each business is required to capture relevant operational risk capital information. An enhanced version of the Citigroup risk capital model for operational risk has been developed and implemented across the major business segments. The FSA has approved this model, including a capital allocation, for use within the Company as an "Advanced Measurement Approach" under Basel II. It uses a combination of internal and external loss data to support statistical modelling of capital requirement estimates, which are then adjusted to reflect qualitative data regarding the operational risk and control environment.

28 Financial instruments and risk management (continued)

Capital management

The Company's approach to capital management is driven by strategic and organisational requirements, taking into account the regulatory, economic and commercial environment.

It is the Company's policy to continue to maintain a strong capital base to support the business and regulatory capital requirements at all times. The composition and amount of capital will be commensurate with the regulations in force, including CRD4 in the future.

Capital forecasts are prepared taking into account strategic growth plans, seasonal activity and changes in the future regulatory environment. Capital forecasts are updated monthly and reviewed at least quarterly.

The Company maintains an internal capital buffer in excess of the Financial Services Authority minimum regulatory capital requirement.

Regulatory capital (unaudited)

The Company's capital adequacy position is managed and monitored in accordance with the prudential requirements of the FSA, the UK financial services regulator. The Company must at all times meet the relevant minimum capital requirements of the FSA. The Company has established processes and controls in place to monitor and manage its capital adequacy position.

Under the FSA's minimum capital standards, the Company is required to maintain an excess of total capital resources over its capital resources requirements. For this purpose the Company calculates capital requirements for market risk, credit risk, concentration risk and operational risk based upon a number of internal models and recognises a number of credit risk mitigation techniques.

The Company's regulatory capital resources comprise three distinct elements:

- tier one capital, which includes ordinary share capital, retained earnings and capital reserves;
- tier two capital, which includes qualifying long-term subordinated liabilities; and
- tier three capital, which includes qualifying short-term subordinated liabilities.

Various limits are applied to these elements of the capital base. In particular, qualifying long-term subordinated loan capital may not exceed 50 per cent of tier one capital; and qualifying short-term subordinated loan capital may not exceed 250 per cent of tier one capital. Other deductions from capital include illiquid assets and certain other regulatory items.

The Company's policy is to maintain a sufficient capital base in order to maintain investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' returns is also recognised, as is the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company's regulatory capital resources at 31 December were as follows:

	2012 **$ Million**	**2011** **$ Million**
Tier one capital	10,285	10,221
Tier two capital	4,104	4,200
Tier three capital	1,273	5,980
Deductions	(218)	(366)
Total regulatory capital resources	15,444	20,035

29. Other commitments

a) Letters of credit

As at 31 December 2012, the Company had $35 million (2011: $325 million) of unsecured letters of credit outstanding from banks to satisfy collateral requirements under securities borrowing agreements and margin requirements.

b) Capital commitments

As at 31 December 2012, the Company had no capital commitments (2011: $nil).

30. Registered charges

The Company has granted to various banks and other entities a number of fixed and floating charges over certain holdings in securities, properties, collateral and monies held by or on behalf of such banks or other entities.

31. Group structure

The Company's immediate parent undertaking is CGMEL, a company registered in England and Wales. The Company's ultimate parent company and ultimate controlling party is Citigroup Inc, incorporated in the State of Delaware, United States of America.

The audited consolidated financial statements of CGMEL are made available to the public annually in accordance with Companies House regulations and may be obtained from its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The audited consolidated financial statements of Citigroup Inc are made available to the public annually in accordance with Securities and Exchange Commission regulations and may be obtained from www.citigroup.com/citi/corporategovernance/ar.htm.