

BASE PROSPECTUS

UNICREDIT LONDON INVESTMENTS LTD.

EUR10,000,000,000 UniCredit London Investments Structured Note Programme

UniCredit London Investments Ltd. (the "**Initial Issuer**") or any other issuer acceding to this programme (such issuers, together with the Initial Issuer, each being an "**Issuer**") may from time to time issue Notes (the "**Notes**") and enter into Alternative Investments (together with the Notes, the "**Debt Investments**") under its EUR10,000,000,000 UniCredit London Investments Structured Note Programme (the "**Programme**"). Notes will be issued to UniCredit Bank AG ("**UniCredit**"), the initial dealer in respect of the Programme, and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific Series or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). The Debt Investments may be denominated in any currency agreed between the Issuer and the relevant Dealer(s) as specified in the Issue Terms relating to each Series. In connection with any Debt Investments, an Issuer may enter into associated Charged Agreement(s) and other related agreements and shall grant security in favour of the Trustee over the Secured Property (including, without limitation, its Rights in respect of such associated Charged Agreement(s) and other related agreements) as further described below.

The maximum aggregate nominal amount of all Debt Investments from time to time outstanding in respect of each Issuer under the Programme will not exceed EUR10,000,000,000 (or its equivalent in other currencies), subject to increase from time to time.

The Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Irish Stock Exchange**") or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area (the "**EEA**").

Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. Notes may be listed or admitted to trading, as the case may be, on such other stock exchange(s) or market(s) as may be specified in the Issue Terms. The Issue Terms will specify whether or not Notes will be listed on the Irish Stock Exchange. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. This Base Prospectus has been prepared for use only in connection with Notes issued by the Issuers.

The Central Bank in its capacity as competent authority has only approved this Base Prospectus in relation to Notes which are to be listed on the Irish Stock Exchange or any other regulated market (as defined under the Prospectus Directive) and Central Bank has neither reviewed nor approved this Base Prospectus in relation to any unlisted Notes.

References in this Base Prospectus to Notes being listed in Ireland (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange's regulated market and have been listed on the Irish Stock Exchange. References in this Base Prospectus to "Irish Stock Exchange" (and all related references) shall mean the regulated market of the Irish Stock Exchange.

Claims of the Noteholders, the holders of Alternative Investments and the Counterparty (if any) of each Series will be limited in recourse to the Secured Property relating to such Series (see "*Risk Factors - Limited recourse*").

Selling and transfer restrictions will apply to any offer or sale of Notes within the United States, or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "*Securities Act*")) outside the United States, as set out in this Base Prospectus and/or in the Issue Terms.

Prospective investors should be aware of the risks involved in investing in the Notes (see "*Risk Factors*" on pages 13 to 27, where applicable, the relevant Issue Terms).

**Arranger and Dealer
UniCredit Bank AG**

The date of this Base Prospectus is 18 May 2011.

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IMPORTANT NOTICES

Capitalised terms used in this Base Prospectus shall have the meanings given to them in the General Definitions Module set out herein or, as the case may be, in the relevant Issue Terms relating to each Series.

This Base Prospectus has been prepared for the purpose of providing information with regard to the Initial Issuer and the Notes and comprises a Base Prospectus for the purposes of the Prospectus Directive. The Initial Issuer accepts responsibility for the information contained in this Base Prospectus and the Initial Issuer confirms to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) that the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This Base Prospectus should be read in conjunction with the relevant Issue Terms setting out the specific terms for each Series, which Issue Terms incorporate by reference this Base Prospectus with respect to the relevant Series, and references herein to the "Base Prospectus" shall be construed accordingly.

None of the Arranger, the Trustee or any Dealer has or will have separately verified the information contained herein or in any Issue Terms. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Arranger, the Trustee or any Dealer as to the accuracy or completeness of the information contained in this Base Prospectus or in any Issue Terms or any other information provided by the Initial Issuer or any relevant Issuer in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuers under the Programme.

The delivery of this Base Prospectus or any Issue Terms does not at any time imply that the information contained herein or therein concerning the Issuers is correct at any time subsequent to the date hereof or thereof (as the case may be) or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

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 any Issue Terms and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Arranger, the Trustee and the relevant Dealer(s) do not and will not represent that this Base Prospectus or any Issue Terms may be lawfully distributed, or that the 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, no action has been or will be taken by the Issuers, the Arranger, the Trustee or any Dealers (save as specified in the relevant Issue Terms) which would permit a public offering of the Notes or distribution of this Base Prospectus or any Issue Terms in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Issue Terms 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, any Issue Terms or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and any Issue Terms and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom). See "*Subscription and Sale and Transfer Restrictions*" below.

The Notes have not been and will not be registered under the Securities Act and may include Bearer Notes which are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). See "*Subscription and Sale and Transfer Restrictions*" below.

Notes to be issued in bearer form ("Bearer Notes") will initially be represented by interests in a temporary global Note or a permanent global Note, in either case, in bearer form (a "Temporary Global Note" and a "Permanent Global Note", respectively) which, in each case, will be deposited with a common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking société anonyme ("Clearstream, Luxembourg") or such other clearing system approved by the Issuer and the Trustee on or before the relevant issue date. Beneficial interests in a Temporary Global Note will be exchangeable either for beneficial interests in a Permanent Global Note or for Bearer Notes in definitive form ("Definitive Bearer Notes"). A Permanent Global Note will be exchangeable for Definitive Bearer Notes only in the limited circumstances set out in such Permanent Global Note.

Notes to be issued in registered form ("Registered Notes") will be represented by interests in a Global Certificate deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg or such other clearing system approved by the relevant Issuer, or by Individual Certificates.

All references in this Base Prospectus or any Issue Terms to "U.S. dollars", "U.S.\$" and "U.S. cents" are to the currency of the United States of America, those to "Sterling", "Pounds Sterling", "Pounds" and "£" are to the currency of the United Kingdom, those to "Japanese Yen", "Yen" and "¥" are to the currency of Japan and those to "euro", "EUR" and "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable 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 stabilising 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 commenced, may be discontinued at any time, but must be brought to an 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 stabilising action or over-allotment must be conducted by the Stabilising Manager (or any person acting for the stabilising manager) in accordance with all applicable laws and rules.

This Base Prospectus should be read and construed with any amendment or supplement thereto and with any other documents incorporated by reference therein.

The Initial Issuer is not, and will not be, regulated by the Central Bank by virtue of issuing the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by Central Bank.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole and, in relation to any particular Series of Notes, the relevant Issue Terms. No civil liability attaches to any Issuer in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus and, in relation to any particular Series of Notes, the relevant Issue Terms before the legal proceedings are initiated.

This Summary is qualified in its entirety by the remainder of this Base Prospectus and, in relation to any particular Series of Notes, the relevant Issue Terms.

Issuer:	UniCredit London Investments Ltd. (the " Initial Issuer ") or any other issuer specified in the Issue Terms that has acceded to the Programme
Description:	EUR10,000,000,000 UniCredit London Investments Structured Note Programme.
Arranger:	UniCredit Bank AG
Dealer:	UniCredit Bank AG and/or any other Dealers appointed in respect of an issue of Notes. The relevant Issuer may from time to time appoint additional Dealers either in respect of one or more Series or in respect of the whole Programme or terminate the appointment of any Dealer under the Programme.
Principal Paying Agent:	Deutsche Bank AG, London Branch
Registrar:	Deutsche Bank Luxembourg S.A.
Custodian:	Deutsche Bank AG, London Branch
Trustee:	Deutsche Trustee Company Limited The Noteholders may by Extraordinary Resolution remove any Trustee, provided that a suitable successor has been found. The relevant Issuer has the power to appoint a replacement Trustee but no successor shall be appointed without the prior approval of the Noteholders.
Maximum Amount of Programme:	EUR 10,000,000,000 (or its equivalent in other currencies), subject to increase from time to time.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be issued in any currency as agreed between the relevant Issuer and the relevant Dealer(s).

Distribution:	Each Series will be issued to the relevant Dealer(s) or to the other subscriber(s) to such Series by way of private placement or public issue, as specified in the relevant Issue Terms.
Maturities:	Such maturities as may be agreed between the relevant Issuer and the relevant Dealer(s) and specified in the Issue Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant currency in which the Notes are denominated.
Issue Price:	Where applicable, Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount or premium to par.
Fixed Rate Notes:	Fixed interest will be payable in respect of any Series of Notes at such rate or rates and on such dates as may be agreed between the relevant Issuer and the relevant Dealer(s) and will be calculated on the basis of such Fixed Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer(s) (as specified in the relevant Issue Terms).
Floating Rate Notes:	<p>Floating rate interest will be payable in respect of any Series of Notes at such rate and on such dates as may be agreed between the relevant Issuer and the relevant Dealer(s) as specified in, or determined pursuant to, the Issue Terms and will be calculated on the basis of such Floating Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer(s) (as specified in the relevant Issue Terms).</p> <p>Interest at a floating rate payable in respect of any Series of Notes will be determined either:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Currency of Issue governed by an agreement incorporating the ISDA Definitions; or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer(s), <p>in each case, as indicated in the Issue Terms.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.</p>

Types of Notes:

The relevant terms applicable to any type of Note which the relevant Issuer and any Dealer may agree to issue under the Programme will be set out in the relevant Issue Terms. Each Series of Notes will be given a separate identifiable series number.

Form of Notes:

Notes may be issued in bearer form or registered form.

Bearer Notes will either (a) initially be represented by a Temporary Bearer Global Note or (b) be represented by a Permanent Bearer Global Note, in each case which will be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg on or before the Issue Date. Beneficial interests in a Temporary Bearer Global Note will be exchangeable for either beneficial interests in a Permanent Bearer Global Note or definitive Bearer Notes, in each case on or after the date which is 40 days after the date on which the Temporary Bearer Global Note is issued and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. A Permanent Bearer Global Note will be exchangeable in whole but not in part for definitive Bearer Notes only upon an Exchange Event.

Registered Notes will be represented by a Global Certificate deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream, Luxembourg, or by Individual Certificates. Prior to expiry of the applicable Distribution Compliance Period required by Regulation S, beneficial interests in a Global Certificate and Individual Certificates may not be offered or sold to, or for the account or benefit of, a U.S. person. Beneficial interests in a Global Certificate may not be held otherwise than through Euroclear and Clearstream, Luxembourg.

No beneficial owner of an interest in a Bearer Global Note or a Global Certificate will be able to exchange or transfer that interest, except in accordance with the applicable procedures of Euroclear and/or Clearstream, Luxembourg or, where the context so permits, any additional or alternative clearing system specified in the relevant Issue Terms. In addition, Global Certificates and, if applicable, any Individual Certificates will be subject to certain restrictions on transfer set out in a legend thereon and in the relevant Issue Terms.

For so long as any of the Notes is represented by a Bearer Global Note or a Global Certificate held by a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as entitled to a particular nominal amount of Notes shall be deemed to be the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal, premium (if any), interest or other amounts on such Notes, for which purpose such common depositary shall be deemed to be the holder of such nominal amount of Notes in accordance with and subject to the terms of the

relevant Global Note.

Denominations:	Notes will be issued in such denominations and such increments as may be specified in the relevant Issue Terms.
Early Redemption:	<p>Notes will be redeemable prior to maturity only in limited circumstances upon the occurrence of certain events relating to the relevant Issuer as set out in Condition 8 (<i>Redemption</i>) or relating to an acceleration of the Notes as specified in Condition 11 (<i>Events of Default</i>) or as otherwise specified in the relevant Issue Terms.</p> <p>Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies), unless such Notes may not be redeemed until the first anniversary of their date of issue.</p>
Optional Early Redemption:	Notes may be redeemed at the option of the relevant Issuer or the Noteholders prior to their stated maturity, on such dates and on such terms as are specified in the relevant Issue Terms.
Taxation:	The relevant Issuer will not be obliged to gross up any payments in respect of the Notes (including for tax suffered in respect of a payment under the Charged Assets or any Charged Agreements).
Cross Default:	None.
Listing:	<p>The Base Prospectus has been approved by the Central Bank, as competent authority under the Directive 2003/71/EC (the "Prospectus Directive"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "Irish Stock Exchange") or other regulated markets for the purposes of Prospectus Directive or which are to be offered to the public in any Member State of the European Economic Area (the "EEA").</p> <p>Application has been made to the Irish Stock Exchange for the Notes issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the Official List and trading on its regulated market. Notes may be listed or admitted to trading, as the case may be, on such other Stock Exchange(s) or market(s) as may be specified in the Issue Terms. The Issue Terms will specify whether or not Notes will be listed on the Irish Stock Exchange. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. This Base Prospectus has been prepared for use only in connection with Notes issued by the Issuers.</p>

Rating:	<p>The Programme is not rated. Notes of any Series may be rated by Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. ("S&P"), Moody's Investors Service Inc. ("Moody's"), Fitch Ratings Ltd. ("Fitch") and/or any other recognised debt rating agency, as specified in the relevant Issue Terms. The ratings will vary depending upon, among other things, the rating of the obligor(s) in respect of the relevant Charged Assets and the relevant Charged Agreements (if any). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. A suspension, change or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.</p>
Status of Notes:	<p>Notes of each Series will be secured, direct, limited recourse obligations of the relevant Issuer ranking <i>pari passu</i> and without preference among themselves.</p>
Security:	<p>Unless otherwise specified in the Issue Terms, the relevant Issuer will grant to the Trustee the following security to secure its obligations under each Series and the relevant Charged Agreement(s):</p> <ul style="list-style-type: none"> (i) a first ranking assignment by way of security of all of the relevant Issuer's Rights under the Agency Agreement; (ii) a first ranking assignment by way of security of all of the Issuer's Rights to, under and in respect of, the Charged Assets; (iii) a first fixed charge over the Charged Assets and all Rights and sums derived therefrom; (iv) a first ranking assignment by way of security of the relevant Issuer's Rights under the Charged Agreement(s), the relevant Issuer's Rights under the Sale Agreement and the relevant Issuer's Rights under any Additional Agreement; and (v) a first ranking assignment by way of security of all of the relevant Issuer's Rights to any of its bank accounts in respect of such Series including, without limitation, any Deposit Account (but excluding, for the avoidance of doubt, the relevant Issuer's bank account containing the paid up ordinary share capital of the relevant Issuer). <p>The secured creditors of each Series of Notes of the relevant Issuer will also be secured under the Trust Instrument executed in respect of such Series by a first floating charge over the Secured Property, both present and future, in respect of such Series which is not the subject of a fixed security interest, which will become enforceable upon the appointment of a receiver in relation to the relevant Issuer or a petition being lodged with the court for a winding-up in relation to the relevant Issuer.</p>

The Notes may also be secured by additional security documents and/or on such other assets as may be specified in the Issue Terms.

The relevant Issuer is not subject to a general negative pledge but has covenanted to grant security only in limited circumstances as set out in Condition 18 (*Restrictions*) to secure other limited recourse debt incurred by it.

Attention of investors is drawn to "Risk Factors - Limited recourse" below.

Charged Assets:

The Charged Assets may comprise bonds, notes, securities, cash deposits denominated in any currency, commodities, the benefit of loans, Schuldscheine, equity interests (including shares and participating income notes), other assets or contractual or other rights, all as more particularly specified in the relevant Issue Terms.

The Charged Assets relating to each Series will be owned by the relevant Issuer and (unless otherwise specified in the relevant Issue Terms) shall be deposited with the Custodian for such Series subject to the security interests granted in favour of the Trustee. In such event, the payments of principal and interest in respect of the Charged Assets shall be paid into a Counterparty Account as specified in the Issue Terms (where there is a Charged Agreement) or otherwise to the Principal Paying Agent to be paid to Noteholders or as may otherwise be specified in the Issue Terms.

The relevant Issuer and at their option, the Noteholders, may substitute or replace Charged Assets in certain circumstances as specified in the Issue Terms.

Charged Agreements:

The Charged Agreements (if any) will comprise the Swap Agreement or Swap Agreements entered into in connection with a particular Series and any other agreements specified in the relevant Issue Terms. There is no requirement that a Series of Notes shall have a Charged Agreement and/or a Counterparty.

Priority of Claims:

The relative priority of claims of the Noteholders of each Series and the Counterparty will be "Noteholder Priority Basis", "*Pari Passu* Basis" or "Counterparty Priority Basis", as specified in the relevant Issue Terms. See Condition 5 (*Application of Proceeds*).

Instructing Creditor:

The Instructing Creditor shall be the person(s) entitled to request the Trustee to take certain actions contemplated in the Conditions (in particular Condition 11 (*Event of Default*) and Condition 12 (*Enforcement*)) in respect of a particular Series.

The relevant Issue Terms will specify, in relation to the related Series, whether the Instructing Creditor is:

- (i) the Counterparty only; or

(ii) the Noteholders only.

Accordingly, the Instructing Creditor in respect of a Series will not necessarily be the Noteholders.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law. Any Alternative Investments entered into by the Issuer may be governed by, and construed in accordance with, English law or any other laws, as specified in the Issue Terms.

Selling Restrictions:

There are selling restrictions in relation to the United States and the European Economic Area (including the United Kingdom) and such other restrictions as may be required (and specified in the relevant Issue Terms) in connection with the offering and sale of a particular Series. See "*Subscription and Sale and Transfer Restrictions*" below.

RISK FACTORS

The purchase of Notes may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Unless otherwise specified in the relevant Issue Terms, the Notes are not principal protected and purchasers of Notes are exposed to full loss of principal.

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

Each Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of an Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and any relevant Issue Terms and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.

Investor suitability

Investment in the Notes may only be suitable for investors who:

- (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Notes and the rights attaching to the Notes;
- (ii) are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- (iii) are acquiring the Notes for their own account for investment, not with a view to resale, distribution or other disposition of the Notes (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (iv) recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.

Business of the Issuer

The Initial Issuer is a special purpose entity existing for the purpose of issuing asset backed securities. The Initial Issuer's sole business is the raising of money by issuing the Notes or other obligations for the purposes of purchasing assets and entering into related derivatives and other contracts. Furthermore, so long as any of the Notes remain outstanding, the relevant Issuer shall not, without the written consent of the Trustee (which may only be given if the Trustee is so directed by the Instructing Creditor (if the Instructing Creditor is the Noteholders, by the holders of more than 20 per cent. of the aggregate Outstanding Principal Amount of the Notes then outstanding or by an Extraordinary Resolution of such Noteholders)) and the Trustee shall have been indemnified and/or secured to its satisfaction) and the Counterparty (if any) (A) engage in any activity or do anything whatsoever, except (i) issue or enter into, as applicable, and/or, as the case may be, Alternative Investments (the terms of which may be governed by a law or laws other than English law) subject to a maximum aggregate principal amount outstanding at any time of EUR 10,000,000,000 (or its equivalent in other currencies) (ii) acquire and own Charged Assets or any assets used to secure any Debt Investments and exercise its rights and perform its obligations in respect thereof (iii) enter into and perform its obligations under the Transaction Documents (iv) enforce any of its rights under the Transaction Documents, any Notes or the Secured Property relating to any Series as permitted by (B) below and (v) perform any act incidental to or

necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange agreement in connection with the issue of Notes; (B) have any Subsidiaries except, if the relevant Issuer has issued rated Notes, after having given prior written notice to the relevant Rating Agency and, in any event, only Subsidiaries (i) which are wholly owned by the relevant Issuer (ii) whose share capital is fully paid up by the relevant Issuer (iii) whose activities are limited to the same extent as those of the relevant Issuer under the Trust Instrument (including, without limitation, the terms of any Notes or other debt instruments issued or loans entered into, by such Subsidiary being required to be on substantially the same terms as those of the Notes) and (iv) in respect of whose activities the relevant Issuer will have no liability; (C) subject to (A) above, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in accordance with Condition 9 (*Purchases*)); (D) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Secured Property other than the Security Interests in respect of all Series of Notes of the relevant Issuer; (E) have any employees; (F) declare any dividends or make any distributions of any other kind, save for such dividends and/or distributions which are paid out of the proceeds of realisation of the Secured Property or any other proceeds in relation to any Series of Notes after the Issuer's obligations to the Noteholders and any other secured creditors in relation to such Series of Notes have been discharged in full; (G) issue any further shares save for shares in the Issuers issued to any other member of UniCredit Group; (H) commingle its assets with the assets of any other person or entity; (I) in respect of any Series of Notes, enter into any cross default or cross collateralisation arrangements referencing any other Series of Notes; (J) take any action which would lead to the dissolution, liquidation or winding up of, or the appointment of an examiner to, itself or to the amendment of its constitutional documents; (K) in the case of Notes that are rated, subject to such requirements (if any) as are specified in the Trust Instrument of notification to and confirmation from the Rating Agency or Rating Agencies (if any) specified in the Issue Terms, consolidate or merge with any other person, or convey or transfer its properties or assets substantially as an entirety to any person; or (L) perform such other activities as are expressly restricted in the Trust Instrument. As such, the activities of each Issuer are circumscribed and each Issuer may only do certain things if it receives either prior consent (which may or may not be forthcoming) or gives prior written notice.

Limited recourse

All payments to be made by the relevant Issuer in respect of the Notes or Alternative Investments of each Series and the Charged Agreement(s) (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the relevant Issuer or the Trustee in respect of the Secured Property in accordance with the Security Ranking Basis specified in the Issue Terms. To the extent that there are insufficient funds available to the Issuer to pay interest that would otherwise be due and payable under the Notes, the payment obligation in relation to amounts which cannot be so paid will be deferred (with interest accruing on the deferred amounts) and then payment will be made when funds become available from the Secured Property. It is possible that funds will not become available before the Notes in a Series become due and payable. In such a case, the Issuer's payment obligation in respect of such unpaid amounts shall be extinguished and the Trustee, the Noteholders or holders of Alternative Investments (as the case may be) and the Counterparty shall have no further claim against the relevant Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the relevant Issuer as a consequence of such a shortfall. Each Noteholder or holder of an Alternative Investment (as the case may be), by subscribing for or purchasing such Notes or Alternative Investments (as the case may be), will be deemed to accept and acknowledge that it is fully aware of this.

The Notes and Alternative Investments of each Series are direct, limited recourse obligations of the relevant Issuer alone and not of the officers, members, directors, employees, security holders or incorporator of the relevant Issuer, the Arranger, the Trustee, the Counterparty, the obligor(s) in respect of any Charged Assets or any Reference Entity or their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, any Dealer(s). The Notes and Alternative Investments issued by UniCredit London

Investments Ltd, are obligations of UniCredit London Investments Ltd. alone and are not obligations of, or guaranteed in any way by, any other member of the UniCredit Group.

The validity of the contractual priority of payment following an event of default relating to the Counterparty could be open to challenge

The validity of contractual priorities of payments such as those contemplated in this Base Prospectus has been challenged recently in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty) and have considered whether such payment priorities breach the "anti-deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Court of Appeal in *Perpetual Trustee Co Ltd & Anor v BNY Corporate Trustee Services Ltd & Ors* [2009] EWCA Civ 1160, dismissed this argument and upheld the validity of similar priorities of payment, stating that the anti-deprivation principle was not breached by such provisions.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.'s ("**LBSF**") motion for summary judgement on the basis that the effect was that the provisions do infringe the anti-deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this has resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". The English Supreme Court granted leave to appeal the Court of Appeal's decision. In New York however, whilst leave to appeal was granted, the case was settled before an appeal was heard. Notwithstanding the New York settlement, the appeal by one of the appellants, Lehman Brothers Special Financing Inc., against two of the respondents, Belmont Park Investments Pty and BNY Corporate Trustee Services Ltd, in the English courts was heard in early March 2011 and the judgment is awaited. Therefore concerns still remain that the English and U.S. courts will diverge in their approach which, in the case of an unfavourable decision either in England or New York, may adversely affect the Issuer's ability to make payments on the Notes. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

Noteholders will be exposed to credit risk, market risk and other risks in respect of the Charged Assets

The Charged Assets for each Series of Notes will, among other risks, be subject to credit, market, liquidity and interest rate risks. In certain transactions, all or substantially all of the Charged Assets securing the Notes of any Series may be rated below investment grade and will have greater credit and liquidity risk.

To the extent that a default occurs with respect to the Charged Assets securing the Notes of any Series and the Trustee sells or otherwise disposes of such Charged Assets, it is not likely that the proceeds of such sale or disposition will be equal to the unpaid principal and interest thereon.

Even in the absence of a default with respect to the Charged Assets securing any Series of Notes, due to potential market volatility, the market value of such Charged Assets at any time will vary, and may vary substantially, from the price at which such Charged Assets were initially purchased and from the principal amount of such Charged Assets. The market value of the Charged Assets will generally fluctuate with, among other things, the financial condition of such obligor(s), general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. As at the date of this Prospectus, continuing market turmoil has meant that certain asset classes are experiencing significant price disruptions resulting from reduced investor demand for such assets. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Charged Assets securing any Series of Notes, or that the proceeds of any such sale or disposition would be sufficient to repay principal of and interest on the Notes of the related Series and

amounts payable prior thereto. In the event of an insolvency of an obligor of the Charged Assets, various insolvency and related laws applicable to such obligor may limit the amount the Trustee (or any agent thereof) may recover.

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

Since the beginning of the current market turmoil in the second half of 2007, the credit ratings of debt issued by a significant number of financial institutions and other corporate entities (including structured vehicles) have been subject to a downgrade. If there is a downgrade of the credit rating of any Charged Assets comprising securities or of the relevant issuer of any Charged Assets comprising securities and/or the credit risk in respect of such Charged Assets increases and/or the market value of such Charged Assets decreases after such Charged Assets are or have been held by the relevant Issuer, there will be no obligation on the Counterparty or any other party to deliver to the relevant Issuer additional assets or alternative assets with an equal, equivalent or better credit rating, credit risk or market value than such Charged Assets.

Noteholders will be exposed to, amongst others, the credit risk of the Counterparty, the Paying Agents and the Custodian

The ability of the relevant Issuer to meet its obligations under the Notes and the Charged Agreement(s) (if any) will be dependent, where applicable, upon the payment of principal and interest due on the Charged Assets (as referred to above), the payment of all sums due from the relevant Counterparty under the Charged Agreements, upon the Principal Paying Agent, the other Paying Agents and the Custodian making the relevant payments when received and upon all parties to the Transaction Documents (other than the relevant Issuer) performing their respective obligations thereunder. Moreover, in certain cases, the security for the Notes will be limited to the claims of the relevant Issuer against the Counterparty under the Charged Agreements.

Accordingly, Noteholders are exposed, among other things, to the creditworthiness of the obligor(s) in respect of the Charged Assets, the Counterparty, the Principal Paying Agent, the other Paying Agents, the Custodian and, in the case of Credit Linked Notes, any Reference Entities (the Counterparty, the Principal Paying Agent, the other Paying Agents, the Custodian and any Reference Entities each being a "**Relevant Entity**"). The creditworthiness and/or performance of each of these may be dependent upon economic, political, financial and social events, locally and globally. In particular, in 2008 the global economy entered the most severe downturn for 80 years. Economic conditions remain fragile, and there is a risk that major economies may suffer a "double dip" recession where the improvements in a number of important markets reverse.

Accordingly, these market conditions could adversely affect any of (i) the market value of the Charged Assets and/or (ii) the consolidated financial condition or results of operations in future periods of any Relevant Entity. In addition, any such entity may become subject to litigation and regulatory or governmental scrutiny, or may be subject to changes in applicable regulatory regimes that may be materially adverse to them, their prospects or their ability to meet obligations under the Charged Agreements.

If current market conditions and circumstances deteriorate further this could lead to a decline in credit quality, corrections in asset prices and increases in defaults and non-performing debt, and there can be no assurance that such factors will not adversely affect the market value of the Charged Assets and/or any Relevant Entity's creditworthiness and/or performance and, in turn, the performance of the Notes.

Exposure to Reference Entities under Credit Linked Notes

Prospective investors who consider purchasing Credit Linked Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances, particularly the risks associated with each relevant Reference Entity. Because payments under the Notes upon maturity or earlier redemption depend upon, among other things, the credit performance of each relevant Reference Entity, the occurrence of a Credit Event in relation to each relevant Reference Entity could result in the loss of a substantial portion or all of a Noteholder's investment in the Notes. As discussed above, the creditworthiness and/or performance of the Reference Entity may be dependent upon economic, political, financial and social events, locally and globally. There can be no assurance that such factors will not adversely affect any such Reference Entity's creditworthiness and/or performance and, in turn, the performance of the Notes. Credit Linked Notes do not represent a claim against any Reference Entity and, in the event of any loss, Noteholders will not have recourse under the Credit Linked Notes to any Reference Entity except to the extent of any obligations of the Reference Entity (whether as principal or guarantor) delivered to them.

No Legal or Beneficial Interest in the Reference Obligations

As a party to any Swap Agreement in respect of any Credit Linked Notes, the relevant Issuer has a contractual relationship with the Counterparty. The relevant Issuer, however, has no rights in or to, or any security interest in respect of, any Reference Obligations or against the relevant Issuer of any Reference Obligation. The entry into the Swap Agreement by the relevant Issuer does not constitute a purchase or other acquisition or assignment of any interest in any Reference Obligation. None of the relevant Issuer, the Trustee, the Noteholders or any other entity has any right to acquire from the Counterparty (or to require the Counterparty to transfer, assign or otherwise dispose of) any interest in the Reference Obligations or any of them. The Counterparty may or may not have an exposure to the credit of any of the Reference Entities.

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

In respect of Credit Linked Notes that are redeemed following the occurrence of a Credit Event, the amount payable in respect of the Notes may be determined by reference to the Auction Final Price determined according to an auction procedure set out in the applicable Credit Derivatives Auction Settlement Terms. There is a possibility that the Calculation Agent (or one of its affiliates) would act as a participating bidder in any such auction. In such capacity, it may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the relevant Deliverable Obligations. In deciding whether to take any such action (or whether to act as a participating bidder in any auction), the Calculation Agent (or an affiliate of it) will be under no obligation to consider the interests of any Noteholder.

Credit Event and Succession Event Backstop Dates

In respect of a Credit Event relating to Credit Linked Notes, in general a Credit Event may not be triggered unless either (i) a request is submitted to ISDA within 60 calendar days of the occurrence of such potential Credit Event for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event or (ii) a Credit Event Notice (and, if specified as applicable in the relevant Issue Terms, the Notice of Publicly Available Information) is delivered by a Notifying Party to the other party within 60 calendar days of the occurrence of such potential Credit Event and is effective during the Notice Delivery Period (the relevant periods may be extended in certain circumstances if the Credit Derivatives Determinations Committee has been convened and Resolved not to determine such matter). For Succession Events, the look-back mechanics operate in a similar way to the above to provide a cut-off date for any Succession Event to apply to the relevant Credit Linked Notes. The actual look-back period for a Succession Event is either (i) 90 calendar days from the date on which a request is given to a Credit Derivatives Determinations Committee

regarding a Succession Event or (ii) 90 calendar days from the date on which a Succession Event Notice is effectively delivered by one party to the other party. These provisions mean that both (i) there is a time limit on the ability to act on a Credit Event or Succession Event and (ii) it is possible that the Notes could be affected by a Credit Event or Succession Event that took place prior to the Trade Date.

Leverage

The Notes may use leverage as a means to increase the amounts paid (if any) in respect of the Notes. Leveraged exposure results in the effect of small price movements being magnified and may lead to proportionally greater losses in respect of the Notes and may adversely affect the return on the Notes as compared to an unleveraged exposure. If market conditions change, the value of the Notes will be more volatile than if there was no leverage. Prospective investors should further note that the return of an investment in the Notes may be zero even if no leverage is used.

In the case of any Credit Linked Notes issued by a relevant Issuer, changes in the credit quality of the Reference Entities may have an effect on the price of the Notes. If there is leverage built into the structure, the sensitivity to changes in the quality of the Reference Entities and/or number of credit events is larger than would be the case in a non-leveraged investment in the same portfolio of credits.

Interest Rate Sensitivity

A change in interest rates may have an adverse affect on the price of the Notes.

The Notes may be redeemed prior to maturity

On the occurrence of an Event of Default, certain tax related events, an early termination of a Charged Agreement and certain other mandatory redemption circumstances, in each case as further described in the Conditions, the Notes may be declared immediately due and payable prior to their due date for redemption and investors may lose a significant portion of their investment in the Notes as a result thereof. Amongst other things, if the Notes are declared immediately due and payable prior to their due date for redemption in these circumstances, the Charged Agreements will be terminated early and a swap termination payment, which may be a very substantial amount, may become payable under the Charged Agreements either by the relevant Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer. If the Notes are declared due and payable, the security therefor may in certain circumstances also become enforceable.

Early Redemption on Valuation Event

If the Issue Terms specifies that Valuation Event is applicable, then following the occurrence of a Valuation Event (regardless of whether such Valuation Event is continuing) the Counterparty shall have the right (but not the obligation) to designate an Early Termination Date under the Charged Agreement, following which the Notes will be redeemed early. A Valuation Event will occur if the Calculation Agent determines that the market value of the Charged Assets ceases to be greater than the market value of the Charged Agreement to the Counterparty, by at least such amount as is set out in the relevant Issue Terms. Either (i) a decline in the market value of the Charged Assets and/or (ii) a decline in the market value of the Charged Agreement from the perspective of the Issuer could lead to a Valuation Event. The change in value of the Charged Assets and Charged Agreement may in some circumstances be positively correlated, making it more likely that a Valuation Event will occur. In determining whether to exercise its option to designate an Early Termination Date under the Charged Agreement, the Counterparty shall not be required to take into account the interests of the Noteholders. If a Valuation Event occurs and the Notes are redeemed early, Noteholders may receive less than they would have had the Notes not been subject to early redemption.

Credit Ratings of the Notes

The Programme is not rated. Notes of any Series may be rated by S&P, Moody's, Fitch and/or any other recognised debt rating agency, as specified in the relevant Issue Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

If the Notes are rated, the credit rating will depend on, amongst other things, the combination of credit quality, the relevant Issuer, and time to maturity. Any credit ratings assigned to the Notes represent the relevant rating agencies' opinions regarding the credit quality of the Notes and are not a guarantee of quality. Rating agencies do not evaluate the risks of fluctuations in market value. Therefore, the ratings assigned to the Notes by a rating agency may not fully reflect the true risks of an investment in the Notes and may, in any event, be subject to certain qualifications. Each rating agency has its own methodology and modelling assumptions for rating transactions. Ratings are sensitive to the methodology and modelling assumptions used. Different models and different assumptions may, and in all likelihood would, produce different results. Furthermore, the risk profile and risk-return of the Notes may differ from that of another equivalently rated corporate bond.

Where the performance of any Notes or Alternative Investments is linked to the credit performance of one or more Reference Entities, any credit ratings as may have been assigned to the Reference Entities may change and the credit quality of the Reference Entities may improve or deteriorate substantially during the term of the Notes and that, in turn, may lead to an improvement or deterioration of the ratings assigned to the Notes, if any. Depending on how many and at which point in time credit events occur, the rating of the Notes can be adversely affected. The rating may change as a result of changes in the rating of the Reference Entities, regardless of whether a credit event has occurred or not. This effect can be positive or negative. Neither the relevant Issuer, the Arranger, Dealer and Trustee, nor any other party, will be obliged to take any action if the credit quality of the Reference Entities improves or deteriorates. Furthermore, any such deterioration will not give rise to any rights or remedies of the Noteholders, as a purpose of the issuance of the Notes is, in fact, to shift the risk of Credit Events to the investors.

Where the performance of any Notes or Alternative Investments is linked to the credit performance of two or more Reference Entities, one of the primary modelling assumptions used is the correlations between the Reference Entities. These correlations are hard to observe. Each rating agency will make its own assumptions on the correlations for rating purposes.

Further issues

The terms of the Notes may provide for the issue of further fungible Notes in certain circumstances. The additional Charged Assets which the relevant Issuer may be required to provide as security for such further Notes relative to the aggregate nominal amount of the further Notes may be such as to affect the value of the original security provided for the Notes.

Modifications to the terms of the Notes

Prospective investors' attention is drawn to Condition 19 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and in particular, the provision that the Trustee may agree, without the consent of the Noteholders (but, in the case of Notes which are rated, with prior notification to the relevant Rating Agency), to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Issue Terms or any other Transaction Document, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error. No such modification, waiver or authorisation shall be effective without the consent of the Counterparty (such consent not to be unreasonably withheld or delayed). Notwithstanding the foregoing, the Trustee shall, without any such consent from the Noteholders as aforesaid, agree to make any modification (whether or not it may be materially prejudicial to the Noteholders) requested by the Dealer(s) in respect of the Notes if, and to the extent that, such modification is to correct an error in the Issue Terms arising from a discrepancy between the Issue Terms and the final termsheet, as certified by the relevant Dealer(s), the Issuer and the Counterparty, in form and content satisfactory to the Trustee. Any modification, waiver or authorisation made pursuant to the provisions of this paragraph shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

Supplement to Base Prospectus

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

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

Notes held in a Clearing System

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the relevant Issuer.

Where Notes have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination (or its equivalent) that are not integral multiples of the Specified Denomination (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less

than the Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

Meetings of Noteholders

The Trust Instrument contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Issue Terms or any of the provisions of the Trust Instrument. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in Outstanding Principal Amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in Outstanding Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the Outstanding Principal Amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Issue Terms or the Trust Instrument (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes) the quorum shall be one or more persons holding or representing not less than two-thirds in Outstanding Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in Outstanding Principal Amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders or in the form of a written resolution (as described in the Trust Instrument) will be binding on all Noteholders, whether or not they are present or represented at the meeting and whether or not voting.

Independent review and advice

Each prospective purchaser of Notes must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness of the relevant Issuer, the Counterparty, any relevant obligor(s) in respect of the Charged Assets and any Reference Entity) and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, whether an investment in the Notes is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Notes (i) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. None of the relevant Issuer, the Trustee, the Dealer(s) or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Notes.

Neither this Base Prospectus nor any Issue Terms is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or constituting an invitation or offer that any recipient of this Base Prospectus or any Issue Terms should purchase any Notes. The Arranger, the Dealer and the Trustee expressly do not undertake to review the financial condition or affairs of the relevant Issuer, the Counterparty, any relevant obligor(s) in respect of the Charged Assets or any Reference Entity for any Series during the life of the Programme.

Provision of information

Neither the relevant Issuer, the Trustee, the Agents, the Dealer(s) nor any affiliate makes any representation as to the credit quality of the Counterparty, any relevant obligor(s) in respect of the Charged Assets or any Reference Entity for any Series. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to such Counterparty, any obligor in respect of the Charged Assets or Reference Entity. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any relevant obligor(s) in respect of the Charged Assets or any Reference Entities or conduct any investigation or due diligence into any such obligor(s) in respect of the Charged Assets or any Reference Entities.

No secondary market

No secondary market is expected to develop in respect of the Notes and, in the unlikely event that a secondary market in the Notes does develop, there can be no assurance that it will provide the Noteholders with adequate liquidity or that it will continue for the life of such Notes. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Investors must be prepared to hold the Notes for an indefinite period of time or until final redemption or maturity of the Notes.

Business relationships

Each of the relevant Issuer, the Dealer(s), the Arranger, the Trustee, the Agents or any of their affiliates may have existing or future business relationships with the Counterparty, any obligor in respect of any Charged Assets or any Reference Entity of any Series (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Noteholder. Furthermore, the Dealer(s), the Trustee, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in, any obligor in respect of Charged Assets or any Reference Entity.

Conflicts of Interest

Each of the Dealer(s), the Counterparty, the Custodian, the Paying Agents, the Registrar, the Transfer Agent and any of their Affiliates is acting or may act in a number of capacities in connection with the issue of Notes. The Dealer(s), the Counterparty, the Custodian, the Paying Agents, the Registrar, the Transfer Agent and any of their Affiliates acting in such capacities in connection with the issue of Notes shall have only the duties and responsibilities expressly agreed to by it in the relevant capacity and shall not, by virtue of its or any other Affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Each of the Dealer(s), the Counterparty, the Custodian, the Paying Agents, the Registrar, the Transfer Agent and any of their Affiliates in its various capacities in connection with the issue of Notes may enter business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents from which it may derive revenues and profits in addition to any fees stated in various documents, without any duty to account thereof.

Various potential and actual conflicts of interest may arise between the interests of the Noteholders and either the relevant Issuer and/or the Dealer(s), the Counterparty, the Custodian, the Paying Agents, the Registrar, the Transfer Agent including any of their Affiliates, as a result of the various businesses, management, investment and other activities of such persons, and none of such persons is required to resolve such conflicts of interest in

favour of the Noteholders. The following briefly summarises some of those conflicts, but is not intended to be an exhaustive list of all such conflicts. Such persons may:

- (i) deal in Charged Assets, or securities or other obligations of any type of any Reference Entity in respect of any of the Notes;
- (ii) enter into other derivative transactions involving entities that may include the Reference Entities in respect of any of the Notes (including derivative transactions to hedge its obligations under the Swap Agreement);
- (iii) advise and distribute securities on behalf of, arrange or manage transactions on behalf of, accept deposits from, make loans or otherwise extend credit to and generally engage in any kind of commercial or investment banking or other business with, any Reference Entity in respect of any of the Notes or any other person or other entity having obligations relating to or relationships with any Reference Entity in respect of any of the Notes; and
- (iv) act with respect to such business in the same manner as if the Notes did not exist, regardless of whether any such relationship or action might have an adverse effect on any Reference Entity in respect of any of the Notes (including, without limitation, any action which might constitute or give rise to a Credit Event), the Charged Assets, the Notes, or on the position of any other party to the transaction described herein or otherwise.

The Trustee is entitled to enter into business transactions with the Issuer, the Counterparty, any obligor in respect of the Charged Assets or any of their subsidiary or associated companies without accounting for any profit resulting therefrom or resolving any potential or actual conflicts of interest in favour of the Noteholders.

Obligations of the Trustee

For the avoidance of doubt, the Trustee will only be obliged to take action where this is required by the terms of the Trust Instrument or the applicable law. In particular, where the Trustee is invested with a discretion, it may not have an obligation to take any action or otherwise exercise such discretion in any manner.

Obligations of the Issuer

For the avoidance of doubt, the Issuer will only be obliged to take action where this is required by the terms of the relevant Transaction Documents or the applicable law. In other circumstances, the Issuer may refuse to act or may predicate its action on the fulfilment of certain conditions precedent (including, but not limited to, the provision of satisfactory indemnities and/or pre-funding).

The Issuer relies on the Agents for the performance of certain of its obligations under the Transaction Documents. To the extent that any of the Agents are or become insolvent or otherwise unable to perform their functions and the Issuer is unable to find a replacement, the Issuer may be unable to perform its obligations under the Transaction Documents or the Notes.

Issuer's Expenses

Payments to Noteholders under the Notes will be subject to any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder.

No Obligations owing by the Agents

For the avoidance of doubt, none of the Calculation Agent, the Paying Agents, the Registrar or the Transfer Agent or any of their Affiliates shall have any obligations to the Noteholders, and shall only have the obligations expressed to be binding on it pursuant to the relevant Transaction Documents, unless otherwise specified in the Issue Terms.

Taxation

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The relevant Issuer will not pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the relevant Issuer or any Paying Agents or suffered by the relevant Issuer in respect of its income from the Charged Assets or payments under a Charged Agreement (including the deduction of tax from such payments) or any tax, assessment or charge suffered by the relevant Issuer except as provided for in the relevant Issue Terms.

Legal opinions

Legal opinions relating to the Notes will be obtained on issue with respect to the laws of England, but no such opinions will be obtained with respect to any other applicable laws and no investigations will be made into the validity or enforceability of the laws of any other jurisdiction in respect of the obligations under the Notes. Any such legal opinions will not be addressed to, and may not be relied on by, Noteholders. In particular, save as aforesaid, no legal opinions will be obtained in relation to:

- (i) the laws of the country of incorporation of any obligor(s) in respect of the Charged Assets or any Reference Entity;
- (ii) the laws of the country in which the Charged Assets or the Obligations of any Reference Entity are situated; or
- (iii) the laws of the country which are expressed to govern the Charged Assets or Obligations of the Reference Entity.

Such laws, depending upon the circumstances, may affect, among other things, the validity and legal and binding effect of the Obligations of any Reference Entity and/or Charged Assets and the effectiveness and ranking of the security for the Notes. Consequently, no responsibility is accepted by the relevant Issuer in relation to such matters.

Legality of purchase

None of the relevant Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

Substitution of Charged Assets

The terms of the Notes may provide that the Charged Assets may be substituted in accordance with the terms of Condition 4(b)(*Substitution of Charged Assets*). Such substitution may either be at the direction of the Counterparty pursuant to Condition 4(b)(i) (*Charged Assets - Substitution at direction of Counterparty*) on a Nominal Basis or Market Value Basis or at the request of Noteholders pursuant to Condition 4(b)(ii) (*Charged Assets - Substitution at the request of Noteholders*). In the event that such request is made by Noteholders representing at least 50 per cent. of the Outstanding Principal Amount of the Notes, the Notes shall be restructured and amended as set out in Condition 4(b)(ii) (*Charged Assets - Substitution at the request of Noteholders*). All Noteholders are deemed to have accepted Condition 4(b)(ii) (*Charged Assets - Substitution at the request of Noteholders*) and to be bound by the terms thereof even if not Consenting Noteholders.

Unless otherwise specified in the Issue Terms, a substitution of Charged Assets and their replacement with Eligible Investments under the terms of Condition 4(b)(i) to (iv) shall not be permitted unless the Calculation Agent confirms that the aggregate principal amount of any Charged Assets which have been sold by the Issuer (not taking into account any sales conducted for the purpose of securing the volume, the duration and the risk structure of the Charged Assets) during the most recent Substitution Period to occur (or if such substitution is to take place during the First Substitution Period, during the period from (and including) the Issue Date to (but excluding) the date of the proposed substitution and replacement) does not exceed 20 per cent. of the total aggregate principal amount of all Charged Assets held by the Issuer as at the beginning of such Substitution Period.

Substitution of Charged Assets for Cash Collateral

Where the Notes are secured by Cash Collateral on the Issue Date pursuant to Condition 4(b)(iii) (*Charged Assets - Substitution with Cash Collateral*), prospective investors should be aware that Initial Charged Assets may be substituted for the Cash Collateral. If an event of default (howsoever described in the terms and conditions of the Initial Charged Assets) has occurred with respect to the Initial Charged Assets prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the relevant Issuer and sold by the Selling Agent in accordance with the Agency Agreement.

Commingling of Charged Assets

Prospective investors' attention is drawn to the limited circumstances permitted by the Agency Agreement whereby the Charged Assets held by the Custodian are not segregated from the designated investments of the Custodian and, in such circumstances, in the event of the Custodian's insolvency, the relevant Issuer's assets may not be as well protected from claims made on behalf of the general creditors of the Custodian.

Trustee Indemnity

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings or any other action under the Transaction Documents unless indemnified and/or secured to its satisfaction. In particular, (i) when the Trustee is acting on the instructions of a Instructing Creditor or (ii) upon the occurrence of an Event of Default in relation to the Notes, such Instructing Creditor or the Noteholders (as relevant) may be required to provide an indemnity to the Trustee to its satisfaction as provided for in the Conditions. The Trustee shall not be obliged to take any action if not indemnified to its satisfaction.

Bearer Notes

In the case of Bearer Notes, the Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The relevant Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Registered Notes

In the case of Registered Notes, the Notes will be represented by the Global Note Certificate except in certain limited circumstances described in the Global Note Certificate. The Global Note Certificate will be registered in the name of BT Globenet Nominees Limited as nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg. Individual Note Certificates evidencing holdings of Notes will only be available in certain limited circumstances. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The relevant Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in the Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

The considerations set out above are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold any Notes. Additional risk factors may be set out in the relevant Issue Terms (the "Issue Terms Risk Factors") and before making an investment decision, prospective purchasers of the Notes should carefully consider the Issue Terms Risk Factors in conjunction with the Risk Factors set out above.

KEY QUESTIONS WHERE NOTES ARE LINKED TO CREDIT RISK OF ENTITIES OTHER THAN THE ISSUER

These questions and answers highlight selected information from this Base Prospectus to help prospective investors understand the Notes. Prospective investors should read carefully this entire Base Prospectus to understand fully the terms of the Notes and the relevant Issuer, as well as other considerations that are important to prospective investors in deciding whether to invest in the Notes. Prospective investors should read these questions and answers carefully.

Prospective investors should, in particular, carefully review the section called "Risk Factors", which highlights certain risks, to determine whether an investment in the Notes is appropriate for themselves. All of the information set forth below is qualified in its entirety by the more detailed explanations set forth elsewhere in this Base Prospectus and by the terms and conditions of the Notes.

What is the Issuer of the Notes?	The Issuer of the Notes shall be UniCredit London Investments Ltd., a private company incorporated with limited liability in England and Wales, or such other Issuer as is specified in the Issue Terms.
What kind of company is the Issuer?	Each Issuer is a company specifically existing for the issuance of investments such as the Notes or any Alternative Investments. None of the Issuers has been assigned a credit rating and it is not expected that a credit rating will be assigned to an Issuer.
What are the Notes?	The Notes are senior secured debt obligations to be issued by the relevant Issuer.
Will the Notes be rated?	The Notes may be unrated or may be assigned ratings by S&P, Moody's, Fitch, and/or any other rating agency, as specified in the Issue Terms. The ratings, if any, will vary depending upon, among other things, the rating of the obligor(s) in respect of the relevant Charged Assets and the relevant Charged Agreements (if any).
What is credit risk?	<p>When a company borrows money there is a risk that it may not be able either to pay interest on the amount, or to repay the principal amount, borrowed as agreed. This risk is called credit risk.</p> <p>A measure of this risk may be determined by calculating the "credit premium" by subtracting from the interest rate, paid in respect of the borrowed money a "risk-free" interest rate, being a rate paid in respect of a debt security, like a bond, that (i) is issued by the government of the country of the currency in which the money is borrowed, (ii) is denominated in the same currency as the money that has been borrowed and (iii) has a maturity similar to the time period for which the money has been borrowed.</p> <p>As such, the credit premium is the amount of extra interest that a company must pay to borrow money over and above the relevant risk-free rate. The greater the credit premium, the greater the implied credit risk and <i>vice versa</i>. The same principle is true in respect of premiums paid to enter into credit default swaps referencing such companies.</p>

	<p>If the premium for a company changes then the value of that company's bonds or loans and any credit default swaps linked to them will also change.</p>
How does credit risk affect the value of the Notes?	<p>Changes in the credit risk of the companies that are Reference Entities may affect the value of the Notes in several ways, including having a serious adverse impact on the market price of the Notes.</p>
How does credit risk affect the rating of the Notes?	<p>The credit risk of the companies that are Reference Entities affects the credit rating of the Notes in several ways. In the case of a downgrade of one or more of such companies, the rating of the Notes may be negatively affected.</p>
What is the effect of leverage on the Notes?	<p>The exposure of the Notes to Reference Entities may be significantly larger than the nominal amount of the Notes themselves, depending on the level of leverage (if any) employed. Greater use of leverage will make the market price of the Notes more sensitive to changes in market conditions.</p>
How do you define a credit event?	<p>Subject to the specific terms and conditions of the Notes, a credit event in respect of a Reference entity may occur when there is, for example:</p> <ul style="list-style-type: none"> • an insolvency event or bankruptcy, which includes the company going into administration, liquidation or receivership, or making an arrangement with creditors; • a failure to make a payment of at least US\$1 million (or its equivalent amount if the relevant currency of payment is a currency other than U.S. dollars) in respect of the company's borrowings or borrowings guaranteed by the company; or • a restructuring of at least US\$10 million (or its equivalent amount if the obligation of the relevant company is denominated in a currency other than U.S. dollars) of debt owed or guaranteed by the company (for example, reducing or deferring principal or interest in respect of the debt).
What is not a credit event?	<p>A credit event does not occur simply because there is, for example:</p> <ul style="list-style-type: none"> • a fall in the company's share price; • a reduction in the dividends paid by the company; • a reduction in the company's credit rating; • a failure by the company to pay for goods or services purchased by it; or • an accidental failure by the company to make a payment due under its borrowings, provided the non-payment is remedied within an applicable grace period.
How do changes in interest rates affect the value of the Notes?	<p>The value of the Notes may be affected by a change in the absolute value of interest rates. The value of the Notes may go down when interest rates go up and vice versa.</p>

The value of the Notes may also be affected by changes in the shape of the yield curve (being the curve that links together the different interest rates payable in respect of changing time periods moving further out into the future). When the curve is steep, the expectation for the future value of the coupons increases, and therefore the value of the Notes may increase and vice versa.

How do changes in share prices affect the value of the Notes?

Taking the credit risk of a company is different from taking equity risk by investing in shares of that company. There are a number of reasons for this.

First, a company must pay amounts due to creditors before paying dividends or repaying capital to shareholders.

Second, bondholders rank ahead of shareholders in the liquidation of a company, and so have a greater chance of recovering moneys due to them. Therefore, fluctuations in the share price of a company have no direct impact on its debt holders or other creditors.

Changes in the share prices of the companies that are Reference Entities will have no direct effect on the value of the Notes. This is because the performance of the Notes is linked to the performance of the corporate debt of the companies that are Reference Entities and not to their shares.

INCORPORATION BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

Audited financial statements of the Initial Issuer for the year ending 31 December 2010.

Audited financial statements of the Initial Issuer for the year ending 31 December 2009.

Any statement contained in this Base Prospectus or any documents incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Base Prospectus is prepared modifies or supersedes such statement.

The information about the Initial Issuer incorporated by reference in this Base Prospectus (the "**Incorporated Information**") is considered to be part of this Base Prospectus.

Future filings of the Issuers (including future financial statements) may modify or supersede some of the information included or incorporated by reference in this Base Prospectus. This means that investors should look at all of the financial statements or other documents filed by the Issuers with the Irish Stock Exchange after the date of this Base Prospectus to determine if any of the statements in this Base Prospectus or in any document previously incorporated by reference have been modified or superseded.

The Issuers will, at their registered offices and at the specified offices of the Paying Agents, make available for inspection during normal business hours and free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus and any future filings or financial statements published by the Issuer). Written or oral requests for inspection of such documents should be directed to the specified office of any Paying Agent.

USE OF PROCEEDS

The net proceeds from each Series will be applied by the relevant Issuer to purchase the Charged Assets applicable to such Series and/or to fund any initial payment obligations under any related Charged Agreement(s) (if any) and/or in meeting certain expenses and fees payable in connection with the operations of the relevant Issuer and the issue of any Notes as set out in the relevant Issue Terms relating to any Series or as may otherwise be specified in the relevant Issue Terms.

The expenses of each Issuer, including all fees payable to the Trustee, Agents and other parties, will be met on a Series by Series basis.

TERMS OF THE NOTES

Each Series of Notes shall have the terms and conditions as set out in the Conditions Modules incorporated by reference and as completed, modified or supplemented by the provisions set out in the Issue Terms.

In the case of Credit Linked Notes, the provisions shall be as set out in the Credit Linked Notes Conditions Module (2003 Definitions) May 2011 Edition and the Credit Linked Notes Definitions Module (2003 Definitions) May 2011 Edition.

As so completed, modified or supplemented, such terms and conditions will be the "**Conditions**" for the purposes of such Notes.

BEARER NOTES BASE CONDITIONS MODULE

MAY 2011 EDITION

to be incorporated by reference into the Trust Instrument

for an issue of Notes arranged by

UNICREDIT BANK AG

Signed for the purposes of identification by:

.....

Deutsche Trustee Company Limited

Dated:

BEARER NOTES BASE CONDITIONS MODULE

This Bearer Notes Base Conditions Module sets out the basic terms and conditions for Notes governed by English law and will apply separately and independently in respect of all Series of Notes issued in bearer form. Other Conditions Modules will apply in addition, as specified in the Issue Terms. The terms and conditions contained in this Bearer Notes Conditions Module may be modified by the terms and conditions set out in the relevant Issue Terms in respect of a Series of Notes.

FORM, DENOMINATION AND TITLE

- (a) Bearer Notes are serially numbered and in the Specified Denomination(s) set out in the Issue Terms. Title to Bearer Notes and (if applicable) the related Coupons will pass by delivery.
- (b) Bearer Notes will either:
 - (i) initially be represented by a Temporary Bearer Global Note; or
 - (ii) be represented on issue by a Permanent Bearer Global Note,as specified in the Issue Terms.

The Temporary Bearer Global Note or Permanent Bearer Global Note, as the case may be, will be deposited on or before the Issue Date with the Common Depositary.

Beneficial interests in a Temporary Bearer Global Note will be exchangeable in whole or in part for either beneficial interests in a Permanent Bearer Global Note or definitive Bearer Notes, as provided in the Temporary Bearer Global Note. A Temporary Bearer Global Note may be exchanged on or after the Exchange Date upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.

A Permanent Bearer Global Note will be exchangeable, in whole but not in part, for definitive Bearer Notes only upon the occurrence of an Exchange Event, as provided in the Permanent Bearer Global Note.

- (c) No beneficial owner of an interest in a Global Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the Clearing Systems and in accordance with and subject to the terms of such Global Note.
- (d) With respect to definitive Bearer Notes, the holder thereof means the bearer of such definitive Bearer Notes. For so long as any of the Notes is represented by a Bearer Global Note held by a Common Depositary, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Notes shall be deemed to be the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal, premium (if any), or interest or other amount on such Notes. With respect to such payment, such Common Depositary shall be deemed to be the holder of such nominal amount of Notes in accordance with and subject to the terms of the relevant Global Note. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

- (e) Subject to paragraph (d) above, the Issuer, the Counterparty (if any), the Trustee and the Agents may deem and treat the holder of any Bearer Note as the owner thereof for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, each Counterparty, the Trustee and the Agents shall not be affected by any notice to the contrary, whether or not the Note shall be overdue and notwithstanding any notation of ownership or other writing thereon. All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Notes.

STATUS

The Notes are secured, limited recourse obligations of the Issuer, secured in the manner described in Condition 3 (*Security*) and recourse in respect of which is limited in the manner described in Condition 12 (*Enforcement*). The Notes rank and will rank, unless otherwise specified in the Issue Terms, *pari passu* without any preference among themselves.

SECURITY

The Notes are constituted and secured by the security interests created under the terms of a Trust Instrument.

Unless otherwise specified in the Issue Terms, the Issuer's obligations under the Notes and the Charged Agreement(s) (if any) will be secured by the following security:

- (a) a first ranking assignment by way of security of all of the Issuer's Rights under the Agency Agreement;
- (b) a first fixed charge over the Charged Assets and all Rights and sums derived therefrom;
- (c) a first ranking assignment by way of security of all of the Issuer's Rights to the Charged Assets;
- (d) a first ranking assignment by way of security of the Issuer's Rights under the Charged Agreement(s) (other than in respect of the Issuer's obligations under the Charged Agreement(s)), the Issuer's Rights under the Sale Agreement and the Issuer's Rights under any Additional Agreement; and
- (e) a first ranking assignment by way of security of all of the Issuer's Rights to any of its relevant bank accounts in respect of the Series of Notes including, without limitation, the Deposit Account (but excluding, for the avoidance of doubt, the Issuer's bank account containing the paid up ordinary share capital of the Issuer).

The secured creditors of each Series of Notes of the Issuer will also be secured under the Trust Instrument executed in respect of such Series by a first floating charge over the Secured Property, both present and future, in respect of such Series which is not the subject of a fixed security interest which will become enforceable upon the appointment of a receiver in relation to the Issuer or a petition being lodged with the court for a winding-up in relation to the Issuer.

The Issue Terms will specify whether any other security interest will be created under the Trust Instrument and/or under an Additional Charging Document.

CHARGED ASSETS

- (a) Initial Charged Assets

Unless otherwise specified in the Issue Terms, the Vendor will procure that the initial Charged Assets as specified in the Issue Terms (the "**Initial Charged Assets**") are delivered to the Custodian on the Issue Date, to the extent that such Charged Assets are capable of being delivered. With effect from such delivery, the Charged Assets will be held by the Custodian on behalf of the Issuer, subject to the Security Interests.

(b) **Substitution of Charged Assets**

(i) Substitution at direction of Counterparty

The Issue Terms will specify whether the Charged Assets may be substituted from time to time for alternative charged assets and, if substitution is applicable, whether such substitution is on the Nominal Basis or the Market Value Basis. Where such substitution is applicable, the Counterparty (if any) may, from time to time, at its cost and subject to the Trust Instrument, by giving not less than 3 Business Days' (or such other period of notice as may be specified in the Issue Terms) notice (a "**Substitution Notice**") in writing to the Issuer and the Trustee require that any securities or other assets for the time being comprising the Charged Assets be replaced by Eligible Investments and the Trustee shall accordingly release the Charged Assets from the Security Interests in accordance with the Trust Terms Module to enable such substitution.

A substitution may occur provided that:

- (A) upon any release of the substituted Charged Assets from the Security Interests, the replacement Charged Assets are secured by the Issuer on the same terms (*mutatis mutandis*) as the substituted Charged Assets;
- (B) all requirements of any relevant Stock Exchange or competent authority are complied with; and
- (C) any other conditions specified in the Issue Terms (including Rating Agency requirements, (if any)) are complied with.

Upon receipt of a Substitution Notice, the Issuer shall notify the Principal Paying Agent, the Custodian, the Calculation Agent, the Noteholders and, in the case of Notes that are rated, the relevant Rating Agencies.

The Counterparty shall bear and pay, and shall indemnify the Issuer and the Trustee against, all costs, expenses and taxes (including, without limitation, stamp duty) payable in connection with a substitution.

(ii) **Substitution at the request of Noteholders**

In the case of Credit Linked Notes, unless otherwise specified in the Issue Terms, if no Credit Event or event under Condition 8(b), 8(c) or 11 has occurred, on the first Business Day which falls three calendar months after the Issue Date (or if there is no corresponding day in such month, the last Business Day in such month) and every first Business Day three calendar months thereafter (or as aforesaid), any Noteholder may, by delivering a written request (a "**Sale Request**", any such Noteholder delivering such request, a "**Requesting Noteholder**") to the Principal Paying Agent, request the Issuer to sell the Charged Assets and reinvest the proceeds thereof in cash or one or more Eligible Assets identified by such Noteholder in the Sale Request (the "**Replacement Assets**") in accordance with this Condition 4(b)(ii).

If the Principal Paying Agent receives a Sale Request it shall, within three Business Days of such receipt, forward a copy of the Sale Request to each Noteholder in accordance with Condition 15 (*Notices*) and the Issuer, copied to the Custodian, the Trustee, the Selling Agent and the Counterparty, asking the Noteholders if they consent to such sale and replacement; provided that the Principal Paying Agent shall not forward such request to the Noteholders if the Replacement Assets have been purchased pursuant to a prior Sale Request within the prior three months.

If within five Business Days' following the Principal Paying Agent's delivery of a copy of the Sale Request to the Noteholders, the Required Minimum Noteholders notify the Principal Paying Agent in writing (copied to the Trustee, the Selling Agent, the Counterparty and the Custodian) that they consent to such sale of the Charged Assets and reinvestment in the Replacement Assets, and that they agree to pay all costs incurred in connection with the sale of the then Charged Assets and the purchase of the Replacement Assets (including, without limitation, any Swap Adjustment Costs and Charged Assets Top Up Costs (each as defined below) as well as legal fees in amending any of the documents relating to the Notes to accommodate such change and the documents in respect of the new issue (together, the "**Restructure Documents**")), the Principal Paying Agent shall inform the Selling Agent and the Trustee. The Selling Agent will, upon release of the security by the Trustee, sell such principal amount of the Charged Assets, rounded down to the nearest denomination of such Charged Assets (the "**Liquidation Assets**") as bears the same proportion to the then total principal amount of the outstanding Charged Assets as the principal amount of the Notes held by the Noteholders which have consented to the sale of the Charged Assets (the "**Consenting Holders**") bears to the then total Outstanding Principal Amount of the Notes.

The Selling Agent shall solicit bids for the purchase of the Charged Assets from at least two bidders (other than UniCredit or any of its Affiliates) and shall then arrange for the sale of the Charged Assets to the person which has made the higher or highest, as applicable, firm bid for such securities; provided however, that if two or more bidders have the same highest bid, then the Selling Agent may elect to sell such securities to any such bidder; provided, further, that notwithstanding anything to the contrary herein, the Selling Agent may sell the Charged Assets to itself or an Affiliate if it or its Affiliates, as applicable, elects to match such higher or highest bid, as applicable. The Issuer shall then, through the Selling Agent, purchase the Replacement Assets with the proceeds (the "**Liquidation Proceeds**") of the Liquidation Assets or, if such proceeds are not sufficient to make such purchase, with such proceeds and the amount, which must be contributed by the Consenting Holders, equal to the amount of such deficiency (the "**Charged Assets Top Up Costs**").

Notwithstanding the foregoing, the Issuer shall not sell any Charged Assets in connection with its receipt of a Sale Request unless the following conditions have been met:

- (A) The Replacement Assets must (i) be readily available and eligible for purchase by the Issuer, (ii) satisfy the requirements for Eligible Assets, (iii) mature on or before the Maturity Date or, if earlier, the Scheduled Termination Date and (iv) (if such substitution is on the Nominal Basis) be in an aggregate principal amount at least equal to the principal amount of the Charged Assets for which they are Replacement Assets (or its equivalent in the currency of the relevant Replacement Assets);
- (B) If the cashflows payable on the Replacement Assets are different from the cashflows payable on the Liquidation Assets, the Consenting Holders must pay to the Principal

Paying Agent for distribution to the Counterparty, an amount (the "**Swap Adjustment Cost**"), as notified to the Principal Paying Agent by the Counterparty, sufficient to compensate the Counterparty for amending or executing a swap transaction with the Issuer:

- (x) (in the case where the relevant Swap Agreement does not contain an interest rate and/or cross currency transaction) to ensure that the cashflows available to the Issuer to make payments of interest on each Interest Payment Date are equal to the aggregate interest amounts payable on the Notes, if applicable and any additional costs incurred by the Counterparty in establishing any swap such that the aggregate Interest Amounts remain the same; or
 - (y) (in the case where the relevant Swap Agreement does contain an interest rate and/or cross currency transaction) any loss which will be incurred by the Counterparty as a result of the reduction in the payments to be made to the Counterparty under such interest rate and/or cross-currency swap transaction.
- (C) If the purchase price of a principal amount of the Replacement Assets equal to the principal amount of the Liquidation Assets is less than the amount of the Liquidation Proceeds, the amount of such excess proceeds shall be applied to purchase additional Replacement Assets (such amount to be converted to the currency of the Replacement Assets, if necessary).
- (D) If the Notes are rated, the relevant Rating Agency or Rating Agencies must confirm to the Issuer, the Counterparty and the Trustee, in writing on or before the date of any replacement of the Charged Assets, that the replacement of the Charged Assets with the Replacement Assets will not cause a downgrade in their rating of the Notes and that the New Series of Notes (as defined below) shall have the same rating as the Notes.
- (E) All the Restructure Documents have been duly executed by all parties.

Prior to selling any Charged Assets in connection with a replacement as described herein, the Issuer and the Counterparty may require that the Consenting Holders make a cash deposit with the Issuer sufficient to cover all costs which are to be borne by the Consenting Holders as described herein.

If the consent of the Required Minimum Noteholders has been obtained but less than all of the Noteholders are Consenting Holders, the Issuer, the Counterparty and the Trustee shall deem the Consenting Holders as having exchanged their Notes for a new series of Notes (the "**New Series of Notes**") which will be secured on the Replacement Assets (but not any of the then Charged Assets which have not been liquidated) and a new Swap Agreement (the "**Replacement Swap**") which the Issuer will enter into with the Counterparty on the date of purchase of the Replacement Assets. The Replacement Swap will be structured in a manner similar to the existing Swap Agreement but will be adjusted to take account of the change in the cash flows for the Replaced Assets.

All parties, at the expense of the Consenting Holders, will enter into any amendments to the other transaction documents and any documentation required to amend the Notes and to effect the New Series of Notes and will ensure that the Notes as amended and the New Series of Notes preserve the economic equivalence of the Notes prior to such replacement. Upon the Issuer's

purchase of any Replacement Assets as described in the preceding paragraphs such Replacement Assets shall constitute Charged Assets for the New Series of Notes.

All Noteholders are deemed to have accepted Condition 4(b)(ii) and to be bound by the terms thereof even if not Consenting Noteholders.

(iii) **Substitution with Cash Collateral**

- (A) In the event the Vendor does not deliver to the Issuer on the Issue Date all or any part of the Initial Charged Assets pursuant to the Sale Agreement, the Issuer shall, on the Issue Date, deposit the Cash Collateral into the Cash Deposit Account. The Cash Collateral shall form part of the Charged Assets and shall be subject to the security interest in favour of the Trustee created pursuant to the Trust Instrument. If the Notes are rated by a Rating Agency, the terms of the Cash Deposit Account will, on the date on which the Cash Deposit Account is opened, include any rating downgrade triggers specified by the relevant Rating Agency at such time.
- (B) The Vendor will use reasonable endeavours to pursue delivery of the Initial Charged Assets (whether or not such Charged Assets are subject to default (howsoever described)) to the Issuer in accordance with normal market practice pursuant to the Sale Agreement. In the event the Vendor delivers the Initial Charged Assets (or part thereof) to the Issuer after the Issue Date, the Issuer shall substitute the Initial Charged Assets (or part thereof) for an amount of cash held in the Cash Deposit Account equal to an amount which is the product of (1) the principal amount of such Initial Charged Assets divided by the aggregate principal amount of the Initial Charged Assets multiplied by (2) the Price. Such Initial Charged Assets shall be deposited with the Custodian in the Custodian's account pursuant to the Agency Agreement. From the time of such deposit, such amounts removed from the Cash Deposit Account will be released from the security constituted by the Trust Instrument by the Trustee and will not form part of the Charged Assets.
- (C) The Issuer's ability to deposit cash on the Issue Date shall be for the purposes of ensuring that the Notes are fully secured. Any interest earned on the Cash Deposit Account shall be paid by the Issuer to the Counterparty under the Swap Agreement. For the avoidance of doubt, any substitution pursuant to this Condition 4(b)(iii) shall not affect the payments by the Counterparty to the Issuer under the Swap Agreement.

(iv) **Substitution following maturity of the Charged Assets**

If any securities or other assets comprising all or part of the Charged Assets are redeemed prior to the Maturity Date or other date for final redemption of the Notes ("**Maturing Charged Assets**") and it is provided in the Issue Terms that this Condition 4(b)(iv) applies to the Notes, the proceeds of redemption received in respect of such Maturing Charged Assets shall be applied by the Issuer:-

- (A) in the purchase of Eligible Investments; and/or
- (B) for the depositing in an interest bearing account in the name of the Custodian (the "**Deposit Account**") opened by the Custodian with a bank or other financial institution (which shall be the Custodian unless otherwise specified in the Issue Terms) on terms that the funds standing to the credit of such Deposit Account shall earn the rate or rates

of interest (which may be a floating rate or rates) specified in the Issue Terms or, if no rate is so specified, such rate or rates as may be determined from time to time by the bank or other financial institution with which the Deposit Account is opened. The Custodian shall, if directed by the Issuer, from time to time apply the funds standing to the credit of the Deposit Account in the purchase of Eligible Investments. Subject to any such application by the Custodian, the Issuer and the Custodian will procure that funds standing to the credit of the Deposit Account from time to time (including interest accrued thereon) shall be debited from the Deposit Account on or before the Maturity Date or other date for redemption of the Notes to be applied by the Issuer in connection with such redemption, as specified in the Trust Instrument.

Not later than the date of each such substitution pursuant to this Condition 4(b)(iv), the Issuer shall give a notice to the Counterparty, the Trustee, the Principal Paying Agent, the Custodian, the Calculation Agent, the Noteholders (in accordance with Condition 15 (*Notices*)) and, in the case of Notes that are rated, the relevant Rating Agencies, specifying, *inter alia*, the details of any Eligible Investments so purchased and the proposed date of such purchase. Such notice, once given by the Issuer, shall be conclusive and binding on such persons so notified by the Issuer.

Notwithstanding the foregoing, a substitution pursuant to this Condition 4(b)(iv) may only be made if:-

- (x) the Eligible Investments so purchased are secured by the Issuer on the same terms (*mutatis mutandis*) as the Maturing Charged Assets;
- (y) all requirements of any relevant Stock Exchange or competent authority are complied with; and
- (z) any other conditions specified in the Issue Terms (including Rating Agency requirements (if any)) are complied with.

All determinations of the availability of Eligible Investments for purchase, and all determinations and calculations of the purchase price and applicable date for purchase thereof shall be made by the Counterparty in accordance with the Trust Instrument and all such determinations and calculations shall be binding on the Issuer, the Trustee, the Noteholders and all other persons. The Trustee shall not be liable to the Issuer, the Noteholders or any other person nor shall the Issuer be liable to the Trustee or any Noteholder for any loss arising from any arrangement referred to in any notice given under this Condition 4(b)(iv) or for the purchase price of the Eligible Investments so purchased or otherwise from the operation of this Condition 4(b)(iv).

(v) **Limitations on the Substitution of Charged Assets**

Unless otherwise specified in the Issue Terms, a substitution of Charged Assets and their replacement with Eligible Investments under the terms of Condition 4(b)(i) to (iv) above shall not be permitted unless the Calculation Agent confirms that the aggregate principal amount of any Charged Assets which have been sold by the Issuer (not taking into account any sales conducted for the purpose of securing the volume, the duration and the risk structure of the Charged Assets) during the most recent Substitution Period to occur (or if such substitution is to take place during the First Substitution Period, during the period from (and including) the Issue Date to (but excluding) the date of the proposed substitution and replacement) does not

exceed 20 per cent. of the total aggregate principal amount of all Charged Assets held by the Issuer as at the beginning of such Substitution Period. Where: "**Substitution Period**" means each of (A) the period beginning on (and including) the Issue Date of the Notes to (but excluding) the first anniversary date of the Issue Date (which shall be the "**First Substitution Period**"); and (B) each successive twelve month period after such anniversary date of the Issue Date.

(c) **Realisation of Charged Assets upon early redemption of the Notes or Event of Default**

If the Security Interests over the Charged Assets become enforceable following an early redemption of the Notes or an Event of Default, the Trustee may in its discretion and, if requested by an Instructing Creditor, shall (subject to being indemnified to its satisfaction) realise such Charged Assets and/or take such action as may be permitted under applicable laws against any obligor in respect of such Charged Assets. The Trustee will not have any liability as to the consequence of such action and will not have regard to the effect of such action on individual Noteholders or the Counterparty. On the occurrence of any such event, each Charged Agreement will terminate in accordance with its terms. For the avoidance of doubt, all rights of replacement and/or substitution of Charged Assets under Condition 4(b) shall cease forthwith upon the Security Interests over the Charged Assets becoming enforceable whether in whole or in part.

APPLICATION OF PROCEEDS

(a) **Application of Realisation Amount**

The Trust Instrument provides for the application of the Realisation Amount in accordance with the relevant Security Ranking Basis.

The Issue Terms will specify the "**Security Ranking Basis**" in accordance with which the Realisation Amount will be applied, being one of the following (or otherwise as specified in the Issue Terms):

- (A) If **Noteholder Priority Basis** is specified in the Issue Terms, the Trustee shall apply the Realisation Amount:
- (i) first, in payment or satisfaction of all amounts due and unpaid under clause 16 (*Remuneration and Indemnification of the Trustee*) and/or clause 17(K) (*Supplement to the Trustee Acts 1925 and 2000*) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
 - (ii) secondly, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it;
 - (iii) thirdly, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis;
 - (iv) fourthly, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s); and

(v) fifthly, in payment of the balance (if any) to the Issuer.

(B) If ***Pari Passu*** Basis is specified in the Issue Terms, the Trustee shall apply the Realisation Amount:

- (i) first, in payment or satisfaction of all amounts due and unpaid under clause 16 (*Remuneration and Indemnification of the Trustee*) and/or clause 17(K) (*Supplement to the Trustee Acts 1925 and 2000*) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
- (ii) secondly, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it;
- (iii) thirdly, in meeting the claims of the Noteholders and the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s) on a *pari passu* and *pro rata* basis; and
- (iv) fourthly, in payment of the balance (if any) to the Issuer.

(C) If **Counterparty Priority Basis** is specified in the Issue Terms, the Trustee shall apply the Realisation Amount:

- (i) first, in payment or satisfaction of all amounts due and unpaid under clause 16 (*Remuneration and Indemnification of the Trustee*) and/or clause 17(K) (*Supplement to the Trustee Acts 1925 and 2000*) of the Trust Terms Module and/or under any Additional Charging Document to the Trustee and/or any Appointee (which shall include any taxes required to be paid, the costs of realising the Security Interests and the Trustee's remuneration);
- (ii) secondly, to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it;
- (iii) thirdly, in meeting the claims of the Counterparty (or, if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s);
- (iv) fourthly, in meeting the claims of the Noteholders on a *pari passu* and *pro rata* basis; and
- (v) fifthly, in payment of the balance (if any) to the Issuer.

PROVIDED THAT, if the realisation or enforcement of the Security Interests constituted by or pursuant to the Trust Instrument and/or any Additional Charging Document has arisen as a

result of any Event of Default (as defined in the Swap Agreement) relating to the Counterparty, then the Trustee shall apply the Realisation Amount on the basis of "Pari Passu Basis" which shall be deemed to apply (for all purposes) instead of Counterparty Priority Basis.

(b) **Issuer's expenses**

Prior to the realisation or enforcement of the Security Interests constituted by or pursuant to the Trust Instrument and/or any Additional Charging Document, notwithstanding any other Condition, on any date on which amounts are payable by the Issuer to Noteholders (including under Condition 7 and Condition 8), the Issuer shall have the right to deduct from such amounts and to pay when due any reasonably necessary taxes, fees, costs, duties, liabilities and expenses payable (or reasonably expected to become due and payable) that are reasonably incurred by the Issuer (including to its professional advisers) in connection with the issuance of the Notes and the Issuer's ongoing obligations thereunder and under the Transaction Documents entered into by it.

SHORTFALL AFTER APPLICATION OF PROCEEDS

- (a) All payments to be made by the Issuer in respect of the Notes and the Charged Agreement(s) (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Secured Property in accordance with the Security Ranking Basis specified in the Issue Terms.
- (b) To the extent that such sums are less than the amount which the Noteholders and the Counterparty (if any) may have expected to receive (the difference being referred to as a "**shortfall**"), the payment of such shortfall will be deferred until such time as sufficient additional sums are received or recovered from the Secured Property. If at any time following:
 - (i) the occurrence of either: (A) the Maturity Date, or any earlier date upon which all of a Series of Notes become due and payable; or (B) the service of an enforcement notice in accordance with Condition 11 (*Events of Default*); and
 - (ii) Realisation of the Secured Property and application in full of any amounts available to pay amounts due and payable under a Series of Notes in accordance with the applicable priority (or priorities) of payments

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable priority (or priorities) of payments, to pay in full all such shortfall, together with amounts then due and payable under that Series of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (ii) above) under such Series of Notes (and any Series of Notes junior to that Series of Notes) shall, on the day following such application in full of the amounts referred to in (ii) above, cease to be due and payable by the Issuer.

For the purposes of this Condition 6, "**Realisation**" means, in relation to any Secured Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Secured Property including (without limitation) through sale or through performance by an obligor.

- (c) Each holder of Notes, by subscribing for or purchasing such Notes, and each Counterparty (if any) will be deemed to accept and acknowledge that it is fully aware that:

- (i) the Noteholders and the Counterparty (if any) shall look solely to the sums referred to in paragraph (a) of this Condition 6 (*Shortfall after Application of Proceeds*), as applied in accordance with paragraphs (a) and (b) above (the "**Relevant Sums**"), for payments to be made by the Issuer in respect of the Notes and the Charged Agreement(s) (if any);
- (ii) the obligations of the Issuer to make payments in respect of the Notes and the Charged Agreement(s) (if any) will be limited to the Relevant Sums and if amounts cease to be due and payable in accordance with (b) above, the Noteholders and the Counterparty (if any) shall have no further recourse to the Issuer in respect of the Notes and the Charged Agreement(s) (if any), respectively;
- (iii) without prejudice to the foregoing, if amounts cease to be due and payable in accordance with (b) above, any right of the Noteholders and the Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
- (iv) the Noteholders and the Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such shortfall.

Non-payment of any shortfall shall not constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Counterparty (if any) to terminate the remainder of the Charged Agreement(s) in respect of such Series in the case of a partial termination and in any event, in respect of any other Series.

None of the Trustee, the Principal Paying Agent, the shareholders of the Issuer, any Dealer or any Counterparty has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

Notwithstanding any other clause or provision, no provision other than that detailed in (b) above, shall limit or in any way reduce the amount of interest that would otherwise be payable by the Issuer under any Note, if and to the extent that such limitation or reduction falls to any extent to be determined by reference to the results of any business or part of a business or the value of any property.

TYPES OF NOTES

(a) Fixed Rate Notes

Each Fixed Rate Note bears interest on its Outstanding Principal Amount as on the first day of a Fixed Interest Period (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date (as specified in the Issue Terms) to (but excluding) the Maturity Date at the rate(s) per annum equal to the Rate(s) of Interest, subject to any cessation of interest in circumstances as set out in the Issue Terms.

Interest will be payable in arrears on the Interest Payment Date(s) in each year as specified in the Issue Terms, subject as aforesaid.

Interest pursuant to this Condition 7(a), whether for a Fixed Interest Period or a period other than a Fixed Interest Period, shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Fixed Day Count Fraction, and shall be rounded in accordance with Condition 7(e) below.

(b) Floating Rate Notes and Indexed Interest Notes

(i) Interest Payment Dates

Each Note which is a Floating Rate Note or Indexed Interest Note bears interest on its Outstanding Principal Amount as on the first day of an Interest Period (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date to (but excluding) the Maturity Date, subject to any cessation of interest in circumstances as set out in the Issue Terms.

Such interest will be payable in arrears on either:

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

each an **Interest Payment Date**.

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

(ii) ***Rate of Interest***

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

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Issue Terms) the Margin (if any).

For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the Issue Terms;
- (2) the Designated Maturity is a period specified in the Issue Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the Issue Terms.

For the purposes of this sub-paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the 2006 ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent Bank or the Calculation Agent, as the case may be, will be deemed to have discharged its obligations under Condition 7(b)(iv) (*Types of Notes - Floating Rate Notes and Indexed Interest Notes*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination for Floating Rate Notes

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date plus or minus (as indicated in the Issue Terms) the Margin (if any), all as determined by the Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

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

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

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

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

The Agent Bank (in the case of Floating Rate Notes) or the Calculation Agent (in the case of Indexed Interest Notes) will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, but in any event no later than the second Business Day thereafter, determine and notify the Issuer, the Trustee, the Counterparty (if any) and the Principal Paying Agent of (i) the Rate of Interest for the relevant Interest Period and (ii) the amounts payable in respect of the Notes of each Specified Denomination (the "**Interest Amounts**") pertaining to such Interest Period.

The Interest Amounts shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying each such sum by the applicable Floating Day Count Fraction and shall be rounded in accordance with Condition 7(e) below.

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

The Principal Paying Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to any Stock Exchange upon which the Notes are (as specified in the Issue Terms) listed and to be published in accordance with relevant provisions relating to notices as soon as possible after their determination, but in any event no later than the fourth Business Day thereafter. The Interest Amounts and Interest Payment Date so published may subsequently be amended with the consent of the Trustee (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified as aforesaid to each Stock Exchange on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and to the Noteholders.

(vi) ***Determination or calculation by Trustee***

If the Agent Bank or, as the case may be, the Calculation Agent at any material time defaults in its obligation to determine the Rate of Interest or the Interest Amounts in accordance with sub-paragraphs (ii) and (iv) above, the Trustee shall (i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in sub-paragraph (ii) above but subject always to sub-paragraph (iii) above), it shall deem fair and reasonable in all the circumstances and (ii) calculate the Interest Amounts in the manner specified in sub-paragraph (iv) above. Such determination and calculation shall be deemed to be a determination and calculation by the Agent Bank or, as the case may be, the Calculation Agent.

(vii) ***Notifications to be final***

All notifications, opinions, determinations, calculations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions summarised under this Condition whether by the Agent Bank, the Calculation Agent or the Trustee, will (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Counterparty, the Agent Bank, the Calculation Agent, the Trustee, the Paying Agents and all Noteholders, as applicable, and (subject as aforesaid) no liability to the Noteholders shall attach to the Agent Bank, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to this Condition.

(c) **Partly Paid Notes**

If the Issue Terms specify that the Notes are Partly Paid Notes, the amount of each payment comprising the issue price, the date on which each payment is to be made and the consequences (if any) of failure to make any such payment will be as set out in the Issue Terms.

Other than Partly Paid Notes which are Zero Coupon Notes, interest will accrue on the paid-up nominal amount of such Notes and as specified in the Issue Terms.

(d) **Principal Protected CDO Notes**

If the Issue Terms specify that the Notes are Principal Protected CDO Notes, unless otherwise specified therein:

- (i) the Notes will not bear a pre-determined Rate of Interest;
- (ii) in the event that distributions are made by, or payments of interest and/or principal and/or any fixed amount are made by, the obligor of the relevant Charged Assets and/or Counterparty of the Charged Agreement specified in the Issue Terms, such sums will be paid to the Noteholders within two Business Days (or such other number of days as may be specified in the Issue Terms) of receipt thereof from time to time by or on behalf of the Issuer or the Trustee; and
- (iii) the Issue Terms will set out the expected dates of any such distributions or payments.

(e) **Rounding in respect of all Notes**

All amounts resulting from any calculations referred to in these provisions will be rounded downwards to the nearest unit or sub-unit of currency or as described in the Issue Terms.

(f) **Cessation of interest**

In the case of Credit Linked Notes, unless otherwise specified in the Issue Terms, notwithstanding any other terms of these Conditions, if (i) an Event of Default in relation to the Notes occurs or the Notes are redeemed early (other than as a result of a Credit Event), (ii) an event of default (as defined in the relevant documentation) in relation to the Charged Assets occurs or any of the Charged Assets are redeemed early or (iii) the Notes are redeemed pursuant to a termination under the Swap Agreement (other than as a result of a Credit Event), the interest on the Notes will cease to accrue from, and including, the Interest Payment Date immediately preceding the date on which any of the events referred to in (i) to (iii) above have occurred (or in the case of the first Fixed Interest Period or, as the case may be, Interest Period, the Interest Commencement Date). Following the occurrence of a Credit Event in relation to any Credit Linked Notes, Condition CL4 (*Interest*) shall apply.

(g) **Default interest**

Subject to Conditions 7(f) and 9(c), each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, any amount due in respect of the Notes is improperly withheld or refused, in which case interest shall accrue as provided in the Trust Instrument at the rate specified for the purpose in the Issue Terms (or if no such rate is specified, the rate shall be deemed to be zero). References to any payment due or owing in respect of the Notes shall be deemed to include any interest which may be payable under this Condition 7 (*Types of Notes*).

REDEMPTION

(a) Final redemption

Each Note will be redeemed by the Issuer on the Maturity Date at its Final Redemption Amount or as otherwise specified in the Issue Terms, unless such Note has been redeemed, purchased or cancelled prior to such date.

(b) **Redemption for taxation reasons**

(i) If:

- (A) the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets or receipt of payments under any Charged Agreement (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable on the Notes without recourse to further sources of funding, or
- (B) the Issuer, on the occasion of the next payment due in respect of any Charged Agreement, would be required by law to withhold or account for tax or would suffer tax in respect of its income in respect of the Charged Assets (including the deductions of tax from such payments) so that it would be unable to make payment of the full amount payable under such Charged Agreement without recourse to further sources of funding, or
- (C) the Issuer would be required to account for any tax or suffer tax in respect of its income in respect of the Charged Assets or receipt of payments (whether actual or deemed) under any Charged Agreement as a result of the then accounting treatment, as certified by the Issuer's auditors,

then the Issuer shall so inform the Trustee, the Principal Paying Agent, the Calculation Agent and the Counterparty in writing in a certificate signed by two Directors of the Issuer.

The date on which any such withholding or deduction is suffered or such increased amount is payable is referred to as the **Shortfall Date**. The Issuer shall use all reasonable endeavours to arrange the substitution as the principal debtor of the Notes of another company, approved by the Trustee (in the case of Notes that are rated subject to Rating Agency Confirmation) incorporated in another jurisdiction wherein such withholding would not be applicable, or such tax would not be accountable or suffered and, in any such case, the company concerned would not be in any worse position following the substitution than the Issuer was in before the event occurred which resulted in the Issuer being obliged to use all reasonable endeavours to substitute a new principal debtor in accordance with this provision.

- (ii) If, having used all reasonable endeavours, the Issuer is unable to arrange such substitution before the relevant Shortfall Date, in the case of Condition 8(b)(i)(A) where there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, exercisable prior to the Shortfall Date in its sole discretion, under any Charged Agreement to pay to the Issuer such amounts as will enable it (after any such withholding, accounting or suffering) to pay (and in such event, the Issuer will be obliged to pay) to the Noteholders the amounts which they would have received in the absence of such withholding, accounting or suffering.

If, having used all reasonable endeavours, the Issuer is unable to arrange such substitution before the relevant Shortfall Date in the case of Condition 8(b)(i)(B), the Counterparty shall have the right, but not the obligation, exercisable prior to the Shortfall Date in its sole discretion, under any such Charged Agreement to accept a lesser payment from the Issuer in respect of the Charged Assets (after any such withholding or accounting or suffering of tax by the Issuer in respect of the Charged Assets).

If, having used all reasonable endeavours, the Issuer is unable to arrange such substitution before the relevant Shortfall Date, in the case of the events referred to in Condition 8(b)(i)(C) and where there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, before the Shortfall Date, to make additional payments to the Issuer so that the Issuer would not be in any worse position as a result of the occurrence of such event.

- (iii) If the Issuer is unable to arrange such substitution and the Counterparty does not exercise such rights as are referred to in paragraph (ii) above, any such Charged Agreement will be terminated and the Notes redeemed as follows. The Selling Agent shall arrange for, and administer the sale of, the Charged Assets in accordance with the Agency Agreement. Upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent and the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) of the date on which the Notes will be redeemed at the Early Redemption Amount together with any interest accrued to but excluding the date fixed for redemption.
- (iv) Notwithstanding the foregoing, if the requirement to withhold or account for any of the taxes referred to in this Condition arises:
 - (A) owing to any connection of any Noteholder with the taxing jurisdiction to which the Issuer is subject to otherwise than by reason only of the holding of any Note or receiving principal, premium or interest in respect thereof; or
 - (B) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
 - (C) where such withholding or deduction is imposed on payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (D) (if applicable) which could have been avoided if the relevant Noteholder presented the relevant Note to another Paying Agent in a Member State of the European Union,

then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and the provisions of the preceding paragraphs shall not apply. Any such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*).

(c) **Mandatory Redemption**

- (i) Following Payment Default under the Charged Assets or termination of a Charged Agreement
Subject to Condition 4(b)(iii)(*Charged Assets - Substitution with Cash Collateral*), if:

- (A) there has been a payment default in respect of the Charged Assets, or any one or more of the securities or other assets comprising the Charged Assets in respect of the Notes, as the case may be (having taken into account any applicable grace period); or
- (B) the Charged Agreements are terminated (in whole but not in part but excluding any termination or reduction in notional amounts thereunder as a consequence of a credit event in respect of a reference entity) for any reason other than as a consequence of the operation of any specific Conditions relating to redemption of the Notes,

the Issuer shall give notice thereof to the Trustee, the Principal Paying Agent, the Counterparty, the Noteholders and the Selling Agent.

Thereupon, the Selling Agent shall arrange for, and administer the sale of, all of the Charged Assets in accordance with the Agency Agreement. Upon the sale of all of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Noteholders, the Principal Paying Agent, the Counterparty and the Trustee (which notice shall be irrevocable) of the Realisation Amount and of the date on which the Notes will be redeemed at the Early Redemption Amount together with any interest accrued to but excluding the date fixed for redemption. In the event of a payment default in respect of the Initial Charged Assets prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the amount of cash held in the Cash Deposit Account at such time, any such difference shall be paid to the Vendor as soon as reasonably practicable thereafter.

(ii) ***Following Early Redemption of the Charged Assets***

- (A) In the event of an early unscheduled redemption of the Initial Charged Assets prior to their stated date of maturity (other than by reason of a payment default) prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the amount of cash held in the Cash Deposit Account at such time, the Selling Agent, on behalf of the Issuer, shall pay any such difference to the Vendor as soon as reasonably practicable thereafter. Each Note will thereafter be redeemed on a pro rata basis of the aggregate amount allocated to the Noteholders.
- (B) Subject to Condition 4(b)(iii)(*Charged Assets - Substitution with Cash Collateral*), where any one or more of the Charged Assets in relation to a Series of Notes are redeemed pursuant to an early unscheduled redemption of such Charged Assets prior to their stated date of maturity (other than by reason of a payment default), the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Noteholders, Principal Paying Agent and Counterparty and the Selling Agent (which notice shall be irrevocable) of the date on which the net redemption proceeds of such Charged Assets shall be applied as specified in Condition 5 (*Application of proceeds*). In such circumstances, in relation to any Charged Assets not so redeemed, the Selling Agent shall arrange for, and administer the sale of, such Charged Assets (and the Issuer shall give notice of the Realisation Amount relating thereto in accordance with the provisions

set out in Condition 8(c)(i) above, which, for the avoidance of doubt, shall be applied on the same date as, and together with, the net redemption proceeds received in relation to the redeemed Charged Assets as specified in Condition 5 (*Application of Proceeds*)).

(iii) **General**

Once the net proceeds of sale or redemption of the Charged Assets have been applied in accordance with this Condition and the Security Ranking Basis specified in the Issue Terms, failure to make any further payment due in respect of a redemption of the principal amount of the Notes or interest thereon or any termination payment under any Charged Agreement shall not constitute an Event of Default. To the extent that the net proceeds of sale or redemption of the Charged Assets, together with any other sums recovered by or on behalf of the Issuer or the Trustee in respect of the Secured Property, are less than the amount which the Noteholders and the Counterparty (if any) may have expected to receive, such shortfall will be borne by such Noteholders and the Counterparty (if any) in accordance with the Security Ranking Basis specified in the Issue Terms and the Noteholders and the Counterparty shall have no further recourse to the Issuer in respect of the Notes and the Charged Agreement(s) (if any).

(d) **Redemption at the option of the Issuer**

- (i) The Issue Terms may specify that the Issuer has the option to redeem all or some of the Notes on the Optional Call Redemption Date(s) at the Optional Call Redemption Amount together with interest to (but excluding) the date of redemption.
- (ii) The Issuer may only exercise such option by giving irrevocable notice to the Noteholders, the Trustee, the Counterparty and the Principal Paying Agent within the Issuer's Option Period (as specified in the Issue Terms), such notice to be given by no later than 15 Business Days prior to the date fixed for redemption.
- (iii) In the case of a partial redemption of the Notes, the Notes to be redeemed will be selected individually by lot (where the Notes are in definitive form) or in accordance with the rules of the Clearing Systems (where the Notes are in global form), in such place as the Trustee shall approve and in such manner as the Trustee shall deem to be appropriate and fair, not more than 60 days prior to the date fixed for redemption and the Issuer shall give a notice of the Notes called for redemption and the date fixed for redemption and the redemption price in respect of such Notes not less than 30 days prior to such redemption date in accordance with Condition 15 (*Notices*).

(e) **Redemption at the option of the Noteholders**

- (i) The Issue Terms may specify that the Issuer shall, at the option of the Noteholders (either individually or acting together, subject to a minimum percentage of all the Noteholders, as specified in the Issue Terms), redeem all or some of the Notes on the Optional Put Redemption Date at the Optional Put Redemption Amount, together with interest to (but excluding) the date of redemption.
- (ii) A Noteholder may only exercise such option by giving notice to the Issuer within the Noteholder's Option Period (as specified in the Issue Terms), such notice to be given by no later than 15 Business Days prior to the date fixed for redemption. If the Notes are in definitive form, the Noteholder must deposit the relevant Note together with unmatured related Coupons (if any) and unexchanged Talons (if any) appertaining thereto at the specified office

of a Paying Agent together with a duly completed and signed notice of exercise (the "**Put Notice**"). If the Notes are represented by a Global Note, to exercise the right to require redemption of the Note the Noteholder must, within the notice period, give notice of such exercise in accordance with the standard procedures of the Clearing Systems (which may include notice being given on his instruction by the Clearing Systems or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time and, at the same time, present or procure the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly.

- (iii) Any Put Notice shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and be continuing and the Trustee shall have declared the Notes due and repayable. In such event, a Noteholder may, at its option, elect to withdraw the Put Notice.

(f) **Redemption of Zero Coupon Notes**

- (i) For the purpose of this Condition 8 (*Redemption*) and Condition 11 (*Events of Default*), each Zero Coupon Note will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Amortised Face Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the Issue Terms.

- (ii) If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition 8 (*Redemption*) or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in sub-paragraph (i) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:
 - (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
 - (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*).

(g) **Cancellation**

All Notes redeemed early or purchased by the Issuer pursuant to the Issue Terms (together with the relative Coupons and Talons) shall be cancelled and may not be reissued or resold.

(h) **Redemption in excess of Outstanding Principal Amount**

In the case only of an Issuer incorporated in the Republic of Ireland, in relation to any early redemption of the Notes, the amounts to be delivered and/or paid in redemption of such Notes which are in excess of the Outstanding Principal Amount shall be paid net of any relevant taxes.

(i) **Redemption following Valuation Event**

(i) If the Issue Terms specify that Valuation Event applies:

- (A) the Calculation Agent shall, as soon as reasonably practicable following a request from the Counterparty, determine whether a Valuation Event exists;
- (B) upon occurrence of a Valuation Event, the Calculation Agent shall promptly notify the Issuer, the Counterparty, and the Trustee thereof;
- (C) the Charged Agreement will provide that upon occurrence of a Valuation Event (regardless of whether such Valuation Event is continuing) the Counterparty may, by notice to the Issuer, the Trustee, the Noteholders and the Principal Paying Agent within 20 Business Days of being notified by the Calculation Agent of the Valuation Event, designate an Early Termination Date (as defined in the Charged Agreement) in respect of the Charged Agreement.

(ii) Following delivery of the notice by the Counterparty pursuant to paragraph 8(i)(C) above:

- (A) the Selling Agent shall as soon as practicable arrange for, and administer the sale of, the Charged Assets in accordance with the Agency Agreement. Upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Principal Paying Agent and the Noteholders (which notice shall be irrevocable) of the date on which the Notes will be redeemed at the Early Redemption Amount together with any interest accrued to but excluding the date fixed for redemption; and
- (B) the Realisation Amount will be applied according to the applicable Security Ranking Basis (or otherwise as specified in the Issue Terms).

(iii) In this condition 8(i):

- (A) "**Market Value**" means, in respect of any day and in respect of the Charged Assets, the firm bid price in respect of the Charged Assets as of such day obtained by the Calculation Agent from three dealers (one of whom may be the Counterparty) as it may in its discretion select (or, if more than one firm bid is obtained, the arithmetical average of such prices, disregarding, if more than three bids are obtained, the highest and lowest quotes) or, if less or no such bid prices are obtained by the Calculation Agent, the market value of the Charged Assets calculated by the Calculation Agent as of such day in such other manner as it shall determine in good faith and in a commercially reasonable manner;

- (B) **"Swap Mark-to-Market"** means, in respect of any day, the amount (if any), in the Currency of Issue (unless otherwise specified in the Issue Terms) that would be payable by the Issuer to the Counterparty in respect of the early termination of all the transactions under the Charged Agreement if an Early Termination Date under that Charged Agreement had occurred on that day, as determined by the Calculation Agent on the basis of a hypothetical swap agreement, without taking into account the consequences of the occurrence of the relevant Valuation Event; and
- (C) **"Valuation Event"** means, in respect of any day, the determination by the Calculation Agent that the Market Value of the Charged Assets as of such day does not exceed the Swap Mark-to-Market as of such day by at least an amount equal to the Valuation Buffer indicated in the Issue Terms.

PURCHASES

- (a) Unless otherwise provided in the Issue Terms, provided that no Event of Default has occurred and is continuing and subject to receipt by the Issuer of an amount (whether by sale of the Charged Assets (or, in the case of a purchase of some only of the Notes, by sale of a proportion of the Charged Assets whose par value corresponds to the par value of the Notes to be purchased) or otherwise) which, plus or minus any termination payment payable to or by the Issuer from or to the Counterparty on the termination (or, as the case may be, partial termination) of the Charged Agreement(s) (if any), is sufficient to fund the purchase price of the Notes payable by the Issuer, the Issuer may purchase Notes (provided that all unmatured Coupons (if any) and unexchanged Talons (if any) appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price. The Issuer shall not purchase any definitive Bearer Note unless it purchases all unmatured Coupons (if any) in respect of such Bearer Note.
- (b) On any such purchase the Charged Agreement(s) (or a proportionate part thereof which corresponds to the Notes to be purchased) will be terminated. The Trust Instrument provides that the Security Interests over the Secured Property (or a proportionate part thereof) will be released against receipt by the Trustee of the net proceeds of the realisation of such Secured Property.
- (c) No interest will be payable with respect to a Note purchased under this Condition in respect of the period from the Issue Date or the previous Interest Payment Date, as the case may be, to the date of such purchase.
- (d) On a purchase under this Condition of a proportion of the Notes, the Calculation Agent shall, without the consent of any other person but, if the Notes are rated by a Rating Agency, with prior written notice to the Rating Agency, make such amendments as are necessary to preserve the economic equivalence of the remaining Notes, including, without limitation, any consequential amendments to the Notional Amount.

PAYMENTS

- (a) Payments of principal and premium (if any) and interest due otherwise than on an Interest Payment Date in respect of Bearer Notes or a Bearer Global Note will be made at the specified office of any of the Paying Agents against surrender (or, in the case of partial payment, endorsement) of the Bearer Notes or the Bearer Global Note, as the case may be. Payments of interest, if applicable, in respect of Bearer Notes or a Bearer Global Note due on an Interest Payment Date will be made at the specified office of any of the Paying Agents outside the United States (which expression, as used herein, means the United States of America (including the States thereof, the District of Columbia and the territories, possessions

and other areas subject to the jurisdiction of the United States of America)), subject as provided in subparagraph (c) below, against surrender (or, in the case of partial payment, endorsement) of the relevant Coupons or, as applicable, against endorsement of the Bearer Global Note.

Such payments shall be made by a cheque payable in the Currency of Issue drawn on, or, at the option of the holder, by transfer to an account denominated in the Currency of Issue with, a bank in the city specified in the Issue Terms as the place of payment, or, in the case of the euro, a city in which banks have access to the Target System, subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

The Paying Agent to which a Bearer Global Note shall have been presented for payment shall endorse on such Bearer Global Note a record of each payment made, distinguishing between any payment of principal, any payment of premium and any payment of interest. Such record shall be *prima facie* evidence that the payment in question has been made.

As long as Bearer Notes are represented by one or more Bearer Global Note(s), each of the persons shown in the records of the Clearing Systems as the holder of a Bearer Note must look solely to the Clearing Systems for his share of each payment so made by the Issuer to the bearer of the Bearer Global Note, subject to and in accordance with the respective rules and procedures of the Clearing Systems. Such persons shall have no claim directly against the Issuer in respect of payments due on the Bearer Notes for so long as the Bearer Global Note is outstanding. The Issuer will be discharged by payment to the bearer of the Bearer Global Note in respect of each amount so paid. Notwithstanding the foregoing, payments on a Temporary Bearer Global Note due prior to the Exchange Date will only be made upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. No payments due after the Exchange Date will be made on the Temporary Bearer Global Note unless exchange is improperly withheld following certification as to non-U.S. beneficial ownership.

- (b) Each Bearer Note should be presented for payment together with, if applicable, all related unmatured Coupons. If any Bearer Note in respect of a Fixed Rate Note is presented for payment without, if applicable, all unmatured related Coupons (not being a Talon), the full amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount in the Currency of Issue of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the principal amount due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time thereafter but before the expiry of a period of 10 years from the Relevant Date (as defined in Condition 13 (*Prescription*)) for the payment of such principal (whether or not such Coupon would otherwise have become void pursuant to Condition 13 (*Prescription*)) or, if later, 5 years from the date for payment stated on such Coupon, but not thereafter. Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof. Upon the date on which any Floating Rate Note or Indexed Interest Note in definitive form becomes due and repayable prior to its stated Maturity Date, unmatured Coupons (if any) and Talons (if any) appertaining thereto (whether or not attached to the relative Bearer Note) shall become void upon the date on which such Bearer Note becomes due and repayable and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.
- (c) No payments of principal and/or interest in respect of Bearer Notes denominated in U.S. dollars will be made at the specified office of any Paying Agent in the United States. Notwithstanding the foregoing, such payments of principal and/or interest will be made at the specified office of any Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on such Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer (after any consultation with any legal or tax advisers which it considers necessary), adverse tax consequences to the Issuer.

If no appointment of a Paying Agent with a specified office in the United States is then in effect, the Issuer shall appoint a Paying Agent with a specified office in New York City at which such payments will be made. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 15 (*Notices*).

- (d) Subject to (b) above, after all the Coupons attached to or issued in respect of a definitive Bearer Note have matured, further Coupons and, where applicable, one further Talon will (subject to Condition 13 (*Prescription*)) be issued against surrender of the relevant Talon at the specified office of any Paying Agent.
- (e) If the due date for payment of any amount of principal, premium (if any) or, if applicable, interest in respect of any Note is not a Payment Day, the holder of such Note shall not be entitled to payment until the next following Payment Day and shall not be entitled to any further interest or other payment in respect of any such delay. If a Note is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account for value on the date of presentation, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after the date of presentation.
- (f) Subject as provided in this Condition 10 (*Payments*):
 - (i) payments in a Currency of Issue other than euro will be made by credit or transfer to an account in the relevant Currency of Issue (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Currency of Issue drawn on, a bank in the principal financial centre of the country of such Currency of Issue (which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
 - (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable to such payments in the place of payment.

- (g) Unless otherwise specified in the Issue Terms, any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which the Counterparty may elect to pay to the Issuer with respect to principal under Condition 8(b) (*Redemption for taxation reasons*);
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Call Redemption Amount(s) (if any) or Optional Put Redemption Amount (s) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which the Counterparty may elect to pay with respect to interest under Condition 8(b) (*Redemption for taxation reasons*).

EVENTS OF DEFAULT

Upon the occurrence of an Event of Default, the Trustee at its discretion may, and, if requested in writing by the Instructing Creditor, shall (subject to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at the Early Redemption Amount together with interest accrued in accordance with the Trust Instrument and the security shall become enforceable (as provided in the Trust Instrument) and the proceeds of realisation of such security shall be applied as specified in Condition 5 (*Application of Proceeds*).

"**Event of Default**" means any of the following events:

- (a) if, subject to Condition 6, default is made for a period of 14 days or more in the payment of any sum due in respect of the Notes or any of them; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Instrument, the breach of which obligation the Trustee shall have certified to be in its opinion materially prejudicial to the interests of the Noteholders and except where, in the opinion of the Trustee, such failure is incapable of remedy, such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer other than for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms approved by the Instructing Creditor.

ENFORCEMENT

At any time after all or part of the Notes shall have become immediately due and repayable and have not been repaid, the Trustee may, at its discretion at any time and without further notice, and if requested in writing by the Instructing Creditor shall (subject to being indemnified and/or secured to its satisfaction),

institute such proceedings against the Issuer as it may think fit to enforce repayment thereof and to enforce the provisions of the Trust Instrument.

No Noteholder shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing. After realising the security which has become enforceable and distributing the Realisation Amount in accordance with Condition 5 (*Application of Proceeds*), the obligations of the Issuer with respect to the Trustee, the Counterparty and the Noteholders shall be satisfied.

Neither the Trustee nor the Counterparty nor any Noteholder may take any further steps against the Issuer to recover any further sums in respect thereof, and the right to receive any such sums shall be extinguished. In particular, neither the Trustee nor the Counterparty nor any Noteholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer nor shall any of them have any claim in respect of the Secured Property for any other Series.

The Relevant Sums (as defined in Condition 6(c)(i)) may be insufficient to pay all amounts due to, among others, the Trustee, the Counterparty and the Noteholders. The other assets (if any) of the Issuer including, in particular, assets securing other Series of Notes will not be available to make up any shortfall.

PRESCRIPTION

Subject to Condition 10(b), claims under the Bearer Notes and, if applicable, the Coupons (which for this purpose shall not include Talons) will be prescribed and become void unless the same are presented for payment within a period of 10 years in the case of principal or premium (if any) and 5 years in the case of interest from the Relevant Date relating thereto. Talons may not be exchanged for Coupons which would be void on issue.

For this purpose, the "**Relevant Date**" means the date on which the payment in respect of the Note or the Coupon first becomes due and payable. However, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the "**Relevant Date**" means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 15 (*Notices*).

REPLACEMENT OF NOTES

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and Stock Exchange or other relevant authority rules or regulations, at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 15 (*Notices*)). Such replacement is subject to payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

NOTICES

All notices regarding Bearer Notes will be valid if published (i) in one leading London daily newspaper or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, in one daily newspaper published in Luxembourg approved by the Trustee.

All notices regarding Notes represented by a Bearer Global Note will be valid if published as described above or if delivered to the Clearing Systems for communication by them to the Noteholders. Any notice delivered to a Clearing System as aforesaid shall be deemed to have been given on the day of such delivery.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other Stock Exchange on which the Notes are for the time being listed.

Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication in all required newspapers. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

AGENTS

The Issue Terms will specify the relevant Agents for an issue of a Series of Notes. The duties of each of the Agents shall be as specified in the Trust Instrument and in the Issue Terms in respect of the Notes.

The Issuer reserves the right, subject to the prior written approval of the Trustee and the Counterparty, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will at all times maintain Agents as specified in the Issue Terms.

EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 13 (*Prescription*).

RESTRICTIONS

So long as any of the Notes remains outstanding, the Issuer will not, without the written consent of the Trustee (which may only be given if the Trustee is so directed by the Instructing Creditor (if the Instructing Creditor is the Noteholders, by the holders of more than 20 per cent. of the aggregate Outstanding Principal Amount of the Notes then outstanding or by an Extraordinary Resolution of such Noteholders) and the Trustee shall have been indemnified and/or secured to its satisfaction) and the Counterparty (if any):

- (a) engage in any activity or do anything whatsoever, except:
 - (i) issue or enter into Notes and/or, as the case may be, Alternative Investments (the terms of which may be governed by a law or laws other than English law) subject to a maximum aggregate principal amount outstanding at any time of EUR 10,000,000,000 (or its equivalent in other currencies);
 - (ii) acquire and own Charged Assets or any assets used to secure any Debt Investments and exercise its rights and perform its obligations in respect thereof;
 - (iii) enter into and perform its obligations under the Transaction Documents;

- (iv) enforce any of its rights under the Transaction Documents, any Notes or the Secured Property relating to any Series;
 - (v) as permitted by sub-paragraph (b) below; and
 - (vi) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange agreement in connection with the issue of Notes;
- (b) have any Subsidiaries except, if the Issuer has issued rated Notes, after having given prior written notice to the relevant Rating Agency and, in any event, only Subsidiaries:
- (i) which are wholly owned by the Issuer;
 - (ii) whose share capital is fully paid up by the Issuer;
 - (iii) whose activities are limited to the same extent as those of the Issuer under the Trust Instrument (including, without limitation, the terms of any Notes or other debt instruments issued or loans entered into, by such Subsidiary being required to be on substantially the same terms as those of the Notes); and
 - (iv) in respect of whose activities the Issuer will have no liability;
- (c) subject to sub-paragraph (a) above, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in accordance with Condition 9 (*Purchases*));
- (d) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Secured Property other than the Security Interests in respect of all Series of Notes of the Issuer;
- (e) have any employees;
- (f) declare any dividends or make any distributions of any other kind, save for such dividends and/or distributions which are paid out of the proceeds of realisation of the Secured Property or any other proceeds in relation to any Series of Notes after the Issuer's obligations to the Noteholders and any other secured creditors in relation to such Series of Notes have been discharged in full;
- (g) issue any further shares save for shares in the Issuers issued to any other member of UniCredit Group;
- (h) commingle its assets with the assets of any other person or entity;
- (i) in respect of any Series of Notes, enter into any cross default or cross collateralisation arrangements referencing any other Series of Notes;
- (j) take any action which would lead to the dissolution, liquidation or winding up of itself or to the amendment of its constitutional documents;
- (k) in the case of Notes that are rated, subject to such requirements (if any) as are specified in the Trust Instrument of notification to and confirmation from the Rating Agency or Rating Agencies (if any) specified in the Issue Terms, consolidate or merge with any other person, or convey or transfer its properties or assets substantially as an entirety to any person; or

- (l) perform such other activities as are expressly restricted in the Trust Instrument.

MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Instrument contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Issue Terms or any of the provisions of the Trust Instrument. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in Outstanding Principal Amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in Outstanding Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the Outstanding Principal Amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Issue Terms or the Trust Instrument (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes) the quorum shall be one or more persons holding or representing not less than two-thirds in Outstanding Principal Amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in Outstanding Principal Amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of Noteholders or in the form of a written resolution (as described in the Trust Instrument) will be binding on all Noteholders, whether or not they are present or represented at the meeting and whether or not voting.

The Trustee may agree, without the consent of the Noteholders (but, in the case of Notes which are rated, with prior notification to the relevant Rating Agency), to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Issue Terms or any other Transaction Document, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error. No such modification, waiver or authorisation shall be effective without the consent of the Counterparty (such consent not to be unreasonably withheld or delayed). Notwithstanding the foregoing, the Trustee shall, without any such consent from the Noteholders as aforesaid, agree to make any modification (whether or not it may be materially prejudicial to the Noteholders) requested by the Dealer(s) in respect of the Notes if, and to the extent that, such modification is to correct an error in the Issue Terms arising from a discrepancy between the Issue Terms and the final termsheet, as certified by the relevant Dealer(s), the Issuer and the Counterparty, in form and content satisfactory to the Trustee. Any modification, waiver or authorisation made pursuant to the provisions of this paragraph shall be binding on the Noteholders and any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

Subject as provided in the Trust Instrument, the Trustee, if it is satisfied that it would not be materially prejudicial to the interests of the Noteholders, may agree, without the consent of the Noteholders (but, in the case of Notes which are rated, subject to Rating Agency Confirmation), to the substitution in place of the Issuer (or of any previous substitute under this Condition) as principal debtor under the Notes, the Trust Instrument and the Transaction Documents of another company. No such substitution shall be effective without the consent of the Counterparty (such consent not to be unreasonably withheld or delayed). Pursuant to Condition 8(b)(i), the Issuer shall use all reasonable endeavours to arrange the

substitution as principal debtor of another company incorporated in another jurisdiction upon the occurrence of one of the events referred to in Condition 8(b)(i) (*Redemption for taxation reasons*).

The Trustee may, but shall not be obliged to, execute any such modification, waiver, authorisation, determination and/or substitution which affects the Trustee's own rights, duties, discretions, authorities, powers, immunities or protections and under each Trust Instrument or otherwise.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions, (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, any substitute Issuer, the Counterparty, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon any individual Noteholders except to the extent already provided for in Condition 8(b) and/or any undertaking given in addition to, or in substitution for, Condition 8(b) pursuant to the Trust Instrument.

Any such modification, waiver, authorisation or substitution shall be binding on the Counterparty and all Noteholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders in accordance with Condition 15 (*Notices*) by the Issuer as soon as practicable thereafter.

FURTHER ISSUES

The Issuer shall be at liberty from time to time, without the consent of the Noteholders (but subject to the consent of the Counterparty (if any) in the case of (a) below and subject to Rating Agency Confirmation), to create and issue further notes either:

- (a) so as to be consolidated and form a single Series with the Notes (such further Notes, the "**Further Fungible Notes**"), provided that the Issuer provides additional Charged Assets as security for the original issue of Notes and any Further Fungible Notes either on a Nominal Basis or a Market Value Basis as specified in the Issue Terms and enters into an additional or supplemental Charged Agreement(s) (if applicable) (and references to "**Notes**", "**Charged Assets**", "**Charged Agreements**" and "**Transaction Documents**" shall thereafter be deemed to be references to the terms of the original Notes and Transaction Documents as amended to take into account the further issue); or
- (b) to form a separate Series from the Notes upon such terms as to security, interest, premium, redemption and otherwise as the Issuer may, in its absolute discretion, at the time of the issue thereof determine provided that such further notes are secured on assets other than the Charged Assets relating to the existing Notes and on terms in substantially the form of these Conditions which provide for the extinguishment of all claims in respect of such further Notes after application of the sums received or recovered from time to time by or on behalf of the Trustee in respect of the assets upon which such further Notes are secured.

Any such notes shall be constituted in accordance with the Trust Instrument. The Trust Instrument contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series in certain circumstances where the Trustee so decides.

In addition, such further securities, when issued, shall preserve the economic equivalence of the existing Notes and the Calculation Agent shall, subject to Rating Agency Confirmation but without the consent of any other person, make such amendments as are necessary, including, without limitation, any consequential amendments to the Notional Amount.

LIABILITIES AND INDEMNIFICATION OF THE TRUSTEE

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings or any other action under the Transaction Documents unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Counterparty, any obligor in respect of the Charged Assets or any of their subsidiary or associated companies without accounting for any profit resulting therefrom.

The Trustee is exempted from any liability in respect of any loss or theft of the Secured Property, from any obligation to insure the Secured Property and from any claim arising from the fact that the Secured Property is held in a clearing system or in safe custody by a bank or other custodian. The Trust Instrument also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Secured Property and is not bound to make any investigation into the same or into the Secured Property in any respect.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any obligor in respect of the Secured Property, the validity of any such obligor's obligations under or in respect of the Secured Property or any of the terms of the Charged Assets (including, without limitation, whether the cashflows from the Charged Assets and the Notes are matched) or to monitor the value of any Charged Assets.

CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

GOVERNING LAW

The Trust Instrument, the Notes and the Charged Agreement(s) and any non-contractual obligations arising out of or in connection with them are governed by English law.

JURISDICTION

The Issuer has, in the Trust Instrument, irrevocably agreed for the exclusive benefit of the Trustee, the Counterparty and the Noteholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Instrument, the Notes and the Charged Agreement(s) and that accordingly any suit, action or proceedings arising out of or in connection therewith (including a dispute relating to the existence, validity or termination of the Trust Instrument, the Notes or the Charged Agreement(s) or any non-contractual obligation arising out of or in connection with them) or the consequences of their nullity (together referred to as "**Proceedings**") may be brought in such courts.

The Issuer has, in the Trust Instrument, irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum or that any other courts are more appropriate

or convenient. The Issuer has further irrevocably agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

DEFINITIONS

Capitalised terms used in these Conditions have the meanings given to them in the Definitions Module as modified and supplemented by the relevant Trust Instrument and/or Issue Terms.

REGISTERED NOTES CONDITIONS MODULE

MAY 2011 EDITION

to be incorporated by reference into the Trust Instrument

for an issue of Notes arranged by

UNICREDIT BANK AG

Signed for the purposes of identification by:

.....

Deutsche Trustee Company Limited

Dated:

REGISTERED NOTES CONDITIONS MODULE

This Registered Notes Conditions Module modifies and supplements the basic terms and conditions for Notes governed by English law as set out in the Bearer Notes Base Conditions Module and will apply in respect of all Series of Notes issued in registered form. Other Conditions Modules will apply in addition, as specified in the Issue Terms. The terms and conditions contained in this Registered Notes Conditions Module may be modified by the terms and conditions set out in the relevant Issue Terms in respect of a Series of Notes

All references to "Bearer Notes" in the Bearer Notes Base Conditions Module will, where the context so requires, be deemed to be references to "Registered Notes".

All references to "Principal Paying Agent" and "Paying Agent" in the Bearer Notes Base Conditions Module will, where the context so requires, be deemed to include the "Registrar".

Condition 1 as set out in the Bearer Notes Base Conditions Module will not apply and the following Conditions 1.1, 1.2 and 1.3 shall be substituted therefor.

1. hidden

1.1 FORM, DENOMINATION AND TITLE

(a) Registered Notes are in the Specified Denomination(s) specified in the Issue Terms and integral multiples thereof.

Title to Registered Notes will pass by transfer and registration in accordance with Condition 1.3 (*Transfer of Registered Notes*) and in accordance with the terms of the Trust Instrument and the Agency Agreement.

(b) Unless otherwise provided in the Issue Terms, Registered Notes will be represented by a Global Certificate deposited with a Common Depositary and registered in the name of a nominee of Euroclear and Clearstream, Luxembourg, or by Individual Certificates. Prior to the expiry of the Distribution Compliance Period, beneficial interests in a Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear and Clearstream, Luxembourg.

(c) No beneficial owner of an interest in a Global Certificate will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the Clearing Systems and in accordance with and subject to the terms of the Global Certificate.

(d) For so long as any of the Notes is represented by a Global Certificate held by a Common Depositary, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Notes shall be deemed to be the holder of such nominal amount of Notes for all purposes other than with respect to the payment of principal, premium (if any) or interest on such Notes. With respect to such payment, such Common Depositary or its nominee shall be deemed to be the holder of such nominal amount of Notes in accordance with and subject to the terms of the relevant Global Certificate. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error. In determining whether a particular person is entitled to a particular nominal amount of notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or

information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

- (e) Subject to paragraph (d) above, the Issuer, the Counterparty, the Trustee and the Agents may deem and treat the person or persons in whose name(s) a Registered Note is registered as the absolute owner(s) of such Note for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Counterparty, the Trustee and the Agents shall not be affected by any notice to the contrary, whether or not the Note shall be overdue and notwithstanding any notation of ownership or other writing thereon. All payments made to any such person shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Notes.
- (f) The Issuer may (at the Issuer's own expense) seek proof of the identity of a registered holder (or a proposed registered holder) of Registered Notes if the Issuer, in its sole discretion, deems it appropriate to do so.

1.2 **REGISTRATION**

The Issuer will cause the Register to be kept at the specified office of the Registrar for the time being. The Issuer will procure that, as soon as practicable after the Issue Date, the Register is duly made up in respect of the subscribers of the Registered Notes and, if such Registered Notes are represented by Individual Certificates, Individual Certificates for the Registered Notes will be despatched.

The Issuer has initially appointed the person named as Registrar in the Issue Terms acting through its specified office set out in the Issue Terms. The Issuer may also appoint one or more Transfer Agents for the purpose of facilitating exchanges of Notes, in which case references in the following provisions of this Condition and in Conditions 1.3 (*Transfer of Registered Notes*) to the Registrar shall include, where the context so permits, references to such Transfer Agent(s).

The Issuer reserves the right, with the approval of the Trustee, at any time to vary or terminate the appointment of the Registrar and to appoint another or a further Registrar, provided that there will at all times be a Registrar with a specified office in such place as the Trustee may approve. Any variation or termination of appointment shall only take effect (other than in the case of insolvency of the Registrar, when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof shall have been given to the Noteholders in accordance with Condition 15 (*Notices*) and any change in the Specified Office of the Registrar shall also be promptly so notified.

1.3 **TRANSFER OF REGISTERED NOTES**

Registered Notes may, subject to Condition 1.1(c) (*Form, Denomination and Title*) and to the provisions of the Trust Instrument and of the Agency Agreement, be transferred by the registered holder free of and without regard to any set-off, counterclaim or equity between the Issuer and the first or any subsequent registered holder of such Notes, in whole or in part (being the Specified Denomination(s) of the Notes given in the Issue Terms, or an integral multiple thereof), by delivery of the relevant Individual Certificate or Certificates to the Registrar at its specified office together with the form of transfer in writing duly completed and signed and upon compliance with such transfer restrictions which may be set out on the legend and such other reasonable requirements as the Issuer and the Registrar may prescribe, without service charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer.

No transfer of a Registered Note shall be recognised by the Issuer unless entered on the Register. In no event may the Registrar register the transfer of a Registered Note in violation of the restrictive legend (if any) set out on the face of such Note. A Registered Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number) and the Registrar will not accept transfers of Registered Notes to "bearer".

The Registrar will within 14 days of any duly made request to register the transfer of a Registered Note enter the transferee in the Register and authenticate and deliver an Individual Certificate to the transferee (and, in the case of transfer of part only of a Registered Note, an Individual Certificate for the untransferred balance to the transferor), at the specified office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as appropriate, transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, transferor) mail the Individual Certificate to such address, subject to the restrictions (if any) specified in the Issue Terms, as the transferee (or, as appropriate, the transferor) may request or, alternatively, in the case of transfers effected through the Stock Exchange (if any) on which the Issuer has agreed to maintain a listing of the Notes or any other recognised stock exchange or similar market approved by the Issuer, will deliver the Individual Certificate in accordance with the normal procedures and systems of such exchange or market.

In the event of a partial redemption of Notes under Condition 8 (*Redemption*), neither the Issuer nor the Registrar will be required:

- (i) to register the transfer of interests in a Global Certificate (or part of a Global Certificate) for interests in another Global Certificate and interests in a Global Certificate for Individual Certificates and *vice versa* during the period beginning on the 65th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or
- (ii) to register the transfer of any Registered Note (or part of a Registered Note) called for partial redemption.

Each U.S. person to whom a beneficial interest in any Registered Notes shall have been transferred but who does not in connection with such transfer become identified as a registered holder of such Registered Notes in the Register shall promptly notify the Issuer in writing of such transfer, stating the amount of beneficial interest in the Registered Notes transferred, the date of transfer and the name and address of such U.S. person.

Condition 9 as set out in the Bearer Notes Base Conditions Module will not apply and the following Condition 9 shall be substituted therefor.

9. PURCHASE

- (a) Unless otherwise provided in the Issue Terms, provided that no Event of Default has occurred and is continuing and subject to receipt by the Issuer of an amount (whether by sale of the Charged Assets (or, in the case of a purchase of some only of the Notes, by sale of a proportion of the Charged Assets whose par value corresponds to the par value of the Notes to be purchased) or otherwise) which, plus or minus any termination payment payable to or by the Issuer from or to the Counterparty on the termination (or, as the case may be, partial termination) of the Charged Agreement(s) (if any), is sufficient to fund the purchase price of the Notes payable by the Issuer, the Issuer may purchase Notes in the open market or otherwise at any price.

- (b) On any such purchase the Charged Agreements (or a proportionate part thereof which corresponds to the Notes to be purchased) will be terminated. The Trust Instrument provides that the Security Interests over the Charged Assets (or a proportionate part thereof) will be released against receipt by the Trustee of the net proceeds of the realisation of such Charged Assets.
- (c) No interest will be payable with respect to a Note purchased in respect of the period from the Issue Date or the previous Interest Payment Date, as the case may be, to the date of such purchase.
- (d) In the case of purchase of part only of a Registered Note, the Registrar shall deliver, *mutatis mutandis* in accordance with Condition 1.3 (*Transfer of Registered Notes*), an Individual Certificate for the unpurchased balance to the relevant seller of such Notes.

Condition 10 as set out in the Bearer Notes Base Conditions Module will not apply and the following Condition 10 shall be substituted therefor.

PAYMENTS

All payments in respect of Registered Notes will be made in each case subject to such (if any) other provisions (including any requirements as to certification of ownership) as are set out herein or in the Issue Terms and to any fiscal or other laws and regulations applicable in the place of payment.

Payments of principal, premium (if any) and interest (if any) in respect of a Global Certificate will be made to the persons shown on the Register at the opening of business on the relevant Record Date.

Subject as provided below, payments in respect of Global Certificates will be made by a cheque in the Currency of Issue drawn on a bank in the city specified in the Issue Terms as the place of payment and mailed (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary uninsured mail, expense of the Noteholder) on the relevant due date to the holder or to the first named of joint holders of such Registered Note at his registered address or in accordance with mandate instructions acceptable to the Registrar. Notwithstanding the foregoing, all amounts payable to the Clearing Systems or their respective nominees as registered holder of a Global Certificate shall be paid by transfer by the Registrar to such account in the Currency of Issue as the Clearing Systems or their respective nominees may specify for payment in the Currency of Issue or conversion into U.S. dollars (such conversion being effected as specified in the Issue Terms) as the case may be.

If and for so long as Registered Notes are represented by a Global Certificate, each of the persons shown in the records of the Clearing Systems as the holder of a Registered Note must look solely to such Clearing Systems for his share of each payment so made by the Issuer to the bearer of the Global Certificate, subject to and in accordance with the respective rules and procedures of the Clearing Systems. Such persons shall have no claim directly against the Issuer in respect of payments due on the Registered Notes for so long as such Global Certificate is outstanding and the Issuer will be discharged by payment to the registered holder of such Global Certificate in respect of each amount so paid.

- (b) If the due date for payment of any amount of principal, premium (if any) or, if applicable, interest in respect of any Note is not a Payment Day, the holder of such Note shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to any further interest or other payment in respect of any such delay. If a Note is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account for value on the date of presentation, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after the date of presentation.
- (c) Subject as provided in the Issue Terms relating to payment:

- (i) payments in a Currency of Issue other than euro will be made by credit or transfer to an account in the relevant Currency of Issue (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Currency of Issue drawn on, a bank in the principal financial centre of the country of such Currency of Issue (which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable to such payments in the place of payment.

Condition 13 as set out in the Bearer Notes Base Conditions Module will not apply and the following Condition 13 shall be substituted therefor.

13. PRESCRIPTION

The Issuer shall be discharged from its obligation to pay principal (and premium, if any) on a Registered Note to the extent that the relevant Individual Certificate or Global Certificate has not been presented to the Registrar by, or a cheque which has been duly despatched in the Currency of Issue remains uncashed at, the end of the period of 10 years from the Relevant Date in respect of such payment. The Issuer shall be discharged from its obligation to pay interest on a Registered Note to the extent that a cheque which has been duly despatched in the Currency of Issue remains uncashed at, or (in the case of Registered Notes represented by a Global Certificate) the Global Certificate has not been presented to the Registrar by, the end of the period of five years from the Relevant Date in respect of such payment.

For this purpose, the Relevant Date means the date on which the payment in respect of the Note first becomes due and payable. However, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 15 (*Notices*).

Condition 15 as set out in the Bearer Notes Base Conditions Module will not apply and the following Condition 15 shall be substituted therefor.

15. NOTICES

All notices regarding Registered Notes will be valid if (i) published (A) in one leading London daily newspaper or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe and (B) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require, in one daily newspaper published in Luxembourg approved by the Trustee or (ii) at the option of the Issuer, mailed to the holders at their respective addresses as shown in the Register and, if mailed, shall be deemed to have been served when, in the ordinary course of post, they would be received.

All notices regarding Notes represented by a Global Certificate will be valid if published as described above or if delivered to Euroclear and/or Clearstream, Luxembourg, as the case may be for communication by such Clearing System to the Noteholders. Any notice delivered to a Clearing System as aforesaid shall be deemed to have been given on the day of such delivery.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other Stock Exchange on which the Notes are for the time being listed.

Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication or, if published in 2 newspapers, on the date of the first such publication in both newspapers. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

Condition 17 as set out in the Bearer Notes Base Conditions Module will not apply.

**CREDIT LINKED NOTES CONDITIONS MODULE
(2003 DEFINITIONS)**

MAY 2011 EDITION

to be incorporated by reference into the Trust Instrument

for an issue of Notes arranged by

UNICREDIT BANK AG

Signed for the purposes of identification by:

.....

Deutsche Trustee Company Limited

Dated:

CREDIT LINKED NOTES CONDITIONS MODULE (2003 Definitions)

This Credit Linked Notes Conditions Module modifies and supplements the basic terms and conditions for Notes governed by English law as set out in the Bearer Notes Base Conditions Module and the Registered Notes Conditions Module and will apply in respect of all Series of Notes that are credit linked, to the extent so specified in the Issue Terms. The terms and conditions of this Credit Linked Notes Conditions Module may be modified by the terms and conditions set out in the relevant Issue Terms in respect of a Series of Notes. Other Conditions Modules will apply in addition, as specified in the Issue Terms.

Each of the Conditions of this Credit Linked Notes Conditions Module will be referred to with a prefix of "CL".

CL1. TYPES OF CREDIT LINKED NOTES

The Issue Terms shall specify whether the Notes are:

- (a) Single Name Cash Settled Credit Linked Notes ("**Single Name Cash CLN**") where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of such Reference Entity, the Notes will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement where such cash settlement is determined with reference to quotations obtained by the Calculation Agent.
- (b) Single Name Physically Settled Credit Linked Notes ("**Single Name Physical CLN**") where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of such Reference Entity, the Notes will, unless otherwise specified in the Issue Terms, be redeemed by physical settlement.
- (c) Single Name Auction Settled Credit Linked Notes ("**Single Name Auction CLN**" and together with Single Name Cash CLN and Single Name Physical CLN, a "**Single Name CLN**") where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of such Reference Entity, the Notes will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement where such cash settlement amount is determined with reference to the final price determined in the relevant Auction.
- (d) First to Default Basket Cash Settled Credit Linked Notes ("**First to Default Cash CLN**") where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the Notes will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement where such cash settlement is determined with reference to quotations obtained by the Calculation Agent.
- (e) First to Default Basket Physically Settled Credit Linked Notes ("**First to Default Physical CLN**") where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the Notes will, unless otherwise specified in the Issue Terms, be redeemed by physical settlement.

- (f) First to Default Basket Auction Settled Credit Linked Notes ("**First to Default Auction CLN**") and together with a First-to-Default Cash CLN and First-to-Default Physical CLN, a "**First-to-Default CLN**") where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the Notes will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement where such cash settlement amount is determined with reference to the final price determined in the relevant Auction.
- (g) Pro-rata Default Basket Cash Settled Credit Linked Notes ("**Basket Cash CLN**") where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Issue Terms, result in a proportional redemption of the Notes by cash settlement where such cash settlement is determined with reference to quotations obtained by the Calculation Agent.
- (h) *Pro rata* Default Basket Physically Settled Credit Linked Notes ("**Basket Physical CLN**") where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Issue Terms, result in a proportional redemption of the Notes by physical settlement.
- (i) *Pro rata* Default Basket Auction Settled Credit Linked Notes ("**Basket Auction CLN**" and together with a Basket Cash CLN and Basket Physical CLN, a "**Basket CLN**") where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities. Satisfaction of the Conditions to Settlement with respect to any of the Reference Entities will, unless otherwise specified in the Issue Terms, result in a proportional redemption of the Notes by cash settlement where such cash settlement amount is determined with reference to the final price determined in the relevant Auction.
- (j) Portfolio Credit Linked Notes ("**Portfolio CLN**") where the Issuer purchases credit protection from the Noteholders in respect of a portfolio of two or more Reference Entities (which may be on a leveraged basis). Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities and, if applicable, provided certain prescribed cumulative loss limits have been exceeded, the Notes will, unless otherwise specified in the Issue Terms, be redeemed proportionally by auction settlement or otherwise as specified in the Issue Terms.
- (k) Credit Linked Notes of a type other than those set out in (a) to (j) above and as may be specified in the Issue Terms.

CL2. CREDIT EVENT TERMS

The Issue Terms shall specify:

- (a) The scheduled redemption date of the Notes (the "**Scheduled Maturity Date**") which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Issue Terms;
- (b) the Reference Entity or Reference Entities in respect of which a Credit Event may occur (which shall include any Successor(s) thereto);
- (c) the Reference Obligation(s) (if any) in respect of each Reference Entity;

- (d) in the case of Auction Settled CLNs, the Fallback Settlement Method;
- (e) the date to which the Issuer has purchased credit protection in respect of the Reference Entity or Reference Entities (the "**Credit Event Cut-Off Date**") if different from the Scheduled Maturity Date which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Issue Terms;
- (f) the amount and the currency in which the Issuer has purchased credit protection (the "**Reference Amount**" or, as the case may be, the "**Floating Rate Payer Calculation Amount**") from the Noteholders in respect of each Reference Entity;
- (g) the relevant Credit Events, including (i) whether Grace Period Extension applies (which enables a Potential Failure to Pay that occurred on or prior to the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) but that resulted in an Event Determination Date after the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) but within the Notice Delivery Period to be a Credit Event), and may specify the number of days in such Grace Period (ii) whether there is any Default Requirement or Payment Requirement for an amount other than U.S.\$10,000,000 and U.S.\$1,000,000 respectively (or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event in each case), (iii) where Restructuring is specified as an applicable Credit Event, whether "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" applies or, as the case may be, "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" applies or if neither applies and whether or not Multiple Holder Obligation is applicable;
- (h) the Obligations in respect of which the Credit Event may occur, including the Obligation Category and the Obligation Characteristics, whether "All Guarantees" applies and whether there are Excluded Obligations;
- (i) in the case of a Physically Settled CLN, the Deliverable Obligations that may be Delivered, including the Deliverable Obligation Category, the Deliverable Obligation Characteristics and whether there are Excluded Deliverable Obligations; and
- (j) the relevant Conditions to Settlement that have to be satisfied upon the occurrence of a Credit Event before the Notes may be redeemed.

CL3. NOTICES

- (a) Under the terms of the Swap Agreement, an Event Determination Date may occur either by virtue of (i) a DC Resolution; (ii) by the Counterparty delivering a Credit Event Notice and (if applicable) a Notice of Publicly Available Information to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent at any time during the Notice Delivery Period; or (iii) the Issuer delivering a Credit Event Notice and (if applicable) a notice of Publicly Available Information to the Counterparty, the Trustee, the Calculation Agent and the Principal Paying Agent at any time during the Notice Delivery Period. Where Restructuring is specified in the relevant Issue Terms as being an applicable Credit Event and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" applies, more than one Credit Event Notice may be delivered as further described in CL11 (*Restructuring Credit Event Applicable*).

- (b) The Issuer shall give notice or shall procure that notice is given (the "**Event Determination Notice**") to the Noteholders (in accordance with Condition 15 (*Notices*)), the Principal Paying Agent, the Calculation Agent and the Trustee that an Event Determination Date has occurred under the Swap Agreement as soon as reasonably practicable after receiving notification from the Counterparty or otherwise becoming aware that an Event Determination Date has occurred.
- (c) Where the Notes are First-to-Default CLN, the Conditions to Settlement shall apply in respect of the first Reference Entity in respect of which an Event Determination Date occurs.
- (d) Where Restructuring is specified in the relevant Issue Terms as being an applicable Credit Event and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" applies, there may be more than one Event Determination Date in respect of the same Reference Entity as further described in Condition CL11 (*Restructuring Credit Event Applicable*) below. In addition, in the case of a Basket CLN or Portfolio CLN, there may be multiple Event Determination Dates but, other than as set out in the preceding sentence, only one Event Determination Date in respect of each Reference Entity. An Event Determination Date in respect of more than one Reference Entity may occur on any one date. For the avoidance of doubt, the provisions set out in this Credit Linked Notes Conditions Module set out the mechanics that apply in respect of one Reference Entity and shall apply severally to each Reference Entity for a Basket CLN or a Portfolio CLN.
- (e) In the case of a Physically Settled CLN, the terms of the relevant Swap Agreement will provide that a Notice of Physical Settlement must be delivered by the Counterparty to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent on or before the 30th calendar day after the relevant Event Determination Date or in the case of a Auction Settled CLN where Physical Settlement is the specified Fallback Settlement Method, the 30th calendar day after (1) a No Auction Announcement Date, if any; or (2) a No Auction Announcement Date, if any, in circumstances where no Parallel Auction will be held; or (3) the Auction Cancellation Date, if any, as applicable; (such day being the "**Physical Determination Date**").

For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used. The Swap Agreement may not be physically settled until an effective Notice of Physical Settlement is delivered. As soon as reasonably practicable after receiving a Notice of Physical Settlement from the Counterparty, the Issuer shall give a notice in similar terms to the Noteholders in accordance with Condition 15 (*Notices*).

The terms of the Swap Agreement will provide that if a Notice of Physical Settlement is not delivered on or before the Physical Determination Date, such Physical Determination Date shall be the Termination Date (as defined in the Swap Agreement) in respect of the Swap Agreement and the Notes will then be redeemed in the manner set out in Condition 8(c) (*Mandatory Redemption*).

- (f) Where Repudiation/Moratorium is specified in the relevant Issue Terms as being an applicable Credit Event, either (i) the Counterparty may give a Repudiation/Moratorium Extension Notice or (ii) pursuant to a DC Resolution, the Repudiation/Moratorium Extension Condition may otherwise be satisfied (each of which events shall be deemed to be an Extension Notice for the purposes of Condition CL12 (*Final Redemption and Maturity Date*)) in accordance with the terms thereof. As soon as reasonably practicable after the Repudiation/Moratorium Extension Condition has been satisfied, the Issuer shall notify the Noteholders in accordance with Condition 15 (*Notices*).

- (g) Where the Calculation Agent in respect of the Swap Agreement has notified the Issuer and the Counterparty of any of the matters as set out in Section 1.14 or Section 7.4 of the Credit Derivatives Definitions, the Issuer shall give a notice in similar terms (but, for the avoidance of doubt, excluding the name of the relevant Dealers) to the Noteholders in accordance with Condition 15 (*Notices*). For the avoidance of doubt, failure by the Issuer to provide such notice shall not affect the validity and effectiveness of any notice from the Calculation Agent.
- (h) Under the terms of the Swap Agreement, a Successor may be determined by virtue of (i) a DC Resolution; (ii) by the Counterparty delivering a Succession Event Notice to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent or (iii) the Issuer delivering a Succession Event Notice to the Counterparty, the Trustee, the Calculation Agent and the Principal Paying Agent.
- (i) The Issuer shall give notice or shall procure that notice is given to the Noteholders (in accordance with Condition 15 (*Notices*)), the Principal Paying Agent, the Calculation Agent and the Trustee that a Successor has been determined under the Swap Agreement as soon as reasonably practicable after becoming aware of such determination.
- (j) For the purposes of Credit Linked Notes and the provisions set out in the Credit Linked Notes Conditions Module, Clause 15(A)(xiv) of the Trust Terms Module April 2011 Edition is deemed not to apply.

CL4. INTEREST

- (a) Subject to paragraph (b) below and unless otherwise specified in the Issue Terms:
 - (i) Each of the Notes will bear interest on its Outstanding Principal Amount as on the first day of an Interest Period except in the case of a Portfolio CLN which shall bear interest on its Outstanding Principal Amount as on the last day of an Interest Period at its scheduled rate of interest from (and including) the Issue Date to (but excluding) the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable).
 - (ii)
 - (A) If an Extension Notice has been given and an Event Determination Date in respect of the Credit Event (or potential Credit Event) in respect of which the Extension Notice was given does not occur on or before (i) the Extended Maturity Date and/or (ii) a Cancellation Notice is given, the Notes will continue to bear interest from (and including) the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) to (but excluding) the Maturity Date at the rate equal to the rate obtained by the Principal Paying Agent by placing (if there is an interest rate and/or cross currency swap) the final exchange amount paid by the Counterparty to the Issuer under the interest rate and/or cross-currency swap transaction set out in Section B of the Swap Agreement (such amount, the "**Counterparty Final IRS Amount**") or (if there is no interest rate and/or cross currency swap) the redemption proceeds of the Charged Assets in the Issuer Account, that rate being equal to the rate the Principal Paying Agent would pay to an independent institutional customer on an overnight deposit of a similar size to the Counterparty Final IRS Amount or Charged Assets redemption proceeds, unless such rate is otherwise specified in the Issue Terms (the "**Overnight Rate**"). The Principal Paying Agent shall accept such deposit and make such payments as set out in this paragraph.

- (B) If an Extension Notice has been given and upon the occurrence of one or more Event Determination Dates after payment by the Counterparty of the Counterparty Final IRS Amount on or before the Extended Maturity Date, the Issuer shall repay to the Counterparty an amount equal to the Credit Event Portion in respect of each Reference Entity in relation to which an Event Determination Date has occurred but was not settled as of the Scheduled Maturity Date together with the interest (if any) that has accrued thereon at the Overnight Rate in the Issuer Account from (and excluding) the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) to (and including) the date of repayment, each such repayment to occur as soon as reasonably practicable after the occurrence of the relevant Event Determination Date.

On the Maturity Date, the Principal Paying Agent shall pay to the Noteholders the remainder of the Counterparty Final IRS Amount (if any) together with the interest (if any) that has accrued thereon at the Overnight Rate in the Issuer Account from (and including) the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) to (but excluding) the Maturity Date.

- (b) Upon the occurrence of an Event Determination Date, interest on the Credit Event Portion of the Notes shall cease to accrue in the manner specified in the Issue Terms. The Issue Terms will specify that either:
- (i) interest ceases to accrue from the Interest Payment Date immediately preceding the Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date); or
 - (ii) interest ceases to accrue from (but excluding) the Event Determination Date; or
 - (iii) interest ceases to accrue from the Interest Payment Date immediately preceding the relevant Cash Settlement Date (or, in the case of the first Interest Period, the Interest Commencement Date).
- (c) In the case of a Portfolio CLN, unless otherwise specified in the Issue Terms, Condition 7(b)(iv) (*Determination of Rate of Interest and Interest Amounts*) shall be deemed to be deleted and the following provision shall be deemed to be inserted:

"The Agent Bank will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, but in any event no later than the second Business Day thereafter, determine and notify the Issuer, the Trustee, the Counterparty and the Principal Paying Agent of the Rate of Interest for the relevant Interest Period.

The Agent Bank will determine the amounts payable in respect of each Specified Denomination (the Interest Amount) pertaining to an Interest Period on the last day of such Interest Period. The Interest Amount shall be calculated by applying the Rate of Interest to the Outstanding Principal Amount as on the last day of an Interest Period, multiplying each such sum by the applicable Floating Rate Day Count Fraction specified in the Issue Terms and, in any case, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue."

- (d) If, in respect of any Interest Payment Date, the conditions to establishing a Credit Derivatives Determinations Committee to determine the occurrence of a Credit Event have been met, interest shall be suspended from and including such date until the date that is 3 Business Days following the date (if

any) on which the Credit Derivatives Determinations Committee determines no Credit Event has occurred or Resolves not to make a determination.

CL5. SALE OF CHARGED ASSETS

- (a) In the case of Credit Linked Notes other than a Portfolio CLN, unless otherwise specified in the Issue Terms, upon receipt by the Trustee of the Event Determination Notice and provided that the Charged Assets have not been redeemed, the Trustee shall release the security over an aggregate principal amount of Charged Assets equal to the relevant Credit Event Portion and such Charged Assets shall be sold by the Selling Agent (in accordance with the provisions of the Agency Agreement and based on the determination of Charged Assets Quotation and Charged Assets Market Value on the Event Determination Date obtained by the Calculation Agent or in such other manner as may be specified in the Issue Terms) as soon as reasonably practicable after the Event Determination Date (and, for the avoidance of doubt, the Counterparty may bid for such Charged Assets). The net sale proceeds (following deduction of all costs and expenses in connection with such sale) shall be paid into the Issuer's Account and shall be applied to meet the Issuer's obligations in respect of the Notes and the Swap Agreements pursuant to the Priority of Payments.
- (b) In the case of a Portfolio CLN, unless otherwise specified in the Issue Terms, the Calculation Agent shall, in the event that the relevant Payable Cash Settlement Amount is greater than zero and provided that the Charged Assets have not been redeemed, determine the Portfolio Charged Assets Market Value and the Required Notional Amount on the Required Notional Amount Determination Date and shall notify the Trustee, the Principal Paying Agent and the Issuer thereof.

Upon such determination on the Required Notional Amount Determination Date, the Trustee shall release the security over an amount of Charged Assets equal to the relevant Credit Event Portion and such Charged Assets shall be sold at the Portfolio Charged Assets Market Value by the Selling Agent as soon as reasonably practicable after the Required Notional Amount Determination Date and for settlement no later than the first Business Day (including any day on which securities systems are open for settlement of the Charged Assets) preceding the relevant Cash Settlement Date.

- (c) If there is more than one issue of securities comprising the Charged Assets, the Calculation Agent shall obtain a quotation in respect of each of the securities and the Selling Agent will sell the securities with the highest quotation (and thereafter those with the next highest quotation and so on).

CL6. AUCTION SETTLEMENT

- (a) Subject to paragraph (c) below, in the case of an Auction Settled CLN (other than a Portfolio CLN), upon the satisfaction of the Conditions to Settlement, the Issuer shall redeem the relevant Credit Event Portion of the Notes on the Auction Settlement Date by payment of the relevant Auction Redemption Amount to the Noteholders, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest whole sub-unit of the relevant Currency of Issue.
- (b) Subject to paragraph (c) below, in the case of a Portfolio CLN, on each Auction Settlement Date, the Issuer shall redeem each Note in an amount equal to the relevant Credit Event Portion at a redemption price equal to the greater of zero and the relevant Rounding Proceeds, if any, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue. The Issuer shall notify the Noteholders (in accordance with Condition 15 (*Notices*)) on or as soon as reasonably practicable after the Auction Settlement Date of the relevant Sale Notional Amount and the adjusted Outstanding Principal Amount for each Note.

For the avoidance of doubt, on the Auction Settlement Date on which the Upper Band is equalled or exceeded, the Issuer shall redeem all the Notes then outstanding at a redemption price equal to the greater of zero and the relevant Rounding Proceeds, if any, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue and such Notes so redeemed shall be cancelled.

- (c) Without prejudice to paragraph (a) or (b) above, if (A) an Auction Cancellation Date occurs, (B) a No Auction Announcement Date occurs, (C) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine whether or not an event constitutes a Credit Event or (D) an Event Determination Date has occurred, and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date, or (E) an Event Determination Date was determined pursuant to paragraph (b)(ii)(B) of the definition of "Event Determination Date", settlement in respect of the Credit Event Portion of the Notes shall be effected in accordance with the Fallback Settlement Method and Auction Settlement shall not apply to such Credit Event Portion.
- (d) If the Notes are partially redeemed, the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.

CL7. CASH SETTLEMENT

- (a) In the case of a Cash Settled CLN (other than a Portfolio CLN), upon the satisfaction of the Conditions to Settlement, the Issuer shall redeem the relevant Credit Event Portion of the Notes on the Cash Settlement Date by payment of the relevant Cash Redemption Amount to the Noteholders, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest whole sub-unit of the relevant Currency of Issue.
- (b) In the case of a Portfolio CLN, on each Cash Settlement Date, the Issuer shall redeem each Note in an amount equal to the relevant Credit Event Portion at a redemption price equal to the greater of zero and the relevant Rounding Proceeds, if any, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue. The Issuer shall notify the Noteholders (in accordance with Condition 15 (*Notices*)) on or as soon as reasonably practicable after the Cash Settlement Date of the relevant Sale Notional Amount and the adjusted Outstanding Principal Amount for each Note.

For the avoidance of doubt, on the Cash Settlement Date on which the Upper Band is equalled or exceeded, the Issuer shall redeem all the Notes then outstanding at a redemption price equal to the greater of zero and the relevant Rounding Proceeds, if any, such amount to be apportioned *pro rata* among the Noteholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue and such Notes so redeemed shall be cancelled.

- (c) If the Notes are partially redeemed, the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.

CL8. PHYSICAL SETTLEMENT

- (a) In the case of a Physically Settled CLN, upon the satisfaction of the Conditions to Settlement by the Physical Determination Date, the Issuer shall redeem the Credit Event Portion of the Notes on or prior to the relevant Initial Physical Settlement Date by:
 - (i) using its reasonable endeavours to Deliver the Portfolio or procuring the Counterparty to use its reasonable endeavours to Deliver the Portfolio, subject to paragraphs (b) and (c) below; and

- (ii) paying the Early Redemption Adjustment (but only if the Early Redemption Adjustment is positive) or, as the case may be, the Adjustment Rounding Amount and/or any amount remaining with the Issuer after payment to the Counterparty in full satisfaction under the Swap Agreement,

to the Noteholders, in each case, to be apportioned *pro rata* among such Noteholders.

References to "physical settlement" or to the physical delivery of assets in this Base Prospectus shall be taken to refer to settlement for a cash amount, which is then satisfied by way of transfer of the relevant underlying assets.

The Calculation Agent shall determine the Early Redemption Adjustment on the Settlement Valuation Date. If the Early Redemption Adjustment is a negative number, the Calculation Agent shall calculate the Outstanding Principal Balance of the Deliverable Obligations having a liquidation value (as determined by the Calculation Agent in its sole and absolute discretion) equal to the absolute value of the Early Redemption Adjustment (or, such amount as rounded upwards to the nearest integral multiple) which the Counterparty shall not be obliged to Deliver.

If the Notes are partially redeemed, the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.

- (b) If the Issuer and/or the Counterparty is unable to Deliver any portion of the Portfolio on or prior to the Initial Physical Settlement Date due to a Potential Cash Settlement Event, rendering it impossible or unlawful for the Issuer or the Counterparty to Deliver or for the Issuer or for the Noteholder to take Delivery of any portion of the Portfolio on the Physical Settlement Date, then on such date the Issuer shall:
 - (i) Deliver or procure the Counterparty to Deliver that portion of the Portfolio that is capable of Delivery and the Issuer shall continue to endeavour to Deliver or procure the Counterparty to Deliver any Deliverable Obligation which is the subject of the Potential Cash Settlement Event (each an "**Undeliverable Obligation**"); and
 - (ii) if any Undeliverable Obligations (subject to the following sub-paragraph) have not been delivered within 30 calendar days, such date being the Final Delivery Date, following the Physical Settlement Date, then alternative cash settlement shall apply to such Undeliverable Obligations based on the Final Price (as calculated in accordance with "Highest" unless fewer than two Full Quotations are obtained or Weighted Average Quotation applies in which case, Market will apply) of such Undeliverable Obligations as determined by the Calculation Agent by reference to Dealers' Full Quotations two Business Days after the Final Delivery Date (the "**Final Valuation Date**").

If any Undeliverable Obligations are comprised of Loans that due to the non-receipt of any requisite consents are not capable on the Physical Settlement Date of being assigned or novated, and such consents have not been obtained or deemed given by the date falling 15 Business Days after the Physical Settlement Date (the "**Undeliverable Loan Date**"), then for the purpose of effecting alternative cash settlement in respect of such Undeliverable Obligations the Calculation Agent shall (to the extent reasonably practicable) determine a Final Price for such Undeliverable Obligations two Business Days after the Undeliverable Loan Date (the "**Undeliverable Loan Valuation Date**").

The Calculation Agent shall determine the **Alternative Cash Settlement Amount** as an amount equal to the aggregate of all calculations of (a) Final Price of Undeliverable Obligations, in accordance with the

two immediately preceding paragraphs, multiplied by (b) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount, as applicable of the relevant Undeliverable Obligation.

The Issuer shall pay the Noteholders an amount equal to the Alternative Cash Settlement Amount to be apportioned *pro rata* amongst the Noteholders on the date being six Business Days (unless otherwise specified in the Issue Terms) after the calculation of the latest Final Price (the "**Alternative Cash Settlement Date**").

- (c) If the Issuer and/or the Counterparty is/are unable to Deliver any portion of the Portfolio prior to the Initial Physical Settlement Date due to the occurrence of a Hedge Disruption Event (as determined by the Calculation Agent in its sole discretion) on or prior to the Initial Physical Settlement Date:
 - (i) the Issuer shall Deliver or procure the Counterparty to Deliver that portion of the Portfolio that is capable of Delivery on the Initial Physical Settlement Date; and
 - (ii) the Physical Settlement Date shall be extended to the Extended Physical Settlement Date in relation to the portion of the Portfolio that is not capable of Delivery on the Initial Physical Settlement Date.

If, under the terms of a Hedge Transaction, any Bonds or Loans comprising all or part of the relevant Deliverable Obligations ("**Original Bonds**" and "**Original Loans**" respectively) may not be received by the Counterparty and/or any of its Affiliates on or before the Extended Physical Settlement Date but the Counterparty and/or its Affiliates may, in accordance with the terms of such Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof on or before the date falling three Business Days (in a case where Original Bonds may be received or otherwise obtained after the Extended Physical Settlement Date) or ten Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof may be received or otherwise obtained after the Extended Physical Settlement Date) after the Extended Physical Settlement Date, the Physical Settlement Date may be further extended to a date falling up to three Business Days or ten Business Days, respectively, after the Extended Physical Settlement Date, or to such earlier date as the Calculation Agent may, in its sole and absolute discretion, designate (the "**Further Extended Physical Settlement Date**").

If a Hedge Disruption Event has occurred and no Bonds or Loans are subject to Delivery by the Extended Physical Settlement Date or, as the case may be, the Further Extended Physical Settlement Date (as determined by the Calculation Agent in its sole and absolute discretion), the Notes will each be redeemed at the Early Redemption Amount together with interest thereon from (and including) the Initial Physical Settlement Date to (but excluding) the Extended Physical Settlement Date or, as the case may be, the Further Extended Physical Settlement Date at the Overnight Rate.

If the Issuer and/or the Counterparty is unable to Deliver any portion of the Portfolio on or prior to the Physical Settlement Date other than as a result of a Potential Cash Settlement Event, the Issuer and/or the Counterparty may continue to attempt to Deliver the Portfolio for an additional five Business Days after the Physical Settlement Date. Thereafter, the Counterparty may, in its sole and absolute discretion continue to attempt to Deliver the Portfolio or elect to cash settle the Deliverable Obligations, *mutatis mutandis*, in accordance with this sub-paragraph (c).

- (d) Where a Noteholder holds Notes in an aggregate nominal amount greater than the Specified Denomination, the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of the Notes shall be aggregated for the purposes of this provision. If the nominal amount of the Deliverable Obligations to be Delivered in respect of each Note to be redeemed pursuant to this

Condition on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the nominal amount of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, zero. In such circumstances, the Deliverable Obligations that were not capable of being Delivered shall, if and to the extent practicable, be sold by the Selling Agent or such other agent as may be appointed by the Issuer and, if they are so sold, each Noteholder shall receive an amount in cash equal to his *pro rata* share of the sale proceeds.

- (e) The Delivery of any of the Deliverable Obligations pursuant to the provisions of this Condition shall be made in such commercially reasonable manner as the Counterparty on behalf of the Issuer shall, in its sole discretion, determine to be appropriate for such Delivery. Any recordation, processing or similar fee reasonably incurred by the Counterparty and payable to the agent under a Loan in connection with an assignment (where Deliverable Obligations include Assignable Loans or Consent Required Loans) shall be payable by the Counterparty and the Noteholders equally, and if any Stamp Tax is payable in connection with the Delivery of (A) the Reference Obligation (or other Deliverable Obligations of the same type as the Reference Obligation) or (B) other Deliverable Obligations, payment of such Stamp Tax shall be made by the Noteholders. Any transfer or similar fee reasonably incurred by the Counterparty in connection with the Delivery of a Qualifying Policy and payable to the Reference Entity shall be payable by the Noteholders. Any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the Noteholders or the Counterparty, as appropriate, determined in accordance with the current market conventions. Delivery and/or transfer of the Deliverable Obligations shall be delayed until all expenses relating to such Delivery or transfer payable by the Noteholders have been paid to the satisfaction of the Issuer and the Counterparty.

CL9. DISCHARGE OF OBLIGATIONS

- (a) In the case of a Cash Settled CLN (other than a Portfolio CLN), payment by the Issuer of the Cash Redemption Amount to the Noteholders shall discharge all obligations of the Issuer to the Noteholders in respect of the relevant Credit Event Portion of the Notes.
- (b) In the case of a Physically Settled CLN, Delivery of the Portfolio and/or payment in full of any cash amount required to be paid pursuant to the Issue Terms, as the case may be, where appropriate, by the Issuer and/or the Counterparty to the Noteholders pursuant to the provisions of this Credit Linked Notes Conditions Module shall discharge all obligations of the Issuer to the Noteholders in respect of the relevant Credit Event Portion of the Notes.
- (c) In the case of an Auction Settled CLN (other than a Portfolio CLN), payment by the Issuer of the Auction Redemption Amount to the Noteholders shall discharge all obligations of the Issuer to the Noteholders in respect of the relevant Credit Event Portion of the Notes.

CL10. SUCCESSION EVENT APPLICABLE

- (a) Where the Notes are Single Name CLN:
 - (i) Where a Succession Event has occurred and more than one Successor has been identified, the credit derivative transaction evidenced by the Swap Agreement will be divided into the same number of new credit derivative transactions as there are Successors, all in accordance with the Credit Derivatives Definitions and where each Successor will be the Reference Entity for the purposes of one of the new credit derivative transactions.

- (ii) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions of Conditions CL1 (*Types of Credit Linked Notes*) to CL9 (*Discharge of Obligations*) (both inclusive) and Condition CL11 (*Restructuring Credit Event Applicable*) shall be deemed to apply to the principal amount represented by that Reference Entity only (the "**Partial Principal Amount**") and all the provisions and definitions shall be construed accordingly. Each Note shall thereafter be redeemed in part (such redeemed part being equal to the relevant proportion of the Partial Principal Amount).
 - (iii) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The Notes in an amount equal to the Outstanding Principal Amount less the Partial Principal Amount shall remain outstanding (the "**Remaining Amount**") and interest shall accrue on the Remaining Amount as provided for in Condition CL4 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
 - (iv) The provisions of this Credit Linked Notes Conditions Module shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
 - (v) Any determinations (including (without limitation) as to the division of credit derivative transactions) and calculations and adjustment to the Issue Terms and Swap Agreement relating to, connected with or as a result of a Succession Event shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties. The Issue Terms and the Swap Agreement may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- (b) Where the Notes are First-to-Default CLN:
- (i) Where a Succession Event has occurred in respect of a Reference Entity (each such Reference Entity and any Reference Entity previously the subject of a Succession Event, a "**Succession Event Reference Entity**" and the Reference Entities unaffected by such Succession Event or any previous Succession Event, the "**Non-Succession Event Reference Entities**") and more than one Successor has been identified, the credit derivative transaction evidenced by the Swap Agreement will be divided into a number of new credit derivative transactions equal to the aggregate number of Successors in respect of each Succession Event Reference Entity (each new credit derivative transaction, a "**Succession Event Reference Entity Transaction**"), all in accordance with the Credit Derivatives Definitions, and each Succession Event Reference Entity Transaction shall include a different Successor (in such respect, each a "**Successor Reference Entity**") and each and every one of the Non-Succession Event Reference Entities.
- In respect of each Succession Event Reference Entity Transaction, the Floating Rate Payer Calculation Amount shall be equal to:
- (x) the aggregate Outstanding Principal Amount of the Notes at the time of the occurrence of the Succession Event giving rise to each such Successor Reference Entity; divided by
 - (y) the aggregate number of Successors in respect of each Succession Event Reference Entity.

- (ii) Following the occurrence of a Succession Event and the division of the credit derivative transaction evidenced by the Swap Agreement as provided above, satisfaction of the Conditions to Settlement with respect to any of the Non-Succession Event Reference Entities will cause the Notes to be redeemed in full in accordance with the provisions of this Credit Linked Notes Conditions Module relating to First-to-Default CLNs (including, but not limited to, Condition CL3(c)).
 - (iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the provisions of Conditions CL1 (*Types of Credit Linked Notes*) to CL9 (*Discharge of Obligations*) (both inclusive) and Condition CL11 (*Restructuring Credit Event Applicable*) shall be deemed to apply to the Floating Rate Payer Calculation Amount of the relevant Succession Event Reference Entity Transaction only (the "**Partial Principal Amount**") and all the provisions shall be construed accordingly. The Notes shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount forms of the aggregate Outstanding Principal Amount of the Notes as of the Issue Date.
 - (iv) Following a partial redemption of the Notes pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining Outstanding Principal Amount of the Notes immediately following the partial redemption as provided for in Condition CL4 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
 - (v) The provisions of this Credit Linked Notes Conditions Module shall apply to any subsequent Credit Event Notices delivered in respect of any other Successor Reference Entities formed as a result of one or more Succession Events and/or any of the Non-Succession Event Reference Entities. For the avoidance of doubt, the provisions of this Condition CL10 shall apply to each Succession Event.
 - (vi) Any determinations (including (without limitation) as to the division of credit derivative transactions) and calculations and adjustment to the Issue Terms and Swap Agreement relating to, connected with or as a result of a Succession Event shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties. The Issue Terms and the Swap Agreement may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- (c) Where the Notes are Basket CLN or Portfolio CLN:
- (i) Where a Succession Event has occurred in respect of a Reference Entity and more than one Successor has been identified, each such Successor will be a Reference Entity (a "**Successor Reference Entity**") for the purposes of the credit derivatives transaction evidenced by the Swap Agreement (and, for the avoidance of doubt, the original Reference Entity (the "**Original Reference Entity**") shall cease to be a Reference Entity except where it is itself a Successor Reference Entity).
 - (ii) The Reference Amount in respect of each Successor Reference Entity shall be the Reference Amount in respect of the Original Reference Entity divided by the number of Successor Reference Entities.

- (iii) If a Successor Reference Entity has already been named as a Reference Entity under the credit derivatives transaction evidenced by the Swap Agreement, then it will be deemed to be a Reference Entity only once thereunder, and the Reference Amount for such Reference Entity shall be the sum of the Reference Amounts otherwise applicable to it.
 - (iv) Following the occurrence of a Succession Event and the adjustment of the Reference Amounts in respect of each Successor Reference Entity as provided above, satisfaction of the Conditions to Settlement with respect to any Successor Reference Entity will, unless otherwise specified in the Issue Terms, result in a proportional redemption of the Notes in accordance with the provisions of this Credit Linked Notes Conditions Module in relation to Basket CLNs.
 - (v) The provisions of this Credit Linked Notes Conditions Module shall apply to any subsequent Credit Event Notices delivered in respect of any other Successor Reference Entity, as well as any Reference Entity which was originally named as such under the credit derivatives transaction evidenced by the Swap Agreement. For the avoidance of doubt, the provisions of this Condition CL10 shall apply to each Succession Event.
 - (vi) Any determinations and calculations and adjustment to the Issue Terms and Swap Agreement relating to, connected with or resulting from a Succession Event shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties. The Issue Terms and the Swap Agreement may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- (d) In the event that some (but not all) of the Notes are purchased by the Issuer in accordance with Condition 9 (*Purchase*) (the amount of Notes so purchased, the "**Purchase Amount**"), the Floating Rate Payer Calculation Amount for the credit derivative transaction (or transactions, as the case may be) evidenced by the Swap Agreement shall be reduced by an amount equal to:
- (i) the Purchase Amount
- multiplied by:
- (ii) the quotient of:
 - (x) the Floating Rate Payer Calculation Amount for the relevant credit derivative transaction before the purchase of the Notes mentioned above; and
 - (y) the aggregate of the Floating Rate Payer Calculation Amounts for each of the credit derivative transactions evidenced by the Swap Agreement before the purchase of the Notes mentioned above.

CL11. RESTRUCTURING CREDIT EVENT APPLICABLE

- (a) Where Restructuring is specified in the Issue Terms as being an applicable Credit Event and either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" applies, unless otherwise specified in the Issue Terms and the Swap Agreement, the Counterparty may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event. Accordingly, notwithstanding anything to the contrary in Conditions CL1 (*Types of Credit Linked Notes*) to CL10

(*Succession Event Applicable*) above (both inclusive), where a Restructuring Credit Event has occurred in such circumstances and the Counterparty has delivered a Credit Event Notice for an amount that is less than the aggregate Outstanding Principal Amount of the Notes immediately prior to the delivery of such Credit Event Notice (the "**Exercise Amount**"), the provisions of Conditions CL1 (*Types of Credit Linked Notes*) to CL10 (*Succession Event Applicable*) (both inclusive) shall be deemed to apply to a principal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly. Each such Note shall be redeemed in part (such redeemed part being equal to the relevant proportion of the Exercise Amount).

- (b) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Exercise Amount only. The Notes in an amount equal to the aggregate Outstanding Principal Amount less the Exercise Amount shall remain outstanding (the Outstanding Amount) and interest shall accrue on the Outstanding Amount as provided for in Condition CL4 (*Interest*) (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

The provisions of this Credit Linked Notes Conditions Module shall apply to any subsequent Credit Event Notices delivered:

- (i) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding Floating Rate Payer Calculation Amount (and not a portion thereof); and
- (ii) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Floating Rate Payer Calculation Amount is denominated or any integral multiple thereof or the entire then outstanding Floating Rate Payer Calculation Amount.

For the avoidance of doubt, in the case of a First to Default CLN, once a Restructuring Credit Event has occurred in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the first occurring Restructuring Credit Event.

- (c) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is specified in the Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Portfolio only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.
- (d) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the Issue Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Portfolio only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.
- (e) If the provisions of this Condition CL11 (*Restructuring Credit Event Applicable*) apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption.

CL12. FINAL REDEMPTION AND MATURITY DATE

- (a) Unless the Notes have been previously redeemed or purchased and cancelled, or an Event Determination Date has occurred in respect of a Reference Entity but settlement has not yet occurred, the Issuer will redeem each of the Notes on the Maturity Date in an amount equal to its Outstanding Principal Amount, subject to as provided below. In the case of a Portfolio CLN or Basket CLN, the Issuer will redeem such proportion of the Notes in respect of which an Event Determination Date has not occurred on the Maturity Date in an amount equal to the Outstanding Principal Amount of such Notes.
- (b) The Counterparty may deliver an Extension Notice during the Notice Delivery Period. As soon as reasonably practicable after receiving an Extension Notice from the Counterparty, the Issuer shall promptly inform the Noteholders in accordance with Condition 15 (*Notices*).
- (c) For the purposes of Credit Linked Notes, "**Maturity Date**" means:
 - (i) the Scheduled Maturity Date, or if later,
 - (ii) the date which is two Business Days following the earlier of:
 - (A) the date on which the Cancellation Notice is given; or
 - (B) the Extended Maturity Date,subject to sub-paragraphs (d) and (e) below or otherwise as specified in the Issue Terms.
- (d) In the case of a Basket CLN or a Portfolio CLN, where one or more Event Determination Date(s) has occurred on or prior to the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) (or, if applicable, the Extended Maturity Date) and the relevant Settlement Date(s) fall(s) later than the Scheduled Maturity Date, the "**Maturity Date**" shall be the date being two Business Days following the latest such Settlement Date, and, for the avoidance of doubt, the relevant portion of the Notes subject to the Event Determination Date shall be redeemed in accordance with this Credit Linked Notes Conditions Module. That portion of the Notes in relation to which an Event Determination Date does not occur on or prior to the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) (or, if applicable, the Extended Maturity Date) will be redeemed in accordance with sub-paragraph (a) above or as otherwise specified in the Issue Terms.
- (e) If an Event Determination Date occurs on or prior to the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) (or, if applicable, the Extended Maturity Date), the "**Maturity Date**" shall be the date on which the Notes are redeemed in full subject to and in accordance with the relevant provisions of this Credit Linked Notes Conditions Module. If an Event Determination Date does not occur on or prior to the Scheduled Maturity Date or the Credit Event Cut-Off Date (as applicable) (or, if applicable, Extended Maturity Date), the Notes will be redeemed in accordance with sub-paragraph (a) above or as otherwise specified in the Issue Terms.

CL13. SUSPENSION OF REDEMPTION

If following the determination of an Event Determination Date but prior to a Valuation Date or Physical Settlement Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in the Credit Event Resolution Request Notice are satisfied in accordance with the Rules, the provisions relating to the redemption of the Notes (including relating to cash settlement or physical settlement) shall be suspended until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in the

Credit Event Resolution Request Notice or (b) not to determine such matters. During such suspension period, the Issuer is not obliged to take any action in connection with the payment of the Cash Redemption Amount or Delivery of the Portfolio. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in the Credit Event Resolution Request Notice or (b) not to determine such matters, the timing requirements relating to payment of the Cash Settlement Amount, determination of the Valuation Date, Delivery of the Portfolio or any other requirements that pertains to the cash or physical settlement that have previously been suspended shall resume on the Business Day following such public announcement by ISDA with the Issuer having the benefit of the full day notwithstanding when the tolling or suspension began.

CL14. OVERPAYMENTS

If any amount of interest or principal is paid to Holders in circumstances where such amount (i) should not have been paid pursuant to the Conditions; and (ii) was paid as a result of the Issuer not having notified the Principal Paying Agent in sufficient time that such payments were not to be made (an "**Overpayment**"), then subsequent amounts due to Holders shall be reduced to account for such Overpayment (plus any accrued interest thereon) as determined by the Calculation Agent in its sole discretion.

CL15. DEFINITIONS

All capitalised terms not otherwise defined in this Credit Linked Notes Conditions Module shall have the meanings given to them in the Definitions Modules unless otherwise specified in the Issue Terms.

GENERAL DEFINITIONS MODULE

MAY 2011 EDITION

**to be incorporated by reference into the Trust Instrument
for an issue of Notes arranged by
UNICREDIT BANK AG**

Signed for the purposes of identification by:

.....

Deutsche Trustee Company Limited

Dated:

1. GENERAL DEFINITIONS

The following capitalised terms used in the Issue Terms and/or the Trust Instrument in respect of a Series of Notes into which this General Definitions Module is incorporated shall have the meanings set out below, except where the context otherwise requires or as may be modified and/or supplemented by the Issue Terms and/or Trust Instrument in respect of such Notes:

"2006 ISDA Definitions" means, in relation to a Series of Notes, 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 such Notes.

"Additional Agreement" means, in relation to a Series of Notes, any agreements entered into by the Issuer other than the Trust Instrument, Agency Agreement, Charged Agreement(s), Sale Agreement, Placing Agreement and any Additional Charging Document.

"Additional Charging Document" means, in relation to a Series of Notes, any non-English law governed security document entered into by the Issuer for the purposes of granting security over or in respect of any part of the Secured Property for such Series.

"Affiliate" has the meaning given to such term in the Swap Agreement.

"Agency Agreement" means, in relation to a Series of Notes, the agency agreement entered into by, among others, the relevant Issuer, the Trustee and the Agents in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Agency Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument.

"Agency Terms Module" means the module (May 2011 Edition) containing the standard agency and custodian provisions for an issue of Notes.

"Agent Bank" means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

"Agents" means, in relation to a Series of Notes, each of the agents of the Issuer appointed under the Agency Agreement and as specified in the Issue Terms.

"Alternative Investments" means any indebtedness in respect of moneys borrowed or raised by the Issuer (other than in the form of Notes) on terms similar to the Notes (in particular as to limited recourse and extinguishment of claims), the terms of which may be governed by a law or laws other than English law, and includes, without limitation, loans, loan certificates, certificates and Schuldscheine.

"Appointee" means any attorney, manager, agent, delegate, receiver or other person appointed by the Trustee or by another Appointee under the Trust Instrument.

"Arranger" means UniCredit Bank AG.

"Auditors" means, in relation to an Issuer, the auditors (if any) for the time being of such Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of the Trust Instrument, such other firm of accountants as may be nominated or approved by the Trustee.

"Bearer Global Note" means a Temporary Bearer Global Note and/or a Permanent Bearer Global Note, as the context may require.

"Bearer Notes" means those Notes which are for the time being in bearer form.

"Bearer Notes Base Conditions Module" means the module (May 2011 Edition) containing the base conditions for an issue of Bearer Notes.

"Business Day" means a day which is both:

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

"Business Day Convention" means one of the following, as specified in the Issue Terms:

- (a) **"FRN Convention"** means that, in any case where Specified Periods are specified in the Issue Terms, the date subject to such convention (i) if there is no numerically corresponding day in the calendar month in which a date subject to such convention should occur, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) if any date subject to such convention would otherwise fall on a day which is not a Business Day, 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 subject to such convention shall be brought forward to the immediately preceding Business Day and (B) each subsequent date subject to such convention shall be the last Business Day in the month which falls the Specified Period after the preceding applicable date subject to such convention occurred; or
- (b) **"Following Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be postponed to the next day which is a Business Day; or
- (c) **"Modified Following Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention 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 subject to such convention shall be brought forward to the immediately preceding Business Day; or
- (d) **"Preceding Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be brought forward to the immediately preceding Business Day.

"C Rules" means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C).

"Calculation Agent" means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

"Cash Collateral" means, in relation to a Series of Notes, (a) the Price (as defined in the Sale Agreement) payable by the Issuer to the Vendor in respect of the sale of the Initial Charged Assets multiplied by (b) the principal amount of the Initial Charged Assets not delivered by the Vendor on the Completion Date (or the date thereafter agreed by the Issuer and the Vendor) divided by the total principal amount of the Initial Charged Assets specified in the Issue Terms.

"Cash Deposit Account" means, in relation to a Series of Notes and as further described in the Issue Terms, the segregated account established in the name of the Issuer with Deutsche Bank AG, London Branch or any of its affiliates.

"Charged Agreement(s)" means, in relation to a Series of Notes, the Swap Agreement(s) and any other agreement specified to be a Charged Agreement in the Issue Terms.

"Charged Assets" means, in relation to a Series of Notes, the benefits, interest, right and title in and to the bonds, notes, securities, cash deposits denominated in any currency, commodities, loans, Schuldscheine, equity interests (including shares and participating income notes), contractual or other rights (including, without limitation, with respect to sub-participations or swap, option, exchange and hedging arrangements (but, for the avoidance of doubt, excluding Charged Agreements)), or other assets as specified in the Issue Terms and, where applicable, the instruments and other documents representing, evidencing, acknowledging and/or transferring or otherwise relating to the same. The term Charged Assets shall include the Initial Charged Assets and any substitute or replacement Charged Assets.

"Clearing System Business Day" means a day on which each clearing system for which the relevant Global Certificate is being held is open for business.

"Clearing Systems " means, in relation to a Series of Notes, any of Euroclear, Clearstream, Luxembourg or any additional or alternative clearing system or clearing systems as specified in the Issue Terms.

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

"Collateral Top Up Costs" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets - Substitution at the request of Noteholders*).

"Common Depositary" means a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

"Conditions" means, in relation to a Series of Notes, the provisions of the Conditions Modules incorporated by reference into the relevant Issue Terms as the same may be modified and/or supplemented by such Issue Terms.

"Conditions Modules" means the modules containing terms and conditions which will apply to a Series of Notes to the extent incorporated into the Issue Terms (including, without limitation, the Bearer Notes Base Conditions Module, the Registered Notes Conditions Module, the Credit Linked Notes Conditions Module and/or such other modules as may be proposed by UniCredit Bank AG as the arranger from time to time).

"Consenting Holders" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"Counterparty" means, in relation to a Series of Notes, the entity or entities designated as the counterparty or counterparties in the Issue Terms.

"Counterparty Account" means, in relation to a Series of Notes, the account of the Counterparty from time to time designated for such purpose, which account being initially as set out in the Issue Terms.

"Counterparty Priority Basis" means first, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Noteholders on a *pari passu* and *pro rata* basis.

"Couponholders" means the several persons who are for the time being holders of the Coupons.

"Coupons" means the bearer interest coupons appertaining to the Bearer Notes in definitive form (other than in the case of Zero-Coupon Notes) or, as the context may require, a specific number thereof and includes any replacements for Coupons issued pursuant to Condition 14 (*Replacement of Notes*) and, where the context so permits, the Talons.

"Credit Linked Notes Conditions Module" means the Credit Linked Notes Conditions Module (2003 Definitions) May 2011 Edition except as otherwise specified in the Issue Terms.

"Credit Linked Notes Definitions Module" means the Credit Linked Notes Definitions Module (2003 Definitions) May 2011 Edition except as otherwise specified in the Issue Terms.

"Currency of Issue" means, in relation to a Series of Notes, the currency in which the Issue Terms of such Notes specify that the principal, premium (if any) and/or interest, if any, and all other amounts are payable by the Issuer.

"Custodian" means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and, if applicable, any sub-custodian of, or any other entity appointed by, the Custodian.

"Custodian Account" means, in relation to a Series of Notes, the account designated as the Custodian Account in the Issue Terms.

"D Rules" means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D).

"Dealer" means, in relation to a Series of Notes, the entity or entities designated as dealer in the Issue Terms.

"Debt Investments" means the Notes and/or Alternative Investments that may be issued by, or entered into by, an Issuer pursuant to the Programme.

"Definitions Modules" means the General Definitions Module and, as the case may be, the Credit Linked Notes Definitions Module and/or such other modules as may be proposed by UniCredit Bank AG as the arranger from time to time.

"Deposit Account" has the meaning given to it in Condition 4(b)(iv) (*Charged Assets - Substitution following maturity of the Charged Assets*).

"Determination Date" means, in relation to a Series of Notes, the dates as set out in the Issue Terms, if applicable.

"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).

"Distribution Compliance Period" means the period commencing on the later of the first date the Notes are offered to the public or the settlement date for the Notes, and ending on the day that is 40 calendar days thereafter, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part.

"Early Redemption Amount" means, in relation to a Series of Notes, the Realisation Amount available for distribution to the Noteholders in accordance with the relevant Security Ranking Basis, as apportioned *pro rata* amongst all the Notes or as may otherwise be specified in the Issue Terms.

"Eligible Assets" means cash deposits or any debt securities that meet the following criteria:

- (a) of any Group of 8 country (or any country that becomes a member of the Group of 8 if such Group of 8 expands its membership);
- (b) which have the same credit rating as the Initial Charged Assets at the Issue Date or better;
- (c) which are non-amortising; and
- (d) such other criteria (if any) specified in the Issue Terms.

"Eligible Investments" means securities or other assets of the type or types specified as such in the relevant Issue Terms.

References to **"euro"** and **"EUR"** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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

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

"Event of Default" means, in relation to the Notes of any Series, any of the conditions, events or acts provided in Condition 11 (*Events of Default*) to be events upon the occurrence of which the Notes of such Series would, subject only to notice by the relevant Trustee as therein provided, become immediately due and repayable.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Exchange Date" means, where applicable, the date which is 40 days after the date on which the Temporary Bearer Global Note is issued.

"Exchange Event" means that (i) an Event of Default has occurred and is continuing, (ii) Euroclear and Clearstream, Luxembourg have been closed for business or the Issuer has been notified of such closure of Euroclear and Clearstream, Luxembourg, and no successor clearing system is available or (iii) the Issuer or, as the case may be, the Counterparty has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by Bearer Notes in definitive form.

"Extraordinary Resolution" has the meaning set out in paragraph 20 of the Third Schedule to the Trust Terms Module.

"Final Redemption Amount" means, in relation to a Series of Notes, the Final Redemption Amount set out in the Issue Terms.

"Fitch" means Fitch Ratings Ltd. or any successor to the rating business thereof.

"Fixed Day Count Fraction" means, in respect of the calculation of an amount of interest for any Fixed Interest Period:

- (a) if "Actual/Actual (ISMA)" is specified in the Issue Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the Issue Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the Issue Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

"Fixed Interest Period" means, in relation to Fixed Rate Notes, the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

"Fixed Rate Notes" means an issue of Notes in respect of which interest accrues at a fixed rate as stated in the Issue Terms applicable to such Notes.

"Floating Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if "Actual/365" or "Actual/Actual" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365;

- (c) if "Actual/365 (Sterling)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if "Actual/360" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 360;
- (e) if "30/360", "360/360" or "Bond Basis" is specified in the Issue Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (f) if "30E/360" or "Eurobond Basis" is specified in the Issue Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

"Floating Rate Option" means, in respect of a Series of Floating Rate Notes, the option (which may, but need not, be provided in the ISDA Definitions) which is specified in the Issue Terms relating to such Notes.

"Floating Rate Notes" means an issue of Notes in respect of which interest at a floating rate is determined in accordance with the Issue Terms relating to such Notes.

"FSA" means the Financial Services Authority.

"FSA Rules" means the rules and regulations as amended or varied from time to time, of the FSA, including its Conduct of Business Rules, established under or pursuant to the FSMA by which the Custodian is regulated in the conduct of its investment brokers or any successor bodies.

"FSMA" means the Financial Services and Markets Act 2000.

"Further Fungible Notes " has the meaning given to it in Condition 20 (*Further Issues*).

"General Definitions Module" means the module (May 2011 Edition) containing general definitions for an issue of Notes.

"Global Certificate" means a registered global note in the form or substantially in the form set out in Part 3-A of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Notes of the same Series issued by the Issuer pursuant to the Trust Instrument.

"Global Note" means a Temporary Bearer Global Note and/or a Permanent Bearer Global Note and/or a Global Certificate, as the context may require.

"Group of 8" means the forum that is comprised of the governments of Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States (as such forum expands or contracts its membership from time to time).

"Indexed Interest Notes" means an issue of Notes in respect of which the amount payable in respect of interest is calculated by reference to an index and/or a formula in accordance with the relevant Issue Terms.

"Individual Certificates" means Registered Notes issued in physical definitive form and registered in the name of the holder thereof.

"Initial Charged Assets" has the meaning given to it in Condition 4 (*Charged Assets*) and in respect of each Series of Notes, as specified in the Issue Terms.

"Initial Tranche" means, if the Notes of a Series are, in accordance with the terms of the Trust Instrument relating to such Series, to be issued in tranches, the initial tranche specified in the Trust Instrument in respect of that Series.

"Instructing Creditor" means, in relation to a Series of Notes, either: (a) the Counterparty only; or (b) the Noteholders only, as specified in the Issue Terms. Where the Instructing Creditor is the Noteholders, the Instructing Creditor may (where specified) request the Trustee to take actions pursuant to the Conditions by means of a request in writing of the holders of at least 1/5 of the aggregate Outstanding Principal Amount of the Notes of such Series then outstanding or by means of an Extraordinary Resolution of such Noteholders.

"Interest Amount" has the meaning set out in Condition 7(b)(iv) (*Types of Notes - Floating Rate Notes and Indexed Interest Notes*).

"Interest Determination Date" means, in relation to a Series of Notes, the date(s) set out in the Issue Terms where Screen Rate Determination is specified as applicable.

"Interest Payment Date" means, in relation to a Series of Notes, the date(s) set out in the Issue Terms.

"Interest Period" has the meaning set out in Condition 7(b)(i) (*Types of Notes - Floating Rate Notes and Indexed Interest Notes*).

"Irish Stock Exchange" means the Irish Stock Exchange Limited.

"ISDA Definitions" means the 2006 ISDA Definitions or such other definitions as may be specified in the Issue Terms as the ISDA Definitions.

"Issue Date" means, in relation to a Tranche of Notes, the date specified in the Issue Terms relating to such Notes as such, being the date on which such Notes are constituted.

"Issue Terms" means, the issue terms (or where a series is to be listed on a regulated market (as defined under Directive 2003/71/EC), the series prospectus filed with the relevant competent authority under Directive 2003/71/EC) in relation to a Series of Notes or Alternative Investments and in the case of a Series of Notes, the issue terms set out in the Trust Instrument relating to such Notes, including the terms of the Conditions Modules and Definitions Modules incorporated by reference, as the same may be modified and/or supplemented.

References to **"Japanese Yen"**, **"Yen"** and **"¥"** are to the lawful currency of Japan.

"Liability" means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

"LIBOR" means London inter-bank offered rate.

"Liquidation Assets" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"Liquidation Proceeds" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"Luxembourg Stock Exchange" means The Luxembourg Stock Exchange.

"Management Commission" has the meaning ascribed to it (if any) in the Trust Instrument.

"Margin" means, in relation to a Series of Floating Rate Notes, the margin (if any) set out in the Issue Terms.

"Market Value Basis" means:

- (i) in the case of substitution of Charged Assets, the assets required to be provided by the Issuer shall be equal to the Market Value of the then subsisting Charged Assets on the date on which notice is given of any such substitution in accordance with the Issue Terms. For these purposes, **"Market Value"** shall mean the firm bid price obtained by the Calculation Agent from three dealers (one of whom may be the Counterparty) in such assets as it may in its discretion select (or, if more than one, the arithmetical average of such prices, disregarding the highest and lowest quotes) or, if less than two such bid prices are quoted by or available to such Calculation Agent, it shall be calculated by the Calculation Agent in such other manner as it shall determine in good faith and in a commercially reasonable manner; and
- (ii) in the case of the issue of Further Fungible Notes, the additional assets required to be provided by the Issuer in respect of the Further Fungible Notes shall be calculated in accordance with a formula that takes into account the Market Value of the Charged Assets and the replacement costs of the Charged Agreement(s), if any, all as more fully described in the Issue Terms.

"Maturing Charged Assets" has the meaning given to in Condition 4(b)(iv) (*Charged Assets - Substitution following maturity of the Charged Assets*).

"Maturity Date" means, in relation to a Series of Notes, the final date on which the Notes are expressed to be redeemable as specified in the Issue Terms (which date may in certain circumstances be extended in accordance with the Issue Terms).

"Maximum Interest Rate" means, in relation to a Series of Notes, if applicable, such rate as is specified as the Maximum Interest Rate in the Issue Terms.

"Minimum Interest Rate" means, in relation to a Series of Notes, if applicable, such rate as is specified as the Minimum Interest Rate in the Issue Terms.

"Moody's" means Moody's Investors Service Inc. or any successor to the rating business thereof.

"Nominal Basis" means:

- (i) in the case of substitution of Charged Assets, the assets required to be provided by the Issuer shall be of a nominal amount equal to the nominal amount of the Charged Assets being substituted; and
- (ii) in the case of the issue of Further Fungible Notes, the additional assets required to be provided by the Issuer shall be in a nominal amount which bears the same proportion to the nominal amount of the Further Fungible Notes as the proportion which the nominal

amount of such assets forming part of the Secured Property for the existing Notes of such Series bears to the nominal amount thereof as at such date.

"**Notes**" means the bonds, notes or other securities of a Series, howsoever described, constituted by the Trust Instrument and for the time being outstanding or, as the context may require, a specific number thereof, such Notes being denominated in the Currency of Issue and:

- (i) having such maturity as may be specified in the Issue Terms and, in any case, such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue;
- (ii) having such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue; and
- (iii) if sold within the United States or to a U.S. person, having an a minimum denomination of U.S.\$ 250,000 or greater, or the equivalent of such denomination in other Currencies of Issue;

and reference to "**Notes**" shall be deemed to include Coupons in the case of Bearer Notes in definitive form and Further Fungible Notes unless the context otherwise requires.

"**Noteholders**" means the several persons who are for the time being holders of the Notes (being, in the case of Bearer Notes, the bearers thereof and, in the case of Registered Notes, the several persons whose names are entered in the register of holders of the Registered Notes as the holders thereof) save that, in respect of the Notes of any Series, for so long as such Notes or any part thereof are represented by a Bearer Global Note deposited with a depositary for Euroclear and/or Clearstream, Luxembourg each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes of such Issue shall be deemed to be the holder of such nominal amount of such Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes of the Trust Instrument other than with respect to the payment of principal, premium (if any) or interest (if any) on such Notes, the right to which shall be vested, as against the relevant Issuer and the relevant Trustee, solely in such depositary and for which purpose such depositary or its nominee shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and the provisions of the Trust Instrument and the expressions "**Noteholder**", "**holder of Notes**" and related expressions shall be construed accordingly.

"**Noteholder Priority Basis**" means, first, in meeting claims of the Noteholders under the Notes on a *pari passu* and *pro rata* basis and, thereafter, in meeting the claims of the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s).

"**Optional Call Redemption Amount**" in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

"**Optional Call Redemption Date**" in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

"**Optional Put Redemption Amount**" in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

"Optional Put Redemption Date" in relation to a Series of Notes shall have the meaning set out in the Issue Terms.

"outstanding" means, in relation to a Series of Notes, all the Notes of that Series issued (or, in the case of Partly Paid Notes, the paid up amount thereof) other than:

- (a) those Notes to the extent that they shall have been redeemed in part pursuant to the relevant Issue Terms;
- (b) those Notes which have been redeemed in full pursuant to the relevant Issue Terms;
- (c) those Notes in respect of which the date for redemption in accordance with the relevant Issue Terms has occurred and the redemption moneys (including all premium (if any) and interest (if any) payable thereon) have been duly paid to the Trustee, the Registrar and/or the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with Condition 15 (*Notices*)) and remain available for payment against presentation of the Notes;
- (d) those Notes which have been purchased and cancelled in accordance with Condition 9 (*Purchases*);
- (e) those Notes in respect of which claims have become void under Condition 13 (*Prescription*);
- (f) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*);
- (g) (for the purpose only of ascertaining the nominal amount of the Notes of that Series outstanding and without prejudice to the status for any other purpose of the Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Notes*); and
- (h) any Temporary Global Note to the extent that it shall have been exchanged for definitive Bearer Notes or a Permanent Bearer Global Note and any Permanent Bearer Global Note to the extent that it shall have been exchanged for definitive Bearer Notes in each case pursuant to its provisions; and

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders or any of them;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Conditions 11 (*Events of Default*) and 12 (*Enforcement*) and paragraphs 2, 5, 6 and 9 of the Third Schedule to the Trust Terms Module;
- (iii) any discretion, power or authority (whether contained in the Trust Instrument or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any of them; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer, the Counterparty, the Swap Guarantor (if any) or any Subsidiary of the Issuer, the

Counterparty or the Swap Guarantor (if any) shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

"Outstanding Principal Amount" means in relation to a Note, the principal amount of such Note outstanding from time to time.

"Pari Passu Basis" means, in meeting the claims of the Noteholders and the Counterparty (or if more than one Counterparty, the claims of all such Counterparties shall be met on the basis as specified in the Issue Terms) under the Charged Agreement(s), on a *pari passu* and *pro rata* basis.

"Partly Paid Notes" means Notes which are issued on a partly paid basis.

"Paying Agents" means, in relation to a Series of Notes, the entities (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and includes, for the avoidance of doubt, the Principal Paying Agent.

"Payment Day" means any day which (subject to Condition 13 (*Prescription*)) is:

- (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London; and
 - (C) any Additional Financial Centre specified in the Issue Terms; and
- (ii) either (1) in relation to any sum payable in a Currency of Issue other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Currency of Issue (if other than the place of presentation, London and any Additional Financial Centre and which if the Currency of Issue is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Target System is open.

"Permanent Bearer Global Note" means a permanent bearer global note in the form or substantially in the form set out in Part 2 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Bearer Notes of the same Issue, issued by the Issuer pursuant to the Trust Instrument either on issue of the Notes or in exchange for the whole or part of the Temporary Bearer Global Note issued in respect of such Bearer Notes (all as indicated in the Issue Terms).

"Placing Agreement" means, in relation to a Series of Notes, the placing agreement entered into by the Issuer and the Dealer(s) in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Placing Terms Module are incorporated by reference as the same may be modified and/or supplemented by the Trust Instrument.

"Placing Terms Module" means the module (May 2011 Edition) containing the provisions relating to the purchase and/or placing of Notes.

"Potential Event of Default" means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination

and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

"Principal Paying Agent" means, in relation to a Series of Notes, the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

"Programme" means the EUR10,000,000,000 UniCredit London Investments Structured Note Programme of the Issuer.

"Programme Proposal Agreement" means the programme proposal agreement entered into between the relevant Issuer and the Arranger (as amended, restated or supplemented from time to time).

"Put Notices" has the meaning given to it in Condition 8(e) (*Redemption - Redemption at the option of the Noteholders*).

"Rate of Interest" means, in relation to a Series of Notes, the Rate of Interest set out in the Issue Terms.

"Rating Agency" means, in relation to a Series of Notes that is rated, each rating agency specified in the Issue Terms.

"Rating Agency Confirmation" means, in relation to a Series of Notes that is rated the notification of the relevant event specified in the Issue Terms to the Rating Agency and confirmation from the Rating Agency that there has been no adverse change to the credit rating granted by such Rating Agency in respect of such Notes.

"Realisation Amount" means the net proceeds of realisation of, or enforcement with respect to, the Security Interests over the Secured Property (following payment of all amounts due to the Trustee or, as the case may be, the Selling Agent, including any costs, expenses and taxes incurred in connection with such realisation or enforcement).

"Record Date" means, (i) in relation to a payment in respect of Individual Certificates, the Business Day falling, or falling nearest to but before, 15 days prior to the date on which the relevant payment is due; or (ii) in relation to a payment in respect of a Global Certificate, the Clearing System Business Day before the date on which the relevant payment is due.

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

"Reference Rate" means, in relation to a Series of Notes, the Reference Rate set out in the Issue Terms where Screen Rate Determination is specified as applicable.

"Register" means a register on which shall be entered the names and addresses of the subscribers of the Registered Notes or, as the case may be, of the latest transferees of the same notified to the Registrar in accordance with Condition 1.3 of the Registered Notes Conditions Module (*Transfer of Registered Notes*), together with the particulars of the Registered Notes held by them respectively and of all transfers of Registered Notes.

"Registered Notes" means those of the Notes which are for the time being in registered form.

"Registered Notes Conditions Module" means the module (May 2011 Edition) containing the provisions relating to an issue of Registered Notes and provisions additional to or instead of provisions in the Bearer Notes Base Conditions Module.

"Registrar" means, in relation to a Series of Notes (being, or which are exchangeable for, Registered Notes), the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

"Relevant Date" has the meaning set out in Condition 13 (*Prescription*).

"Relevant Screen Rate" means, in relation to a Series of Notes, the relevant screen rate set out in the Issue Terms where Screen Rate Determination is specified as applicable.

"repay", "redeem" and "pay" shall each include both the others and cognate expressions shall be construed accordingly and shall (where the context so permits) be deemed to include references to delivery of the Charged Assets in accordance with the Issue Terms.

"Replacement Charged Assets" has the meaning given to it in Condition 4(b)(i) (*Charged Assets – Substitution at the direction of the Counterparty*).

"Requesting Noteholder" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"Required Minimum Noteholders" means Noteholders holding at least 50 per cent. of the aggregate principal amount of the Notes then outstanding.

"Restructure Documents" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"Rights" means, in relation to any agreement or asset, all rights, title and interest of the relevant person in, to and under such agreement or asset including, without limitation:

- (i) the Issuer's rights under the Agency Agreement, including all its rights in respect of all funds and/or assets held from time to time by any of the Agents for payment in respect of the Notes or otherwise in relation to the Notes or the Charged Assets; and
- (ii) the Issuer's rights to the Charged Assets, including all its rights in respect thereof or relating thereto and any sums or assets derived therefrom whether or not against third parties, including, without limitation, the Issuer's rights against the Custodian to redelivery of equivalent Charged Assets and any proceeds of the sale of the Charged Assets.

"Sale Agreement" means, in relation to a Series of Notes, the sale agreement entered into by the Issuer and the Vendor in respect of such Series by execution of the relevant Trust Instrument pursuant to which the Issuer agrees to purchase the relevant Charged Assets and into which the terms of the Sale Agreement Terms Module are incorporated by reference, as the same may be modified and/or supplemented by the Trust Instrument.

"Sale Agreement Terms Module" means the module (May 2011 Edition) containing the standard provisions of sale of the Charged Assets to the Issuer.

"Sale Request" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Noteholders*).

"Schuldscheine" means German transferable loan certificates or other like obligations.

"**S&P**" means Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., or any successor to the rating business thereof.

"**Secured Property**" means, in relation to any Series of Notes, the assets over which the Security Interests are created by the Issuer from time to time in relation to such Notes, including, as applicable, the Charged Assets and the Rights under the Transaction Documents.

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

"**Securities and Exchange Law**" means the Securities and Exchange Law of Japan.

"**Security Documents**" means, in relation to a Series of Notes, the Trust Instrument and any Additional Charging Documents.

"**Security Interests**" means, in relation to a Series of Notes, the security interests created, or intended to be created at any time, in favour of the Trustee under the Security Documents.

"**Security Ranking Basis**" has the meaning given to it in Condition 5 (*Application of Proceeds*).

"**Selling Agent**" means, in relation to a Series of Notes, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

"**Series**" means (a) a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for the respective Issue Dates, Interest Commencement Dates and/or Issue Prices and initial Common Code and ISIN; or (b) a series of Alternative Investments.

"**Shortfall Date**" has the meaning given to it in Condition 8(b) (*Redemption for taxation reasons*).

"**Specified Denomination**" means, in relation to a Series of Notes, the denomination(s) of the Notes as specified in the Issue Terms.

"**Specified Interest Payment Date**" means, in relation to a Series of Notes, the interest payment dates specified in the Issue Terms, as adjusted by the applicable Business Day Convention (if any).

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

References to "**Sterling**", "**Pounds Sterling**", "**Pounds**" and "**£**" are to the lawful currency of the United Kingdom.

"**Stock Exchange**" means, in relation to a Series of Notes, each stock exchange or securities market (if any) specified in the Issue Terms.

"**Subsidiary**" means any company which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act 1985 of Great Britain) or a subsidiary undertaking (within the meaning of Section 258 and Schedule 10A of the Companies Act 1985 of Great Britain).

"**Substitution Notice**" has the meaning given to it in Condition 4(b)(i) (*Charged Assets - Substitution at the request of the Counterparty*).

"**sub-unit**" means, with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to the euro, means 1 cent.

"successor" means any successor to any one or more persons appointed in relation to the Notes pursuant to the Trust Instrument and/or such other or further persons appointed as such.

"Swap Adjustment Cost" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets - Substitution at the request of Noteholders*).

"Swap Agreement" means, in relation to a Series of Notes, each interest rate and/or currency exchange and/or credit default swap agreement(s) or other hedging agreement(s) as evidenced by either (i) a 1992 ISDA Master Agreement (Multicurrency - Cross Border) or (ii) a 2002 ISDA Master Agreement or (iii) a German Standard Master Agreement, as specified in the Issue Terms and schedule thereto entered into by the relevant Issuer and the Counterparty by the execution of the relevant Trust Instrument and into which the terms of the Swap Schedule Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument, together with the confirmation entered into by the Issuer and the Counterparty, each dated the Issue Date.

"Swap Mark-to-Market" has the meaning given to it in Condition 8(i) (*Redemption following Valuation Event*).

"Swap Schedule Terms Module" means the module containing the standard provisions of a swap schedule in relation to an issue of Notes as specified in the Issue Terms.

"Talons" means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Bearer Notes in definitive form of any Series (other than Zero-Coupon Notes) and includes any replacements for Talons issued pursuant to Condition 14 (*Replacement of Notes*).

"Target Business Day" means any day on which the Target System is operating.

"Target System" means the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET2) System which utilises a single shared platform and which was launched on 19 November 2007.

"Temporary Bearer Global Note" means a temporary bearer global note in the form or substantially in the form set out in Part 1 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Notes of the same Series, issued by the Issuer pursuant to the Trust Instrument.

"Tranche" means, in relation to a Series of Notes which are, in accordance with the terms of the Trust Instrument, to be issued in tranches, the Initial Tranche and any further tranches issued in accordance with the Trust Instrument relating to that Series.

"Transaction Documents" means, in relation to a Series of Notes, the Trust Instrument, the Agency Agreement, the Sale Agreement, the Placing Agreement, the Charged Agreements, the Additional Agreements and any Additional Charging Document, in each case entered into in relation to such Notes and all agreements incidental to the issue of such Notes.

"Transfer Agents" means, in relation to a Series of Registered Notes, the entity or entities appointed as such under the Agency Agreement and as specified in the Issue Terms.

"Trust Corporation" means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

"Trustee" means, in relation to a Series of Notes, the entity designated as the trustee in the Issue Terms.

"Trust Instrument" means, in respect of a Tranche of Notes, a trust instrument dated the Issue Date of such Tranche of Notes and made between, among others, the Issuer and the Trustee.

"Trust Terms Module" means the module (May 2011 Edition) containing the trust terms constituting and/or securing the Notes.

"Underwriting Commission" has the meaning ascribed to it (if any) in the Trust Instrument.

"UniCredit Group" means each of UniCredit Bank AG and UniCredit S.p.A. and each of their Subsidiaries for the time being.

References to **"U.S. dollars"**, **"U.S. \$"** and **"U.S. cents"** are to the lawful currency of the United States of America.

"U.S. Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended.

"U.S. person" has the meaning set out in Regulation S under the Securities Act.

"Valuation Buffer" (if applicable) has the meaning given to it in the relevant Issue Terms.

"Valuation Event" has the meaning given to it in Condition 8(i) (*Redemption following Valuation Event*).

"Vendor" means, in relation to a Series of Notes, the entity designated as the vendor of the Charged Assets in the Issue Terms.

"Zero-Coupon Notes" means an issue of Notes which bear no interest.

STATUTORY PROVISIONS

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

AMENDMENTS

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

SCHEDULES

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

HEADINGS

Headings in any Transaction Document or Conditions Module and herein are for ease of reference only.

NUMBER

In any Transaction Document or Conditions Module and herein, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

SUCCESSORS

Save where the context otherwise requires, references in any Transaction Document or Conditions Module and herein to any party to the Transaction Documents or Conditions Module shall include references to its successors (or, in the case of a Reference Entity, its Successors (as defined in the Credit Linked Notes Definitions Module)) and assigns, whether in security or otherwise, whomsoever.

MISCELLANEOUS

In each Transaction Document or Conditions Module, unless the contrary intention appears, reference to:

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

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

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

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

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

**CREDIT LINKED NOTES DEFINITIONS MODULE
(2003 DEFINITIONS)**

MAY 2011 EDITION

**to be incorporated by reference into the Trust Instrument
for an issue of Notes arranged by
UNICREDIT BANK AG**

Signed for the purposes of identification by:

.....

Deutsche Trustee Company Limited

Dated:

1. DEFINITIONS

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

"2002 ISDA Master Agreement" means the 2002 ISDA Master Agreement, as published by the International Swaps and Derivatives Association, Inc.

"2005 Matrix Supplement" means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on 7 March 2005.

"2005 Monoline Provisions" means the "Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity" published on 21 January, 2005 by the International Swaps and Derivatives Association, Inc.

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

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

"Accreting Obligation" means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete,

whether or not (i) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (ii) periodic cash interest is also payable.

"Accrued Fixed Amount" means, for the purposes of a Series of Notes, an amount, expressed in the Currency of Issue, equal to the amount which would have been payable by the Counterparty to the Issuer under the credit derivative transaction described in Section A of the Swap Agreement (based on the fixed rate, day count fraction and calculation amount as set out therein) in respect of the period from (and including) the Interest Payment Date immediately preceding the Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date) to (but excluding) the Event Determination Date (as may be converted at the relevant spot rate, if necessary).

"Adjustment Rounding Amount" means an amount (if any) equal to the difference between the absolute value of the Early Redemption Adjustment and the liquidation value of such whole number of Deliverable Obligations as are not required to be Delivered by the Counterparty pursuant to the definition of "Portfolio".

"Affiliate" has the meaning ascribed to it in the 2002 ISDA Master Agreement.

"Alternative Cash Settlement Amount" has the meaning given to it in Condition CL8(b) (*Physical Settlement*).

"Alternative Cash Settlement Date" has the meaning given to it in Condition CL8(b) (*Physical Settlement*).

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

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

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

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

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

"Auction Final Price Determination Date" has the meaning set forth in the Transaction Auction Settlement Terms.

"Auction Redemption Amount" means, as specified in the Issue Terms, an amount in the Currency of Issue equal to ARA as determined by the Calculation Agent in accordance with the formula below on the Valuation Date:

$$ARA = (CN \times CP) - ASA + SS$$

Where:

"CN" means an outstanding principal amount of the Charged Assets equal to the Credit Event Portion.

"CP" means the Proceeds of the Charged Assets (expressed as a percentage).

"ASA" means the Auction Settlement Amount.

"SS" means the Swap Settlement Amount.

Provided that:

- (i) ARA shall be subject to (A) a minimum of zero and (B) a maximum equal to the Credit Event Portion of the Notes and an amount equal to the interest that would have accrued from the Interest Payment Date immediately preceding the Event Determination Date to (and including) the Event Determination Date.
- (ii) If the currency of the Charged Assets and/or the Reference Amount and/or the Swap Settlement Amount are not the Currency of Issue, the Calculation Agent shall convert such amounts into the Currency of Issue on the Valuation Date for the purposes of determining the formula above. Such currency conversion shall be in the manner, *mutatis mutandis*, as set out in the definition of "**Currency Rate**" or as otherwise specified in the Issue Terms.

"**Auction Settled CLN**" means any Credit Linked Note which is redeemed by Auction Settlement.

"**Auction Settlement**" means, in relation to any Credit Linked Note, settlement in accordance with Condition CL6 (*Auction Settlement*); and in relation to any Swap Agreement, settlement in accordance with Article XII (*Terms Relating to Auction Settlement*) of the Credit Derivatives Definitions.

"**Auction Settlement Amount**" means an amount (converted by the Calculation Agent into the Settlement Currency in a commercially reasonable manner) calculated in accordance with the formula below:

$$\text{Auction Settlement Amount} = (100\% - \text{Auction Final Price}) \times \text{ROOP}$$

where,

"**ROOP**" means the Outstanding Principal Balance (or its equivalent in the Settlement Currency) of the relevant type or issue of Reference Obligations in the Reference Obligations Portfolio.

For the avoidance of doubt, the Auction Settlement Amount may not exceed the Floating Rate Payer Calculation Amount in respect of such Reference Entity.

"**Auction Settlement Date**" means the date that is the number of Business Days specified in the Transaction Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) plus 2 Business Days immediately following the Auction Final Price Determination Date.

"**Bankruptcy**" means a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a

judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

"Basket Cash CLN" has the meaning given to it in Condition CL1(e) (*Types of Credit Linked Notes*).

"Basket CLN" means any of a Basket Cash CLN, Basket Physical CLN or a Basket Auction CLN.

"Basket Physical CLN" has the meaning given to it in Condition CL1(h) (*Types of Credit Linked Notes*).

"Basket Auction CLN" has the meaning given to it in Condition CL1(i) (*Types of Credit Linked Notes*).

"Best Available Information" means:

- (a) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated, pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, pro forma financial information and, if provided subsequently to the provision of unconsolidated, pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of "Successor", other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (b) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (a) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of "Successor",

provided that information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute Best Available Information.

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

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

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

"Business Day" means the Business Days as defined in the Bearer Notes Base Conditions Module and in the case of a Physically Settled CLN, for the purposes of Delivery of Deliverable Obligations, London and a day on which securities settlement systems are open for settlement of the relevant Deliverable Obligations.

"Business Day Convention" means the convention for adjusting any relevant date if it would otherwise fall on a day that is not a Business Day.

"Cancellation Notice" means a notice given by the Counterparty prior to the Extended Maturity Date under the Swap Agreement upon making a determination in respect of a Reference Entity that:

- (a) if a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date, promptly upon making a determination that no Failure to Pay has occurred with respect to the relevant obligation; or
- (b) if a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Termination Date and the Repudiation/Moratorium Extension Condition has been satisfied, promptly upon making a determination that no Repudiation/Moratorium has occurred with respect to the relevant obligation (such determination being made prior to the Repudiation/Moratorium Evaluation Date).

"Cash Redemption Amount" means, as specified in the Issue Terms:

- (a) an amount equal to a specified percentage of the aggregate Outstanding Principal Amount of the Notes; or
- (b) an amount in the Currency of Issue equal to CRA as determined by the Calculation Agent in accordance with the formula below on the Valuation Date:

$$\text{CRA} = (\text{CN} \times \text{CP}) - \text{CSA} + \text{SS}$$

Where:

CN means an outstanding principal amount of the Charged Assets equal to the Credit Event Portion.

CP means the Proceeds of the Charged Assets (expressed as a percentage).

CSA means the Cash Settlement Amount.

SS means the Swap Settlement Amount.

Provided that:

- (iii) CRA shall be subject to (A) a minimum of zero and (B) a maximum equal to the Credit Event Portion of the Notes and an amount equal to the interest that would have accrued from the Interest Payment Date immediately preceding the Event Determination Date to (and including) the Event Determination Date.
- (iv) If the currency of the Charged Assets and/or the Reference Amount and/or the Swap Settlement Amount are not the Currency of Issue, the Calculation Agent shall convert such amounts into the Currency of Issue on the Valuation Date for the purposes of determining the formula above. Such currency conversion shall be in the manner, *mutatis mutandis*, as set out in the definition of "Currency Rate" or as otherwise specified in the Issue Terms.

"Cash Settled CLN" means any Credit Linked Note which is redeemed by Cash Settlement.

"Cash Settlement" means, in relation to any Credit Linked Note, settlement in accordance with Condition CL7 (*Cash Settlement*); and in relation to any Swap Agreement, settlement in accordance with Article VII (*Terms Relating to Cash Settlement*) of the Credit Derivatives Definitions.

"Cash Settlement Amount" means an amount (converted by the Calculation Agent into the Settlement Currency in a commercially reasonable manner) calculated in accordance with the formula below using the Bid quotations and Highest method as set out in the Swap Agreement (with respect to each Reference Obligation specified by the Counterparty on a Valuation Date):

$$\text{Cash Settlement Amount} = (100\% - RO_1) \times ROOP$$

where,

"RO¹" means the Portfolio Final Price of the relevant Reference Obligation, expressed as a percentage;

"ROOP" means the Outstanding Principal Balance (or its equivalent in the Settlement Currency) of the relevant type or issue of Reference Obligations in the Reference Obligations Portfolio; and

Portfolio Final Price shall not exceed 100 per cent.

For the avoidance of doubt, in respect of each Reference Entity, the amounts referred to above shall be determined with respect to each type or issue of Reference Obligations in the Reference Obligations Portfolio and the Cash Settlement Amount shall be equal to the aggregate of the amounts so determined and for each Reference Entity, the Cash Settlement Amount may not exceed the Floating Rate Payer Calculation Amount in respect of such Reference Entity.

"Cash Settlement Date" means the date on which the Noteholders of a Cash Settled CLN are to be paid following the Valuation Date. This date may be expressed in the Issue Terms as being a specified number of days after the date on which the Final Price of the Reference Obligation or, as the case may be, the Portfolio Final Price of each Reference Obligation in the Reference Obligations Portfolio in respect of the relevant Reference Entity, is determined (or, if "Cash Settlement" is applicable pursuant to the Fallback Settlement Method, the date that is 2 Business Days following the Valuation Date).

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

"Charged Assets Market Value" means, with respect to the Charged Assets, the highest Charged Assets Quotation obtained by the Calculation Agent from a Dealer. The Calculation Agent shall attempt to obtain Charged Assets Quotations from at least three Dealers (one of who may be the Counterparty) with respect to each Event Determination Date. If no Charged Assets Quotation is obtained, the Charged Assets Market Value shall be an amount as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

"Charged Assets Quotation" means, in respect of the Charged Assets in a principal amount equal to the relevant Credit Event Portion of the Notes, each firm quotation (being a bid quotation) (and, for the avoidance of doubt, including accrued interest thereon) obtained by the Calculation Agent from a Dealer and expressed as a percentage, with respect to an Event Determination Date. For the avoidance of doubt the Calculation Agent may (with the agreement of the Selling Agent) obtain quotations for the Charged Assets in one single tranche or in smaller tranches as it considers appropriate.

"Conditionally Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Conditionally Transferable Obligation".

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

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

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

"Conditions to Settlement" means the conditions which are deemed to be satisfied by the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Termination Date, as applicable, unless "Physical Settlement" is specified as the Settlement Method in the related Swap Agreement (or is applicable pursuant to the Fallback Settlement Method)), in which case all of the Conditions to Settlement shall be deemed to be satisfied by the satisfaction of the Notice of Physical Settlement Condition to Settlement on or following the occurrence of an Event Determination Date.

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

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

"Counterparty Final IRS Amount" has the meaning given to it in Condition CL4(a)(ii)(A) (*Interest*).

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

"Credit Derivatives Definitions" means the 2003 ISDA Credit Derivatives Definitions, as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement, each as published by the International Swaps and Derivatives Association, Inc.

"Credit Derivatives Determinations Committees" means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions, as more fully described in the Rules.

"Credit Event" means one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Repudiation/Moratorium or Restructuring as specified in the Issue Terms. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable an Underlying Obligor (which, for the purposes of this definition, includes the Insured Obligor) to enter into any Underlying Obligation (which, for the purposes of this definition, shall include Insured Instruments), (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (iv) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"Credit Event Backstop Date" means (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in Section (ii) of the definition of "Repudiation/Moratorium") for purposes of the relevant credit derivative transaction as evidenced by the relevant Swap Agreement, as determined by DC Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement, the

Notice of Publicly Available Information are delivered by the Counterparty in accordance with the Swap Agreement to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in paragraphs (a) and (b) of the definition of "Credit Event Resolution Request Date" are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement, the Notice of Publicly Available Information are delivered by a Notifying Party to the other party and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"Credit Event Notice" means an irrevocable notice from a Notifying Party (which may be in writing (including by facsimile and/or email) and/or by telephone) to the other party (and copied to the Trustee, the Calculation Agent and the Principal Paying Agent) that describes a Credit Event that occurred on or after the Credit Event Backstop Date determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time))), unless the parties specify an alternative time in the Swap Agreement.

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

A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition CL3(f) (*Notices*).

"Credit Event Portion" means, in the case of any Credit Event, a principal amount of the Notes equal to:

- (a) in the case of a Basket CLN, (i) the Reference Amount of the Reference Entity in respect of which the Credit Event Notice has been given expressed as a proportion of the aggregate of the Reference Amounts of all the Reference Entities specified in the Issue Terms multiplied by (ii) the initial aggregate principal amount of the Notes; or
- (b) in the case of a Portfolio CLN, the Sale Notional Amount; or
- (c) in all other cases, unless otherwise specified in the Issue Terms, 100 per cent. of the then aggregate outstanding principal amount of the Notes.

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

- (a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in Sections (a) and (b) above.

"Cumulative Portfolio Settlement Amount" means with respect to any Valuation Date, the sum of all Cash Settlement Amounts in respect of all Valuation Dates occurring from the Issue Date to and including such Valuation Date.

"Currency Amount" means, with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the credit derivative transaction into the currency of denomination of the relevant Replacement Deliverable Obligation.

"Currency Rate" means with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent in a commercially reasonable manner after consultation with the parties and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

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

"DC Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

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

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

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

"Dealer" means, a dealer in obligations of the type of Obligation(s) or the Charged Assets (as the case may be) for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Counterparty or its Affiliate as one Dealer or as may otherwise be specified in the Issue Terms.

"Default Requirement" means the amount as may be specified as such in the Issue Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not so specified in the Issue Terms, U.S.\$10,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Credit Event.

"Deliver" means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable to the Issuer or the Noteholders, as the case may be, free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence (other than a counterclaim or defence as set out in the definition of "Credit Event") or right of set off by or of the Reference Entity or, as applicable, an Underlying Obligor (which, for the purpose of this definition, shall include the Insured Obligor)) provided that to the extent that the Deliverable Obligations consist of Qualifying Guarantees, "Deliver" means to Deliver both the Qualifying Guarantee and the Underlying Obligation (which, for the purpose of this definition, shall include Insured Instruments). **"Delivery"** and **"Delivered"** will be construed accordingly.

"Deliverable Obligation" means, subject to Conditions CL10(c) and (d) (*Restructuring Credit Event Applicable*):

- (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy or, if All Guarantees is specified as applicable in the Issue Terms, as provider of any Qualifying Guarantee), as selected by the Counterparty in its absolute and sole discretion, described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of the Delivery Date (but excluding any Excluded Deliverable Obligation) that is (i) payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in the definition of "Credit Event") or right of set off by or of a Reference Entity or any applicable Underlying Obligor (and which, for the purpose of this definition, shall include where the Reference Obligation is a Qualifying Policy the Insured Obligor), and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation (and which, for the purpose of this definition, shall include where the Reference Obligation is a Qualifying Policy Insured Instrument) shall not be considered a procedural requirement;
- (b) subject to the second paragraph in the definition of "Not Contingent", each Reference Obligation, unless specified in the Issue Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded

Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in the definition of "Credit Event") or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

- (d) any other obligation of a Reference Entity specified as such in the Issue Terms.

The definition of "Deliverable Obligation" above applies to a Physically Settled CLN and in the case of a Cash Settled CLN, references to "Delivery Date" shall be deemed to be references to "Valuation Date".

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

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

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

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

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

"Direct Loan Participation" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of the Noteholders that provides the Noteholders with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between the Noteholders and either (A) the Issuer (to the extent the Issuer is then a lender or member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

"Dividend Linked" means an obligation which (i) by its terms (or otherwise) is scheduled to pay, directly or indirectly, a coupon, interest rate, dividend or other periodic cash distribution (each a Scheduled Payment); and (ii) such Scheduled Payment is expressed to be either linked to or

contingent upon the Reference Entity's declaration of, payment of or ability to pay distributions or dividends (howsoever called) on its equity or any class thereof).

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

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

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

"Early Redemption Adjustment" means an amount calculated by the Calculation Agent on the Settlement Valuation Date as the sum of:

- (a) (i) Proceeds multiplied by the Reference Amount (or, as the case may be, the Exercise Amount) of the Charged Assets being sold pursuant to Condition CL5 (*Sale of Charged Assets*) minus (ii) the Reference Amount (or, as the case may be, the Exercise Amount); *plus*
- (b) the Swap Settlement Amount; *plus*
- (c) the Accrued Fixed Amount,

provided that if the currency of the Charged Assets and/or the Swap Settlement Amount is not the Currency of Issue, the Calculation Agent shall convert such amounts into the Currency of Issue on the Settlement Valuation Date for the purposes of determining the formula above. Such currency conversion shall be in the manner as set out in the definition of "Currency Rate" or as otherwise specified in the Issue Terms.

"Eligible Bidders" means:

- (a) in the case of all Credit Linked Notes referred to in paragraphs (a) to (f) of Condition CL1 (*Types of Credit Linked Notes*), five or more Dealers; and
- (b) in the case of all Portfolio CLN at least six Dealers (one of whom may be the Counterparty).

"Eligible Transferee" means each of the following:

- (a)
 - (i) any bank or other financial institution;
 - (ii) an insurance or reinsurance company;

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

provided, however, in each case that such entity has total assets of at least U.S.\$500 million;
- (b) an Affiliate of an entity specified in the preceding clause (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or
 - (ii) that has total assets of at least U.S.\$500 million; or
 - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support or other agreement by an entity described in clauses (a), (b), (c)(ii) or (d); and
- (d) a Sovereign, Sovereign Agency or Supranational Organisation,

and where all references in this definition to U.S.\$ include equivalent amounts in other currencies.

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

"Equity Securities" means:

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

"Escrow" means, if Escrow is specified in the Issue Terms as applicable, either the Issuer or the Counterparty or the Noteholders may require that physical settlement take place through the use of an Escrow Agent.

"Escrow Agent" means a financial institution that the parties to the Swap Agreement specify as such (or if a person is not so specified, an independent third party financial institution specified by

the Counterparty prior to the Physical Settlement Date, subject to the terms of the escrow arrangement).

"European Reference Entity" means any Reference Entity specified as such in the Issue Terms.

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

- (a) subject to paragraph (b) below, if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement, the Notice of Publicly Available Information are delivered by the Counterparty in accordance with the Swap Agreement to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent and are effective during either:
 - (i) the Notice Delivery Period; or
 - (ii) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date (II) to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or
- (b) notwithstanding paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
 - (i) the Credit Event Resolution Request Date, if either:
 - (A)
 - (1) "Buyer or Seller" is specified in the related Confirmation as Notifying Parties or neither party is specified in the related Swap Agreement as the Notifying Party;
 - (2) the relevant Credit Event is not a Restructuring; and
 - (3) either:
 - (y) if "Auction Settlement" is specified as the Settlement Method in the related Swap Agreement, the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or
 - (z) if "Auction Settlement" is not specified as the Settlement Method in the related Swap Agreement, the Trade Date occurs on or prior to the relevant DC Credit Event Announcement; or
 - (B)
 - (1) either:
 - (y) "Buyer" or "Seller" is specified in the related Swap Agreement as the only Notifying Party and "Auction Settlement" is specified as the Settlement Method in the related Swap Agreement; or

- (z) the relevant Credit Event is a Restructuring; and
- (2) the Credit Event Notice is delivered by the Counterparty in accordance with the Swap Agreement to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent and is effective on or prior to the Exercise Cut-off Date; or
- (ii) the first date on which the Credit Event Notice is delivered by the Counterparty in accordance with the Swap Agreement to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent and is effective during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if either:
 - (A)
 - (1) "Buyer or Seller" is specified in the related Swap Agreement as Notifying Parties or neither party is specified in the related Swap Agreement as the Notifying Party;
 - (2) the relevant Credit Event is not a Restructuring;
 - (3) "Auction Settlement" is not specified as the Settlement Method in the related Swap Agreement; and
 - (4) the Trade Date occurs following the relevant DC Credit Event Announcement; or
 - (B)
 - (1) "Buyer" or "Seller" is specified in the related Swap Agreement as the only Notifying Party; and
 - (2) either:
 - (y) "Auction Settlement" is not specified as the Settlement Method in the related Swap Agreement; or
 - (z) if "Auction Settlement" is specified as the Settlement Method in the related Swap Agreement, the Credit Event Notice is delivered by the Counterparty in accordance with the Swap Agreement to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent and is effective on a date that is later than the relevant Exercise Cut-off Date,

provided that, in the case of paragraph (b) above:

- (X) no Physical Settlement Date, if applicable, or Termination Date has occurred on or prior to the date on which the DC Credit Event Announcement occurs;
- (Y) if any Valuation Date or Delivery Date, as applicable, has occurred as of the date on which the DC Credit Event Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the Floating Rate Payer

Calculation Amount, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and

- (Z) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Counterparty in accordance with the Swap Agreement to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent, (aa) unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date or (bb) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding Floating Rate Payer Calculation Amount.

"Event Determination Notice" has the meaning given to it in Condition CL3(b) (*Notices*).

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

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

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

"Exercise Amount" has the meaning given to it in Condition CL11(a) (*Restructuring Credit Event Applicable*).

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

- (a) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, such Restructuring has occurred with respect to a credit derivative transaction evidenced by the relevant Swap Agreement for which neither "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the related Swap Agreement), either:
- (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
 - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
 - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any,

as applicable; or

- (b) if such Credit Event is a Restructuring for purposes of a credit derivative transaction evidenced by the relevant Swap Agreement for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the related Swap Agreement and:
- (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms

may be published, the date that is (A) two Relevant City Business Days, if the Credit Event Notice is delivered by the Issuer or (B) five Relevant City Business Days, if the Credit Event Notice is delivered by the Counterparty, in each case following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules, provided that if the Issuer delivers a Credit Event Notice on or prior to the Exercise Cut-off Date applicable to the Issuer and the Counterparty delivers a Credit Event Notice on or prior to the Exercise Cut-off Date applicable to the Counterparty, the Credit Event Notice delivered by the Issuer on or prior to the Exercise Cut-off Date applicable to the Issuer shall prevail; or

- (ii) a No Auction Announcement Date occurs pursuant to Section (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date.

"Extended Maturity Date" means, where an Extension Notice has been served, the date that is 15 Business Days (or such other date as may be specified in the Issue Terms) after:

- (a) if such notice was given pursuant to paragraph (i) of the definition of Extension Notice, the Scheduled Termination Date; or
- (b) if such notice was given pursuant to paragraph (ii) of the definition of Extension Notice, the Grace Period Extension Date; or
- (c) if such notice was given pursuant to paragraph (iii) of the definition of Extension Notice, the Repudiation/Moratorium Evaluation Date.

"Extended Physical Settlement Date" means, if a Hedge Disruption Event (as determined by the Calculation Agent in its absolute discretion) has occurred on or prior to the Initial Physical Settlement Date, the date designated by the Calculation Agent in its absolute discretion, and such date shall be not more than 60 Business Days following the Initial Physical Settlement Date.

"Extension Date" means the latest of (a) the Scheduled Termination Date, (b) the Grace Period Extension Date if (i) Grace Period Extension is specified as applicable in the related Confirmation, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (c) the Repudiation/Moratorium Evaluation Date if (i) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in Section (ii) of the definition of "Repudiation/Moratorium" occurs after the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is

Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

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

- (a) without prejudice to sub-paragraphs (b) and (c) below, that a Credit Event has occurred on or prior to the Scheduled Termination Date; or
- (b) that a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date; or
- (c) that a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Termination Date. For the purposes of this sub-paragraph (c), the giving of a Repudiation/Moratorium Extension Notice (if on or prior to the Scheduled Termination Date) shall be deemed to satisfy the requirement to give notice under this definition of "Extension Notice". However, the giving of an Extension Notice in accordance with this sub-paragraph (c) shall not in any way preclude the subsequent giving of a Repudiation/Moratorium Extension Notice so long as the Repudiation/Moratorium Extension Condition is satisfied.

An Extension Notice shall be subject to the requirements regarding notices set out in Condition CL3(f) (*Notices*).

"Failure to Pay" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, in accordance with the terms of such Obligations at the time of such failure.

"Fallback Settlement Method" means, with respect to a Swap Agreement for which "Auction Settlement" is specified as the Settlement Method, if "Cash Settlement" is specified as the Fallback Settlement Method in the related Swap Agreement, Cash Settlement, otherwise Physical Settlement.

"Final Delivery Date" has the meaning given to in Condition CL8 (*Physical Settlement*).

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

"Final Price" means the price of the Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligation, expressed as a percentage determined in accordance with one of the following, as specified in the Issue Terms:

- (a) the highest Quotation obtained by the Calculation Agent with respect to the Relevant Valuation Date ("**Highest**"); or
- (b) the Market Value determined by the Calculation Agent with respect to the Relevant Valuation Date ("**Market**").

If no such method is specified in the Issue Terms, it shall be in accordance with Highest. However, if Quotations include Weighted Average Quotations or fewer than two Full Quotations are obtained, it shall be in accordance with Market.

"Final Valuation Date" has the meaning given to in Condition CL8 (*Physical Settlement*).

"Floating Rate Payer Calculation Amount" has the meaning given to it in Condition CL2(e) (*Credit Event Terms*) of the Credit Linked Notes Conditions Module and shall be as set out in the Issue Terms and is also referred to as the **"Reference Amount"**.

"Full Quotation" means, in accordance with the bid quotations provided by the Eligible Bidders, each firm quotation (expressed as a percentage of the Outstanding Principal Balance) obtained from an Eligible Bidder at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligations with an Outstanding Principal Balance equal to the Quotation Amount.

"Fully Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of "Fully Transferable Obligation", such determination shall be made (in the case of a Physically Settled CLN) as of the Delivery Date or, as the case may be (in the case of a Cash Settled CLN), the Valuation Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Counterparty.

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

"Further Extended Physical Settlement Date" means, if a Hedge Disruption Event (as determined by the Calculation Agent in its sole and absolute discretion) has occurred on or prior to the Initial Physical Settlement Date, the date designated by the Calculation Agent in its absolute discretion, and such date shall not be later than three Business Days (in the case of Original Bonds) or ten Business Days (in the case of Original Loans) after the Extended Physical Settlement Date.

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

"Grace Period" means (A) the number of days specified in the Swap Agreement or (B) if a number of days is not so specified, subject to sub-clause (i) and (ii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred, **provided that** (i) if Grace Period Extension is specified in the Swap Agreement as applicable, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the Grace Period shall be deemed to be

the lesser of such grace period and the period specified as such in the Swap Agreement or, if no period is specified, 30 calendar days; and (ii) if at the later of the Trade Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; **provided that**, unless Grace Period Extension is specified as applicable in the Issue Terms, such deemed Grace Period shall expire no later than the Scheduled Termination Date .

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

"Grace Period Extension Date" means, if (a) Grace Period Extension is specified as applicable in the Swap Agreement and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions as published by ISDA on March 7, 2005 (the "2005 Matrix Supplement")), Tokyo time)), the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable in the Issue Terms, Grace Period Extension shall not apply. If (i) Grace Period Extension is specified as applicable in the Swap Agreement, (ii) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (iii) an Event Determination Date in respect of that Failure to Pay does not occur on or prior to the last day of Notice Delivery Period (including prior to the Trade Date), the later of the Scheduled Termination Date and the Grace Period Extension Date will be the Maturity Date (even if a Failure to Pay occurs after the Scheduled Termination Date).

"Hedge Disruption Event" means the Counterparty and/or any of its Affiliates has not received the relevant Deliverable Obligations and/or cash under the terms of any transaction or trading position (a **"Hedge Transaction"**) entered into or held by the Counterparty and/or any of its Affiliates to hedge, directly or indirectly, the Counterparty's obligations or positions (whether in whole or in part) in respect of the Swap Agreement.

"Indicative Quotation" shall mean each bid quotation obtained from a Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation equal to the Quotation Amount, which reflects such Dealer's reasonable assessment of the price of such Undeliverable Obligation based on such factors as such Dealer may consider relevant, which may include historical prices and recovery rates.

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

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

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

"Issuer Account" means an account held by the Issuer with the Principal Paying Agent at its London branch.

"Limitation Date" means the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5-years (the **"2.5-year Limitation Date"**), 5 years (the **"5-year Limitation Date"**), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the **"20-year Limitation Date"**), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless the parties specify in a Swap Agreement that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.

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

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

"Lower Band" means the amount in the currency specified in the Issue Terms.

"Market Value" means, with respect to a Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligation on a Relevant Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) only in the case of Undeliverable Obligations in the case of this item, if Indicative Quotations are specified to apply in the Issue Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (f) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and if Indicative Quotations are applicable, less than three Indicative Quotations are obtained), an amount is determined by the Calculation Agent on the next Business Day on which at least two Full Quotations, Weighted Average Quotation or if applicable three Indicative Quotations are obtained; and (g) if the Quotations are deemed to be zero, the Market Value shall be zero.

"Maximum Maturity" means an obligation that has a remaining maturity from (in the case of a Physically Settled CLN) the Physical Settlement Date or, as the case may be, (in the case of a Cash Settled CLN) the Valuation Date of not greater than (a) the period specified in the Issue Terms or (b) if no such period is specified in the Issue Terms, 30 years.

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

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

"Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date, provided that, in circumstances where the Scheduled Termination Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. With respect to a credit derivative transaction evidenced by the relevant Swap Agreement for which "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the related Swap Agreement and for which the Scheduled Termination Date is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Termination Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only. Subject to the foregoing, in the event that the Scheduled Termination Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Termination Date.

"Movement Option" means, with respect to a credit derivative transaction for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the related Swap Agreement, and with respect to which a No Auction Announcement Date has occurred, the option of either (a) the Counterparty, regardless of which Notifying Party delivered the Credit Event Notice, to apply to such credit derivative transaction, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that Counterparty could specify in any Notice of Physical Settlement (provided that if more than one such set of Parallel Auction Settlement Terms are published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply) or (b) the Issuer, if the Counterparty delivered the Credit Event Notice, to apply to such credit derivative transaction, for purposes of settlement, the Parallel Auction Settlement Terms, if any, for purposes of which all Deliverable Obligations on the Final List will be Permissible Deliverable Obligations. The party that delivers to the other party an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date will determine which Parallel Auction Settlement Terms, if any, apply with respect to such Credit Derivative Transaction. If both parties deliver an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date, the Counterparty's Notice to Exercise Movement Option will prevail, regardless of which party was first in time to deliver an effective Notice to Exercise Movement Option. If neither party delivers an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date, such credit derivative transaction will be settled in accordance with the Fallback Settlement Method.

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

"Multiple Holder Obligation" means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, **provided that** any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) above.

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

"No Auction Announcement Date" means, with respect to a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring with respect to a credit derivative transaction evidenced by the relevant Swap Agreement for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Swap Agreement only, no Transaction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

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

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

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

An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments

owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction.

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

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

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

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

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

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

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

"Notice Delivery Period" means the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

"Notice of Physical Settlement" means a notice in accordance with the Swap Agreement from the Counterparty to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) that: (a) irrevocably confirms that Counterparty will settle the credit derivative transaction comprised within the relevant Swap Agreement and require performance in accordance with the physical settlement method or Fallback Settlement Method, as applicable; (b) contains a detailed description of each Deliverable Obligation that Counterparty will, if Physical Settlement is applicable, Deliver to the Issuer, including the outstanding principal balance or Due and Payable Amount, as applicable, (in each case, the **"Outstanding Amount"**) of each such Deliverable Obligation and, if available and applicable, the CUSIP or ISIN number (or, if such identifying number is not available or applicable, the rate and tenor) of each such Deliverable Obligation; and (c), where (i) the relevant Credit Event is a Restructuring, (ii) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the related Swap Agreement, and (iii) the Scheduled Termination Date is later than (A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, contains a detailed description of at least one Enabling Obligation, which description will include the CUSIP or ISIN number, if available and applicable (or, if such identifying number is not available, the rate and tenor), of such Enabling Obligation and any other information necessary to establish that such obligation is an Enabling Obligation. The Counterparty may, from time to time, notify the Trustee, the Calculation Agent and the Principal Paying Agent in the manner specified above (each such notification, a **"NOPS Amendment Notice"**) that the Counterparty is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective) or the detailed description(s) thereof. A NOPS Amendment Notice shall contain a revised detailed description of each replacement Deliverable Obligation that the Counterparty will, if Physical Settlement is applicable, Deliver to the Issuer (each, a **"Replacement Deliverable Obligation"**) and shall also specify the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced (with respect to each such Deliverable Obligation, the **"Replaced Deliverable Obligation Outstanding Amount"**). The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice). Notwithstanding the foregoing, the Counterparty may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent (given in the manner specified above) prior to the relevant Delivery Date; it being understood that such notice of correction shall not constitute a NOPS Amendment Notice.

Any Notice of Physical Settlement shall be subject to the requirements regarding notices set out in Conditions CL3(e) and (f) (*Notices*).

"Notice of Publicly Available Information" means an irrevocable notice from the party delivering the relevant Credit Event Notice or Repudiation/Moratorium Extension Notice (which may be in writing (including by facsimile and/or email) and/or by telephone) to the other party that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit

Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in the Issue Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices set out in Condition CL3 (*Notices*).

"Notice to Exercise Movement Option" means, with respect to a credit derivative transaction for which (a) either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the related Swap Agreement and (b) the Fallback Settlement Method would otherwise be applicable, an irrevocable notice from one party to the other party (which may be in writing (including by facsimile and/or email) and/or by telephone, and which shall be subject to the requirements regarding notices set forth in the Conditions) that (i) specifies the Parallel Auction Settlement Terms applicable with respect to such credit derivative transaction in accordance with the definition of "Movement Option" and (ii) is effective on or prior to the Movement Option Cut-off Date.

"Notifying Party" means each party specified as such in the related Swap Agreement or, if neither party is specified as such, the Counterparty (Buyer) or the Issuer (Seller).

"Notional Amount" means the aggregate principal amount of Charged Assets outstanding from time to time.

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

"Obligation Acceleration" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

"Obligation Category" means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the Issue Terms.

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

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

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

"Original Bonds" has the meaning ascribed thereto in Condition CL8 (*Physical Settlement*).

"Original Loans" has the meaning ascribed thereto in Condition CL8 (*Physical Settlement*).

"Outstanding Amount" has the meaning given to it in Condition CL11(b) (*Restructuring Credit Event Applicable*).

"Outstanding Principal Balance" means:

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

"Overnight Rate" has the meaning given to it in Condition CL4(a)(ii)(A) (*Interest*).

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

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

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

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

"Parallel Auction Settlement Terms" means, following the occurrence of a Restructuring with respect to a credit derivative transaction evidenced by the relevant Swap Agreement for which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Swap Agreement, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions applicable to the relevant credit derivative transaction as evidenced by the relevant Swap Agreement and for which such credit derivative transaction would not be an Auction Covered Transaction.

"Payable Cash Settlement Amount" means, with respect to any Valuation Date:

- (a) in the event that the Cumulative Portfolio Settlement Amount is equal to or less than the Lower Band, the Payable Cash Settlement Amount shall be zero; or
- (b) in the event that the Cumulative Portfolio Settlement Amount (excluding Cash Settlement Amount(s) calculated on such Valuation Date or, if a Cash Settlement Amount is calculated for more than one Reference Entity on such Valuation Date, the

aggregate amount of such Cash Settlement Amounts) equals or exceeds the Lower Band but does not exceed the Upper Band, the Payable Cash Settlement Amount shall be equal to the Cash Settlement Amount (or, if a Cash Settlement Amount was calculated for more than one Reference Entity on the relevant Valuation Date, the aggregate amount of Cash Settlement Amounts calculated on such Valuation Date in respect of such Reference Entities); provided however that if such Cash Settlement Amount (or aggregate amount of such Cash Settlement Amounts) causes the Cumulative Portfolio Settlement Amount to exceed the Upper Band then the Payable Cash Settlement Amount shall be reduced by the amount by which the Cumulative Portfolio Settlement Amount exceeds the Upper Band; or

- (c) in the event that the Cumulative Portfolio Settlement Amount (excluding Cash Settlement Amount(s) calculated on such Valuation Date or, if a Cash Settlement Amount is calculated for more than one Reference Entity on such Valuation Date, the aggregate amount of such Cash Settlement Amounts) is less than the Lower Band but the Cash Settlement Amount (or aggregate thereof) calculated on such Valuation Date causes the Cumulative Portfolio Settlement Amount to exceed the Lower Band, the Payable Cash Settlement Amount shall be equal to the amount by which the Cumulative Portfolio Settlement Amount then exceeds the Lower Band, subject to a maximum of the difference between the Upper Band and the Lower Band.

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

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

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

"Permitted Currency" means (a) the legal tender of any Group of 8 country (or any country that becomes a member of the Group of 8 if such Group of 8 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by S&P, Aaa or higher assigned to it by Moody's or AAA or higher assigned to it by Fitch.

"Physical Determination Date" has the meaning given to it in Condition CL3(e) (*Notices*).

"Physical Settlement" means, in relation to any Credit Linked Note, settlement in accordance with Condition CL8 (*Physical Settlement*); and in relation to any Swap Agreement, settlement in accordance with Article VIII (*Terms Relating to Physical Settlement*) of the Credit Derivatives Definitions.

"Physical Settlement Date" means the last day of the longest Physical Settlement Period following the satisfaction of all applicable Conditions to Settlement (the **"Initial Physical Settlement Date"**) or such earlier date as the Calculation Agent may in its absolute discretion determine, provided that, if a Hedge Disruption Event (as determined by the Calculation Agent in its absolute discretion) has occurred on or prior to the Initial Physical Settlement Date, the

Physical Settlement Date may be extended to the Extended Physical Settlement Date or the Further Extended Physical Settlement Date, as the case may be, pursuant to Condition CL8 (c).

"Physical Settlement Period" means the number of Business Days specified as such in the Issue Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

"Physically Settled CLN" means any Credit Linked Note which is redeemed (or intended to be redeemed) by physical settlement upon the satisfaction of Conditions to Settlement.

"Portfolio" means Deliverable Obligations as selected by the Counterparty in its sole discretion, having an Outstanding Principal Balance (or the equivalent Currency Amount) on the Settlement Valuation Date up to the aggregate Outstanding Principal Amount of the Notes, subject to reduction (but only where the Early Redemption Adjustment is negative) in an amount of Deliverable Obligations (as may be selected by the Calculation Agent in its sole discretion) having a liquidation value (determined by the Calculation Agent in its sole discretion as of the Settlement Valuation Date) equal to the absolute value of the Early Redemption Adjustment rounded upwards to the nearest whole Deliverable Obligation.

"Portfolio Charged Assets Market Value" means, with respect to the Charged Assets, the highest Portfolio Charged Assets Quotation obtained by the Calculation Agent from a Dealer. The Calculation Agent shall attempt to obtain Portfolio Charged Assets Quotations from at least 6 Dealers (one of whom may be the Counterparty) with respect to each Required Notional Amount Determination Date. If no Portfolio Charged Assets Quotation is obtained, the Portfolio Charged Assets Market Value shall be an amount as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

"Portfolio Charged Assets Quotation" means, in respect of the Charged Assets in a principal amount equal to the relevant Required Notional Amount, each firm quotation (being a bid quotation) (and, for the avoidance of doubt, including accrued interest thereon) obtained by the Calculation Agent from a Dealer or the Counterparty and expressed as a percentage, with respect to a Required Notional Amount Determination Date.

"Portfolio CLN" has the meaning given to it in Condition CL1(g) (*Types of Credit Linked Notes*).

"Portfolio Final Price" means, in respect of each Reference Obligation in the Reference Obligations Portfolio, unless otherwise specified in the Issue Terms, the highest quotation obtained by the Calculation Agent from an Eligible Bidder in accordance with the provisions below:

- (a) The Calculation Agent shall attempt to obtain Full Quotations from the Eligible Bidders with respect to the relevant Valuation Date.
- (b) If the Calculation Agent is unable to obtain from Eligible Bidders at least two Full Quotations on the Valuation Date, then the Calculation Agent shall attempt to obtain Full Quotations from all Eligible Bidders on each subsequent Business Day or until the date on which at least two Full Quotations are obtained.
- (c) If the Calculation Agent is unable to obtain from Eligible Bidders two Full Quotations on or before the third Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain (a) Full Quotations from

all Eligible Bidders and (b) (from the Counterparty and/or Dealers only) a Weighted Average Quotation.

- (d) If the Calculation Agent is unable to obtain two Full Quotations from Eligible Bidders or (from the Counterparty and/or Dealers) a Weighted Average Quotation on or before the 10th Business Day following the Valuation Date, then the Calculation Agent shall on each subsequent Business Day attempt to obtain either (a) one Full Quotation from all Eligible Bidders or (b) (from the Counterparty and/or Dealers) a Weighted Average Quotation.
- (e) If the Calculation Agent is unable to obtain one Full Quotation from an Eligible Bidder or (from the Counterparty and/or Dealers) a Weighted Average Quotation in the period from and including the eleventh Business Day following the Valuation Date to and including the 15th Business Day following the Valuation Date, the Portfolio Final Price shall be deemed to be zero.

"Potential Cash Settlement Event" means an event beyond the control of the Issuer and/or the Counterparty (including, without limitation, failure of the relevant clearance system; or the non-receipt of any requisite consent from a Reference Entity, any agent or any trustee; or due to any law, regulation or court order or any contractual, statutory and/or regulatory restriction relating to the relevant Deliverable Obligation, or due to the failure of the Noteholder to give the Issuer details of accounts for settlement; or a failure of the Noteholder to open or procure the opening of such accounts or if the Noteholders are unable to accept Delivery of the Portfolio for any other reason).

"Potential Failure to Pay" means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement (if any) under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

"Potential Repudiation/Moratorium" means the occurrence of an event described in clause (i) of the definition of "Repudiation/Moratorium".

"Proceeds" means either (i) the price at which the Charged Assets are liquidated on or about the Event Determination Date expressed as a percentage of the Notional Amount (or, as the case may be, the relevant portion thereof) or (ii) in the event that the Charged Assets have been redeemed, the proceeds expressed as a percentage of the Notional Amount (or, as the case may be, the relevant portion thereof) and, in each case, including any interest accrued thereon.

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

"Publicly Available Information" means information that reasonably confirms any of the facts relevant to the determination that the Credit Event or Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which (a) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; **provided that**, if the Counterparty or any of its Affiliates is cited as the sole source of such information, then such

information shall not be deemed to be Publicly Available Information unless the Counterparty or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (b) is information received from or published by (i) a Reference Entity that is not a party to the relevant Swap Agreement (or a Sovereign Agency in respect of a Reference Entity which is a Sovereign) or (ii) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation, (c) is information contained in paragraph (d) of the definition of "Bankruptcy" against or by a Reference Entity or (d) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body. With respect to a credit derivative transaction evidenced by the relevant Swap Agreement for which the Counterparty is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation and (ii) a holder of the Obligations with respect to which a Credit Event has occurred, the Counterparty shall be required to deliver an Officer's Certification. In relation to any information of any type described in (b), (c) and (d) above, the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information the party receiving such information. Publicly Available Information need not state:

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

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

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

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

- (a) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.

- (b) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the Issue Terms, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (c) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the Issue Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (d) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (e) The terms "Outstanding Principal Balance" and "Due and Payable Amount" (as they are used in the Conditions), when used in connection with Qualifying Guarantees are to be interpreted to be the then "Outstanding Principal Balance" or "Due and Payable Amount", as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

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

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

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

- (a) the Obligation Category "Borrowed Money" and the Obligation Category and Deliverable Obligation Category "Bond" shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category "Bond" shall be deemed

to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in the Credit Derivatives Definitions in respect of such an Insured Instrument shall be construed accordingly;

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

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

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

and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

- (b)
 - (i) If "Include Accrued Interest" is specified in the Issue Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
 - (ii) if "Exclude Accrued Interest" is specified in the Issue Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
 - (iii) if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Issue Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

"Quotation Amount" means:

- (a) with respect to a Reference Obligation, the amount specified in the Issue Terms (which may be specified by reference to an amount in a currency or by reference to Representative Amount) or, if no amount is so specified, the Reference Amount (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);
- (b) with respect to each type or issue of Deliverable Obligation to be Delivered on the Physical Settlement Date, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Deliverable Obligation; and
- (c) with respect to each type or issue of Undeliverable Obligation, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (i) above) of such Undeliverable Obligation.

"Reference Amount" has the meaning given to it in Condition CL2(e) (*Credit Event Terms*) of the Credit Linked Notes Conditions Module and shall be as set out in the Issue Terms and is also referred to as the **"Floating Rate Payer Calculation Amount"**.

"Reference Entity" or **"Reference Entities"** means the reference entity or reference entities specified in the Swap Agreement. Any Successor to a Reference Entity either (a) as described in the definition of "Successor" or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the relevant credit derivative transaction as evidenced by the relevant Swap Agreement, the terms of which as may be modified pursuant to Condition CL10 (*Succession Event Applicable*).

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

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

"Reference Obligations Portfolio" means with respect to each Reference Entity, one or more types or issues of Reference Obligations selected by the Calculation Agent with, in the aggregate, an Outstanding Principal Balance (or the equivalent thereof, converted in accordance with the Swap Agreement) not in excess of the Floating Rate Payer Calculation Amount specified in the Issue Terms for such Reference Entity.

"Reference Price" means the percentage specified as such in the Issue Terms or, if a percentage is not so specified, one hundred per cent.

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

"Relevant Obligations" means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

"Relevant Valuation Date" means the Settlement Valuation Date, Valuation Date, Final Valuation Date or Undeliverable Loan Valuation Date, as the case may be.

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

"Repudiation/Moratorium" means the occurrence of both of the following events: (i) an authorised officer of a Reference Entity or a Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (b) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement and (ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

"Repudiation/Moratorium Evaluation Date" means, if a Potential Repudiation/ Moratorium occurs on or prior to the Scheduled Termination Date, determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential

Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Termination Date unless the Repudiation/Moratorium Extension Condition is satisfied. If (i) the Repudiation/Moratorium Extension Condition is satisfied and (ii) an Event Determination Date in respect of that Repudiation/Moratorium does not occur on or prior to the final day of the Notice Delivery Period, the later of the Scheduled Termination Date and the Repudiation/Moratorium Evaluation Date will be the Maturity Date (even if a Repudiation/Moratorium occurs after the Scheduled Termination Date).

"Repudiation/Moratorium Extension Condition" means the condition that is satisfied (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Date, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for purposes of the relevant credit derivative transaction as evidenced by the relevant Swap Agreement has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (ii) otherwise, by the delivery by the Notifying Party to the other party of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Termination Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Termination Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium for purposes of the relevant credit derivative transaction as evidenced by the relevant Swap Agreement with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the relevant credit derivative transaction as evidenced by the relevant Swap Agreement has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

"Repudiation/Moratorium Extension Notice" means an irrevocable notice (which may be by telephone) from the Counterparty to the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent that describes a Potential Repudiation/Moratorium that occurred on or after the Issue Date and on or prior to the Scheduled Termination Date. A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective. A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices set out in Condition CL3(f) (*Notices*).

"Required Notional Amount" means, following an Event Determination Date, a nominal amount of the Charged Assets such that the sale proceeds thereof (at the Charged Assets Market Value as

determined by the Calculation Agent) equal to the sum of (a) the relevant Payable Cash Settlement Amount minus, (b) the relevant Swap Settlement Amount plus (c) any costs and expenses associated with such sale provided that where the Required Notional Amount as so determined would exceed the then outstanding principal amount of the Charged Assets, Required Notional Amount shall mean the outstanding principal amount of the Charged Assets.

"Required Notional Amount Determination Date" means, following an Event Determination Date, a day determined by the Calculation Agent in its absolute discretion being no earlier than the relevant Valuation Date and no later than the first Business Day prior to the relevant Cash Settlement Date.

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

"Restructured Bond or Loan" means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

"Restructuring" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:
 - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
 - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
 - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
 - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
 - (i) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - (ii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) due to an administrative adjustment, accounting adjustment or tax

adjustment or other technical adjustment occurring in the ordinary course of business; and

- (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity or, in the case of Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy.
- (c) For purposes of (a) and (b) above and (d) below, the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the Issue Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) shall continue to refer to the Reference Entity.
- (d) Unless Multiple Holder Obligation is specified as not applicable in the Issue Terms, then, notwithstanding anything to the contrary in (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (e) For the purposes of (a), (b) and (d) above, the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in (a) above shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.
- (f) In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of the second paragraph of the definition of "Qualifying Guarantee" will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
 - (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in the Credit Derivatives Definitions in respect of such an Insured Instrument shall be construed accordingly;
 - (ii) references in the definitions of Assignable Loan and Consent Required Loan to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively;
 - (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or

Matured, whether or not that characteristic is otherwise specified as applicable in the Issue Terms;

- (iv) if the Assignable Loan, Consent Required Loan or Transferable Deliverable Obligation Characteristics are specified in the Issue Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument;
- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term "outstanding principal balance" shall mean the outstanding Certificate Balance and "maturity", as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur; and
- (vi) for the avoidance of doubt, sub-paragraph (ii) in the second paragraph of the definition of "Qualifying Guarantee" shall not be construed to apply to Qualifying Policies and Insured Instruments.

"Restructuring Date" means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

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

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

"Revised Currency Rate" means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time or (b) if such rate is not available at such time, by the Calculation Agent in a commercially reasonable manner after consultation with the parties.

"Rounding Proceeds" means, where the Required Notional Amount is not an integral multiple of the authorised denomination of the Charged Assets, the proceeds of sale of the Charged Assets corresponding to the amount by which the Required Notional Amount was rounded up to the Sale Notional Amount, as may be converted into the Currency of Issue (if different) at a rate to be determined by the Calculation Agent in its sole discretion.

"Rules" means the Credit Derivatives Determination Committees Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"Sale Notional Amount" means the Required Notional Amount or, where the Required Notional Amount of the Charged Assets as determined by the Calculation Agent is not an integral multiple of the authorised denomination of the Charged Assets, the nearest integral multiple of the authorised denomination of the Charged Assets to which the Required Notional Amount shall be rounded up by the Calculation Agent.

"Scheduled Termination Date" means the date specified as such in the related Swap Agreement. The Scheduled Termination Date shall not be subject to adjustment in accordance with any Business Day Convention unless the parties specify in a Swap Agreement that the Scheduled Termination Date will be adjusted in accordance with a specified Business Day Convention.

"Settlement Currency" means the currency specified in the Issue Terms or, if no currency is so specified, the currency of denomination of the Reference Amount.

"Settlement Date" means the Auction Settlement Date, the Cash Settlement Date or the Physical Settlement Date, as applicable.

"Settlement Method" if (a) "Auction Settlement" is specified as the Settlement Method in the related Issue Terms, Auction Settlement, (b) "Cash Settlement" is specified as the Settlement Method in the related Issue Terms or is deemed to be applicable, Cash Settlement, (c) "Physical Settlement" is specified as the Settlement Method in the related Issue Terms, Physical Settlement.

"Settlement Valuation Date" means the date being two Business Days prior to the Physical Settlement Date or if earlier the actual date designated for Delivery.

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

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

"Sovereign Restructured Deliverable Obligation" means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the Issue Terms, and, subject as set out in the definition of "Deliverable Obligation Category", having each of the Deliverable Obligation Characteristics, if any, specified in the Issue Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

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

"Stamp Tax" means any stamp, registration, documentation or similar tax.

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

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

- (a) In the event that (i) a Reference Obligation is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation is an Underlying Obligation or Insured Instrument, as the case may be, with a Qualifying Guarantee or Qualifying Policy, as the case may be, of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and of such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the parties to the relevant credit default swap transaction comprised within the Swap Agreement and (3) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy or, if All Guarantees is specified as applicable in the Issue Terms, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction comprised within the Swap

Agreement, any of the events set forth under (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.

- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction comprised within the Swap Agreement, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction comprised within the Swap Agreement, any of the events set forth under (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations, or (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to the relevant credit default swap transaction comprised within the Swap Agreement, any of the events set forth under section (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (A) either (I) "Cash Settlement" is specified as the Settlement Method in the related Swap Agreement (or is applicable pursuant to the Fallback Settlement Method) and the Cash Settlement Amount is determined by reference to a Reference Obligation or (II) either "Auction Settlement" or "Physical Settlement" is specified as the Settlement Method in the related Swap Agreement (or, in the case of Physical Settlement, is applicable pursuant to the Fallback Settlement Method) and, in each case, the Reference Obligation is the only Deliverable Obligation and (B) on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement) Tokyo time)), a Substitute Reference Obligation has not been identified, the parties' obligations to each other under such credit derivative transaction shall cease as of the end of the day on the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).
- (f) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

"Succession Event" means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to

such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo Time)).

"Succession Event Backstop Date" means (A) for purposes of any event that constitutes a Succession Event for purposes of the relevant credit derivative transaction as evidenced by the relevant Swap Agreement, as determined by DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or (B) otherwise, the date that is 90 calendar days prior to the earlier of (I) the date on which the Succession Event Notice is effective and (II) in circumstances where (1) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in Sections (i) and (ii) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (2) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (3) the Succession Event Notice is delivered by one party to the other party not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless the parties specify in the Swap Agreement that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

"Succession Event Resolution Request Date" means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve: (i) whether an event that constitutes a Succession Event for purposes of the relevant credit derivative transaction as evidenced by the relevant Swap Agreement has occurred with respect to the relevant Reference Entity; and (ii) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event, the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"Succession Event Notice" means an irrevocable notice from a party to a credit derivative transaction evidenced by the relevant Swap Agreement (which may be in writing (including by facsimile and/or email) and/or by telephone) to the other party and the Calculation Agent that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, pursuant to the definition of "Successor" of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s). A Succession Event Notice shall be subject to the requirements regarding notices set forth in Condition CL3 (*Notices*).

"Successor" means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set out below:
 - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
 - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;
 - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor, and the credit derivative transaction as evidenced by the relevant Swap Agreement will be divided in accordance with Condition CL10 (*Succession Event Applicable*) of the Credit Linked Notes Conditions Module;
 - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor, and the credit derivative transaction as evidenced by the relevant Swap Agreement will be divided in accordance with Condition CL10 (*Succession Event Applicable*) of the Credit Linked Notes Conditions Module;
 - (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the credit derivatives transaction evidenced by the Swap Agreement will not be changed in any way as a result of the Succession Event; and
 - (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor;
 - (vii) in relation to a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity.

- (b) In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the relevant Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set out in (a)(i) to (vi) above have been met, or which entity qualifies under (a)(vi) above, as applicable; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described this definition of "Successor", and in section (i) and (ii)(A) of the definition of "Successor Event Resolution Request Date" are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the relevant credit derivative transaction as evidenced by the relevant Swap Agreement has occurred. In calculating the percentages used to determine whether the relevant thresholds set out in (a) above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall notify the Issuer, the Counterparty and the Trustee of such calculation.
- (c) In the case of (b) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under this subsection (c); provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in this definition of "Successor" are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the relevant credit derivative transaction has occurred.
- (d) For the purposes of this definition of "Successor", "succeed" means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor or insurer with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to (a) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (e) Where:

- (i) a Reference Obligation with respect to a Reference Entity is specified in the Issue Terms; and
- (ii) one or more Successors to the Reference Entity have been identified; and
- (iii) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "Substitute Reference Obligation".

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

"Swap Settlement Amount" means the termination amount (if any), in the Currency of Issue unless otherwise specified in the Issue Terms, (a) that would have been payable by the Issuer to the Counterparty in respect of the early termination of a proportion of the interest rate and/or cross-currency derivative transaction (including, without limitation, caps and floors) described in Section B of the Swap Agreement (expressed as a negative number) equal to the Credit Event Portion of the Notes expressed as a percentage of the initial aggregate principal amount of the Notes or (b) that would have been payable to the Issuer by the Counterparty in respect of the early termination of a proportion of the interest rate and/or cross-currency derivative transaction (including, without limitation, caps and floors) described in Section B of the Swap Agreement (expressed as a positive number) equal to the Credit Event Portion of the Notes expressed as a percentage of the initial aggregate principal amount of the Notes, as determined by the Calculation Agent on the basis of a hypothetical swap agreement on such date as the Counterparty may determine (which may be on the Event Determination Date) without taking into account the consequences of the occurrence of the relevant Event Determination Date.

"Trade Date" means the date on which the parties enter into the credit derivative transaction, as specified in the related Swap Agreement.

"Transaction Auction Settlement Terms" means with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the relevant credit derivative transaction as evidenced by the relevant Swap Agreement would be an Auction Covered Transaction.

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

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds,

and, if specified as applicable to a Deliverable Obligation Category, the Transferable Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are not Loans.

"Upper Band" means the amount in the currency specified in the Issue Terms.

"Undeliverable Loan Date" has the meaning given to it in Condition CL8 (*Physical Settlement*).

"Undeliverable Loan Valuation Date" has the meaning given to it in Condition CL8 (*Physical Settlement*).

"Undeliverable Obligation" has the meaning given to it in Condition CL8 (*Physical Settlement*).

"Valuation Date" means the date that is the number of calendar days or Business Days (as specified in the Issue Terms) after all of the Conditions to Settlement have been satisfied (or in the case of a Basket Cash CLN or Portfolio CLN, each date on which all of the Conditions to Settlement have been satisfied) or, if no date is so specified, the date that is five Business Days after the Conditions to Settlement have been satisfied or if "Cash Settlement" is applicable pursuant to the Fallback Settlement Method, the date that is 5 Business Days following any Auction Cancellation Date or any No Auction Announcement Date, if later.

"Valuation Time" means the time specified in the Issue Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be.

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

"Weighted Average Quotation" means, in accordance with the bid quotations provided by the Eligible Bidders, the weighted average of firm quotations obtained from Eligible Bidders at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (in the case of Deliverable Obligations only, but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

STATUTORY PROVISIONS

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

AMENDMENTS

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

SCHEDULES

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

reference to a Transaction Document or Conditions Module shall include any such Schedule, Appendix or Exhibit.

HEADINGS

Headings in any Transaction Document or Conditions Module and herein are for ease of reference only.

NUMBER

In any Transaction Document or Conditions Module and herein, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

SUCCESSORS

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

BUSINESS DAY CONVENTION

In the event that the last day of any period calculated by reference to calendar days in the Credit Linked Notes Conditions Module falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Business Day Convention for the purposes of payment and accrual, unless otherwise specified in the Issue Terms.

CALCULATION AGENT

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

MISCELLANEOUS

In each Transaction Document or Conditions Module, unless the contrary intention appears, a reference to:

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

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

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

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

DESCRIPTION OF UNICREDIT LONDON INVESTMENTS LTD.¹

General

The Initial Issuer was incorporated under the Companies Act 1985 as a private company limited by shares on 21 July 2000 under the name Tai Tam Limited and registered in England and Wales under registered number 04041202. On 13 October 2008, the Initial Issuer changed its name to UniCredit Finance and Investments Limited and on 13 May 2009, changed its name to UniCredit London Investments Ltd.

The registered office and business address of UniCredit London Investments Ltd. is Moor House, 120 London Wall, London, EC2Y 5ET, telephone number 020 77826 1000.

Share Capital

The authorised share capital of UniCredit London Investments Ltd. is €100 divided into 100 Ordinary Shares of €1 each ("**Shares**" and each a "**Share**").

UniCredit London Investments Ltd. has issued 100 Shares, all of which are fully paid and are held by UniCredit Bank AG.

Business

So long as any of the Notes issued by UniCredit London Investments Ltd. remain outstanding, UniCredit London Investments Ltd. will be subject to the restrictions set out in Condition 18 of the Notes and each Trust Instrument. Furthermore, so long as any of the Notes remain outstanding, UniCredit London Investments Ltd. will not, without the written consent of the Trustee (which may only be given if the Trustee is so directed by the Instructing Creditor (if the Instructing Creditor is the Noteholders, by the holders of more than 20 per cent. of the aggregate Outstanding Principal Amount of the Notes then outstanding or by an Extraordinary Resolution of such Noteholders)) and the Trustee shall have been indemnified and/or secured to its satisfaction) and the Counterparty (if any) (A) engage in any activity or do anything whatsoever, except (i) issue or enter into, as applicable Notes, and/or, as the case may be, Alternative Investments (the terms of which may be governed by a law or laws other than English law) subject to a maximum aggregate principal amount outstanding at any time of EUR 10,000,000,000 (or its equivalent in other currencies) (ii) acquire and own Charged Assets or any assets used to secure any Debt Investments and exercise its rights and perform its obligations in respect thereof (iii) enter into and perform its obligations under the Transaction Documents (iv) enforce any of its rights under the Transaction Documents, any Notes or the Secured Property relating to any Series as permitted by (B) below and (v) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange agreement in connection with the issue of Notes; (B) have any Subsidiaries except, if UniCredit London Investments Ltd. has issued rated Notes, after having given prior written notice to the relevant Rating Agency and, in any event, only Subsidiaries (i) which are wholly owned by UniCredit London Investments Ltd. (ii) whose share capital is fully paid up by UniCredit London Investments Ltd. (iii) whose activities are limited to the same extent as those of UniCredit London Investments Ltd. under the Trust Instrument (including, without limitation, the terms of any Notes or other debt instruments issued or loans entered into, by such Subsidiary being required to be on substantially the same terms as those of the Notes) and (iv) in respect of whose activities UniCredit London Investments Ltd. will have no liability; (C) subject to (A) above, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in

¹ UniCredit to confirm / update, as appropriate.

accordance with Condition 9 (*Purchases*)); (D) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Secured Property other than the Security Interests in respect of all Series of Notes of UniCredit London Investments Ltd.; (E) have any employees; (F) declare any dividends or make any distributions of any other kind, save for such dividends and/or distributions which are paid out of the proceeds of realisation of the Secured Property or any other proceeds in relation to any Series of Notes after the Issuer's obligations to the Noteholders and any other secured creditors in relation to such Series of Notes have been discharged in full; (G) issue any further shares, save for shares in the Issuer issued to any other member of the UniCredit Group; (H) commingle its assets with the assets of any other person or entity; (I) in respect of any Series of Notes, enter into any cross default or cross collateralisation arrangements referencing any other Series of Notes; (J) take any action which would lead to the dissolution, liquidation or winding up of, or the appointment of an examiner to, itself or to the amendment of its constitutional documents; (K) in the case of Notes that are rated, subject to such requirements (if any) as are specified in the Trust Instrument of notification to and confirmation from the Rating Agency or Rating Agencies (if any) specified in the Issue Terms, consolidate or merge with any other person, or convey or transfer its properties or assets substantially as an entirety to any person; or (L) perform such other activities as are expressly restricted in the Trust Instrument.

The Notes issued by UniCredit London Investments Ltd. are obligations of UniCredit London Investments Ltd. alone and are not obligations of, or guaranteed in any way by, the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, any other member of the the UniCredit Group, the Arranger, the Counterparty or any Agent.

Save as disclosed herein, there has been no significant change in the financial or trading position of UniCredit London Investments Ltd. and no material adverse change in the financial position or prospects of UniCredit London Investments Ltd. since the date of its incorporation.

Directors and Company Secretary

The Directors and Company Secretary of UniCredit London Investments Ltd. are as follows:

<i>Name</i>	<i>Address</i>	<i>Occupation</i>	<i>Director/Company Secretary</i>
Vincent Falk	Moor House, 120 London Wall London EC2Y 5ET United Kingdom	Accountant	Director
Rosalyn Ann Shelmerdine	Moor House, 120 London Wall London EC2Y 5ET United Kingdom	Accountant	Director and Company Secretary
Michael Woodman	Moor House, 120 London Wall London EC2Y 5ET United Kingdom	Banker	Director

Employees

UniCredit London Investments Ltd. has no employees.

Financial Statements

The financial year of UniCredit London Investments Ltd. is the calendar year save that the first financial year was from the date of incorporation to 31 December 2000. UniCredit London Investments Ltd. has published its audited financial statements in respect of the periods ending on 31 December 2009 and 31 December 2010, copies of which have been submitted to the Registrar of Companies in England and Wales and the Irish Stock Exchange and are available for inspection as described under "*General Information*" below. UniCredit London Investments Ltd. will not prepare interim financial statements.

Each year, a copy of the audited financial statements of UniCredit London Investments Ltd. together with the report of the directors and the auditors thereon is required to be filed with the Registrar of Companies in England and Wales and the Irish Stock Exchange within 10 months after the end of the relevant accounting reference period and is available for inspection. The profit and loss account and balance sheet can be obtained free of charge from the specified office of the Principal Paying Agent. UniCredit London Investments Ltd. must hold an annual general meeting in each calendar year and the gap between its annual general meetings must not exceed 15 months.

The auditors of UniCredit London Investments Ltd. are KPMG Audit Plc, 8 Salisbury Square, London, EC4Y8BB, United Kingdom who are members of the Institute of Chartered Accountants in England and Wales.

UniCredit London Investments Ltd. has commenced operations in connection with the Programme. It has entered into a number of contracts in connection with the establishment of the Programme and the issue of the Notes and for no other purpose other than in relation to the provision of administrative, secretarial, legal, audit and tax services to it.

No Material Adverse Change

Since the date of its incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of UniCredit London Investments Ltd.

TAXATION

United States Taxation

The relevant Issue Terms relating to any U.S. Series will set out information regarding the United States federal income tax treatment of any such Notes.

U.S. persons considering the purchase of the Notes should consult their own tax advisers concerning the application of United States federal income tax laws to their particular situations as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdictions.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on the current law and the practice of Her Majesty's Revenue and Customs ("**HMRC**"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Issue Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Interest on Notes issued for a term of less than one year (and which are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by an Issuer without withholding or deduction for or on account of United Kingdom income tax.

Interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by an Issuer without withholding or deduction for or on account of United Kingdom income tax except in circumstances where such interest has a United Kingdom source. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("**UK interest**") may be paid by an Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of

which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the main market of that exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available, following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Provision of Information

Holders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by an Issuer or any person in the United Kingdom acting on behalf of the relevant issuer (a "paying agent"), or is received by any person in the United Kingdom acting on behalf of the relevant Holder (other than solely by clearing or arranging the clearing of a cheque) (a "collecting agent"), then an Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to the HMRC details of the payment and certain details relating to the Holder (including the Holder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Holder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, "interest" should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute "deeply discounted securities" for the purposes of section 18 of the Taxes Management Act 1970 (although in this regard HMRC published guidance for the year 2011/2012 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

EU Savings Directive

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 or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. 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. Belgium has replaced this withholding tax with a regime of exchange of information to the Member State of residence as from 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident 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 dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Other Matters

1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in paragraphs 1-5 above, but may be subject to reporting requirements as outlined in paragraphs 6-8 above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
3. Where interest has been paid under deduction of United Kingdom income tax, Holders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account any difference definitions of "interest" or principal which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.
5. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to the Condition of the Notes or otherwise and does not consider the tax consequences of any such substitution.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Issue Terms applicable to any Series may modify, amend or supplement the restrictions set out herein. Unless otherwise specified in the relevant Issue Terms, the following selling restrictions shall apply:

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Sale Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Restrictions with respect to Notes in bearer form

Notes issued in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

If TEFRA C is specified in the Issue Terms relating to the relevant Series, each relevant Dealer understands that, under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C) (the "**C Rules**"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each relevant Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, the relevant Dealer represents and undertakes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the relevant Dealer or the prospective purchaser is within the United States or its possessions or otherwise involves a U.S. office of the relevant Dealer in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the C Rules.

If TEFRA D is specified in the Issue Terms relating to the relevant Series:

- (a) Each relevant Dealer agrees that, except to the extent permitted under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D) (the "**D Rules**"), (i) it has not offered or sold, and during the restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its

possessions or to a United States person, and (ii) it has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period.

- (b) Each relevant Dealer represents and agrees that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules.
- (c) Each relevant Dealer that is a United States person represents that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and that if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D)(6).
- (d) Each relevant Dealer agrees that, with respect to each affiliate of a relevant Dealer that acquires from it or from another Dealer Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (i) repeats and confirms the representations and agreements contained in sub paragraphs (a), (b), and (c) above on its behalf or (ii) will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in subparagraphs (a), (b) and (c) above.
- (e) Each relevant Dealer represents and agrees that it will obtain from any distributor (within the meaning of U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D)(ii)) that purchases any of the Notes from one or more of the Dealers (except a distributor who is an affiliate of such Dealer), for the benefit of the Issuer and such Dealer, an agreement to comply with the provisions, representations and agreements contained in this paragraph, as if such distributor were a Dealer hereunder.
- (f) Terms used in sub paragraphs (a) to (e) above have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

Each issuance of Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree, as indicated in the relevant Issue Terms.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes 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 Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those 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, all in accordance with the Prospectus Directive, and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR43,000,000 and (3) an annual net turnover of more than EUR50,000,000, all as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer 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 "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented, warranted and agreed that:

No deposit-taking: in relation to any Notes having 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:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer; and

General compliance: 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.

General

Each Dealer has agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each country or jurisdiction in which it purchases, offers, sells

or delivers Notes or possesses or distributes this Base Prospectus or any Issue Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and an Issuer shall not have any responsibility therefore.

Neither an Issuer nor any Dealer has represented that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series of Notes, each Dealer will be required to comply with such other additional restrictions as the relevant Issuer and each Dealer shall agree and as shall be set out in the relevant Issue Terms.

GENERAL INFORMATION

Authorisation

1. The issuance of this Base Prospectus was duly authorised by a resolution of the Board of Directors dated on or about 17 May 2011.

Documents Available

For so long as the Notes of any Series issued by UniCredit London Investments Ltd. remain outstanding or Notes may be issued under the Programme by UniCredit London Investments Ltd., copies of the following documents (together with any other documents specified in the relevant Issue Terms) will, when published (to the extent applicable), be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) in physical form at the registered office of the Issuer and from the specified offices of the Paying Agents, Registrar and Transfer Agents (if any) in respect of such Notes:

- (i) the Memorandum and Articles of Association of UniCredit London Investments Ltd.;
- (ii) the Trust Instrument relating to each issue of Notes issued by UniCredit London Investments Ltd. (and the documents incorporated therein, including, *inter alia*, the Agency Agreement, the Charged Agreements and the Sale Agreement) (save that any such document relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to UniCredit London Investments Ltd. and the Paying Agent as to its holding of Notes and identity);
- (iii) a copy of this Base Prospectus and any Issue Terms (save that any such document relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to UniCredit London Investments Ltd. and the Paying Agent as to its holding of Notes and identity) in respect of an issue of Notes by UniCredit London Investments Ltd.;
- (iv) any future information memoranda, prospectus, offering circulars and supplements including the Issue Terms (save that any such documents relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to UniCredit London Investments Ltd. and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus;
- (v) the audited financial statements of UniCredit London Investments Ltd. in respect of the financial years ended 31 December 2010 and 31 December 2009, in each case together with the auditor's reports prepared in connection therewith. UniCredit London Investments Ltd. will not produce interim financial statements; and
- (vi) such other documents (if any) as may be required by the rules of any stock exchange on which any Note is at the relevant time listed in respect of UniCredit London Investments Ltd.

Clearing Systems

The Notes issued by an Issuer will be accepted for clearance through Euroclear and Clearstream, Luxembourg (unless otherwise specified in the relevant Issue Terms). The appropriate Common Code and ISIN for each Series allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Issue Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Issue Terms.

Significant or Material Change

There has been no significant change in the financial or trading position of UniCredit London Investments Ltd. and no material adverse change in the financial position or prospects of UniCredit London Investments Ltd. since its date of incorporation.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which UniCredit London Investments Ltd. is aware) in the 12 months preceding the date of this document which may have or have had a significant effect on the financial position or profitability of UniCredit London Investments Ltd.

Post Issuance Information

The Initial Issuer will not provide post-issuance information on the Notes or the Charged Assets.

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