

Titanium Capital Public Limited Company
(incorporated with limited liability in Ireland under registered number 380372)
U.S.\$50,000,000,000
Limited Recourse Secured Debt Issuance Programme

Titanium Capital Public Limited Company (the "**Issuer**") may from time to time issue Securities and enter into Alternative Investments (together with the Securities, the "**Debt Investments**") under its U.S.\$50,000,000,000 Limited Recourse Secured Debt Issuance Programme (the "**Programme**"). Securities will be issued to the Dealers specified below, and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific Series of Securities or on an ongoing basis. Such Debt Investments may be denominated in any currency agreed between the Issuer and any relevant dealer(s) (each a "**Dealer**" and together the "**Dealers**") as specified in the relevant issue terms (the "**Issue Terms**"), the initial Dealer in respect of the Programme being Merrill Lynch International.

The maximum aggregate nominal amount of all Debt Investments from time to time outstanding and that the Issuer is permitted to incur will not exceed U.S.\$50,000,000,000 (or its equivalent in other currencies), subject to increase from time to time.

This Information Memorandum (the "**Information Memorandum**") constitutes a base prospectus issued in compliance with Directive 2003/71/EC (the "**Prospectus Directive**") as amended (which includes the amendments made by Directive 2010/73/EU to the extent such amendments have been implemented in a relevant Member State of the European Economic Area and relevant laws of Ireland).

This Information Memorandum has been prepared for use only in connection with Securities issued by the Issuer.

The Information Memorandum has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Information Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to a regulated market 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.

Application will be made to the Irish Stock Exchange for Securities issued under the Programme during the 12 months from the date of this Information Memorandum to be admitted to the Official List (the "**Official List**") and trading on its regulated market. Securities 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 Securities will be listed on the Irish Stock Exchange. The Issuer may also issue unlisted Securities and/or Securities not admitted to trading on any market.

The Central Bank in its capacity as competent authority has only approved this Information Memorandum in relation to Securities which are to be listed on the Irish Stock Exchange or any other EU Regulated Market and the Central Bank has neither reviewed nor approved this Information Memorandum in relation to any unlisted Securities. This Information Memorandum has been filed with and approved by the Central Bank as required by the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations") and filed with the Irish Companies Registration Office in accordance with Regulation 38(1)(b) of the Prospectus Regulations.

References in this Information Memorandum to Securities being listed in Ireland (and all related references) shall mean that such Securities 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 Information Memorandum to "**Irish Stock Exchange**" (and all related references) shall mean the regulated market of the Irish Stock Exchange.

Securities may be issued in bearer or registered form and may be represented by one or more Global Securities or by Individual Certificates, in each case as specified in the relevant Issue Terms.

Claims of the Securityholders and the Counterparty (if any) of each Series will be limited in recourse to the Mortgaged Property relating to such Series (see "Risk Factors - Limited recourse" on page 20).

Selling and transfer restrictions will apply to any offer or sale of Securities 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 Information Memorandum and/or in the relevant Supplemental Information Memorandum.

The Securities forming part of a U.S. Series have not been registered under the Securities Act and may not be offered or sold in the United States or to U.S. Persons unless such Securities are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The Securities forming part of a Non-U.S. Series have not been registered under the Securities Act and may not be offered or sold in the United States or to U.S. Persons or to persons who are not Non-United States Persons (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Pursuant to an exemption from the Commodity Futures Trading Commission (the "CFTC") in connection with pools whose participants are limited to Qualified Eligible Persons (as defined in CFTC Rule 4.7 under the Commodity Exchange Act of 1936, as amended), an offering memorandum for this pool is not required to be, and has not been, filed with the CFTC. The CFTC does not pass upon the merits of participating in a pool or upon the adequacy or accuracy of an offering memorandum. Consequently, the CFTC has not reviewed or approved this offering or any offering memorandum for this pool.

Prospective investors should be aware of the risks involved in investing in the Securities (see "*Risk Factors*" on page 19 and, where applicable, the relevant Supplemental Information Memorandum).

This Information Memorandum replaces and supersedes the Information Memorandum dated 6 November 2012.

Arranger and Dealer
Merrill Lynch International

The date of this Information Memorandum is 4 November 2013.

Capitalised terms used in this Information Memorandum shall have the meanings given to them in this Information Memorandum (which are defined on the relevant page(s) of this Information Memorandum as set out in "***Index of Defined Terms***") or, as the case may be, in the relevant Supplemental Information Memorandum.

This Information Memorandum comprises a Base Prospectus for the purposes of the Prospectus Directive.

This Information Memorandum should be read in conjunction with the relevant Supplemental Information Memorandum setting out the specific terms (including the relevant Issue Terms) for each Series of Securities which Supplemental Information Memorandum incorporates by reference this Information Memorandum. Each Supplemental Information Memorandum shall comprise a Prospectus for the purposes of the Prospectus Directive.

Neither the Trustee nor any Dealer has or will have separately verified the information contained herein or in any Supplemental Information Memorandum. 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 Trustee or any Dealer as to the accuracy or completeness of the information contained in this Information Memorandum or in any Supplemental Information Memorandum or any other information provided by the Issuer in connection with the Programme or the Securities or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under the Programme.

The delivery of this Information Memorandum or any Supplemental Information Memorandum does not at any time imply that the information contained herein or therein concerning the Issuer 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 Information Memorandum has been prepared for the purpose of providing information with regard to the Issuer and the Securities. The Issuer (the "**Responsible Person**") accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition to the Issuer, Merrill Lynch International accepts responsibility for the information contained in the section entitled "***Description of Merrill Lynch International***". To the best of the knowledge and belief of Merrill Lynch International (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition to the Issuer, Merrill Lynch International Bank Limited, accepts responsibility for the information contained in the section entitled "***Description of Merrill Lynch International Bank Limited***". To the best of the knowledge and belief of Merrill Lynch International Bank Limited (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition to the Issuer, Bank of America, N.A., accepts responsibility for the information contained in the section entitled "***Description of Bank of America, N.A.***". To the best of the knowledge and belief of Bank of America, N.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition to the Issuer, Banc of America Securities Limited, accepts responsibility for the information contained in the section entitled "***Description of Banc of America Securities Limited***". To the best of the knowledge and belief of Banc of America Securities Limited (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

In addition to the Issuer, Bank of America Corporation, accepts responsibility for the information contained in the section entitled "***Description of Bank of America Corporation***". To the best of the knowledge and belief of Bank of America Corporation (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer has only made very limited queries with regards to the accuracy and completeness of the information under the sections entitled "***Description of Merrill Lynch International***", "***Description of Merrill Lynch International Bank Limited***", "***Description of Bank of America, N.A.***", "***Description of Banc of America***".

Securities Limited" and *"Description of Bank of America Corporation"* in this Information Memorandum (the **"Third Party Information"**). This information has been accurately reproduced from publicly available information identified by the relevant entities and, so far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading – please see <http://investor.bankofamerica.com>. Prospective investors in the Securities should not rely upon, and should make their own independent investigations and enquires in respect of, the accuracy and completeness of the Third Party Information.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and any Supplemental Information Memorandum and the offer or sale of Securities may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the relevant Dealer(s) do not and will not represent that this Information Memorandum or any Supplemental Information Memorandum may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or any Dealers (save as specified in the relevant Supplemental Information Memorandum) which is intended to permit a public offering of the Securities or distribution of this Information Memorandum or any Supplemental Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither this Information Memorandum nor any Supplemental Information Memorandum 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 Information Memorandum, any Supplemental Information Memorandum or any Securities come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Information Memorandum and any Supplemental Information Memorandum and the offer or sale of Securities in the United States, the European Economic Area (including the United Kingdom and Ireland) and Japan (see *"Subscription and Sale and Transfer Restrictions"* on page 175 below).

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Consequently, the Securities forming part of a U.S. Series may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (**"Regulation S"**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and the Securities forming part of a Non-U.S. Series may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). The Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Information Memorandum or any Supplemental Information Memorandum. Any representation to the contrary is a criminal offence in the United States. Prospective purchasers of Securities that are QIBs are hereby notified that the seller of such Securities may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereof. In addition, the Issuer has not been and will not be registered as an "investment company" under the United States Investment Company Act of 1940, as amended (the **"1940 Act"**). Accordingly, the Securities forming part of a U.S. Series may only be sold in the United States or to U.S. Persons in compliance with Section 3(c)(1) of the 1940 Act or to a person that is also a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act and the rules thereunder. For a description of certain restrictions on offers and sales of Securities in the United States, see *"Subscription and Sale and Transfer Restrictions"* on page 175 below and such further restrictions as may be described in the relevant Supplemental Information Memorandum.

In addition, the Securities may not be offered, sold or transferred to any U.S. person (as defined in Regulation S) that is a benefit plan investor, is using the assets of a benefit plan investor to acquire such Securities or that will at any time hold such Securities for a benefit plan investor (including assets that may be held in an insurance company's separate or general accounts where assets in such accounts may be deemed "plan assets" for purposes of ERISA). For the purposes hereof, the term **"benefit plan investor"** means (A) any employee benefit plan (as defined in section 3(3) of ERISA), (B) any plan described in section 4975(e)(1) of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity

(within the meaning of the U.S. Department of Labor Regulations section 2510.3-101) and the term "**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

This Information Memorandum is being submitted on a confidential basis in the United States to a limited number of QIBs and, if so indicated in the Issue Terms, IAI's (each term as defined below) for informational use solely in connection with the consideration of the purchase of the Securities. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Issuer is not and will not be regulated by the Central Bank as a result of issuing Securities. Any investment in the Securities does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank.

Where the Issuer wishes to issue Securities with a maturity of less than one year, it shall ensure that the Securities are issued in accordance with an exemption granted under section 8(2) of the Central Bank Act, 1971, as amended.

All references in this Information Memorandum or any Supplemental Information Memorandum 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, and the lawful currency of Ireland with effect from 1 January 1999.

Any reference to a website in this Information Memorandum is for information purposes only and the content of any website referred to herein does not form any part of this Information Memorandum.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organised under the laws of Ireland. All of the officers and directors of the Issuer reside outside the United States and all or a substantial portion of the assets of the Issuer and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Ireland upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Ireland predicated upon civil liabilities of the Issuer or such directors and officers under laws other than Irish law, including any judgment predicated upon United States federal securities laws. The Issuer has been advised by Arthur Cox, its counsel, that there is doubt as to the enforceability in Ireland in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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

OVERVIEW

This overview ("Overview") must be read as an introduction to this Information Memorandum. Any decision to invest in any Securities should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference and, in relation to any particular Series of Securities, the relevant Supplemental Information Memorandum and the relevant Issue Terms.

This Overview is qualified in its entirety by the remainder of this Information Memorandum and, in relation to any particular Series of Securities, the relevant Supplemental Information Memorandum and the relevant Issue Terms.

Issuer:	Titanium Capital Public Limited Company.
Description:	U.S.\$50,000,000,000 Limited Recourse Secured Debt Issuance Programme.
Arranger:	Merrill Lynch International.
Dealer:	<p>Merrill Lynch International and any other Dealers appointed in respect of an issue of Securities.</p> <p>The Issuer may from time to time appoint additional dealers either in respect of one or more Series of Securities or in respect of the whole Programme or terminate the appointment of any Dealer under the Programme.</p>
Counterparty:	<p>The Counterparty (if any) shall be:</p> <ul style="list-style-type: none">(a) Merrill Lynch International;(b) Merrill Lynch International Bank Limited;(c) Bank of America, N.A.; or(d) any other entity specified in the relevant Issue Terms from time to time, <p>as may be specified in the relevant Issue Terms. In certain circumstances Banc of America Securities Limited may act as agent for and on behalf of Bank of America, N.A.</p> <p>The Issue Terms may provide that the Counterparty may transfer its rights and obligations under the Charged Agreement to any subsidiary of Bank of America Corporation without the prior consent of the Securityholder or other person.</p>
Principal Paying Agent:	HSBC Bank plc.
Paying Agent in the United States:	HSBC Bank USA
Registrar:	HSBC Bank USA unless otherwise specified in the Issue Terms
Custodian:	HSBC Bank plc.
Trustee:	<p>HSBC Corporate Trustee Company (UK) Limited.</p> <p>The Securityholders may by Extraordinary Resolution remove any trustee, provided that a suitable successor has been found. The Issuer has the power to appoint a replacement trustee but no successor shall be appointed without the prior approval of the Securityholders.</p>
Administrator/Corporate Services Provider:	Deutsche International Corporate Services (Ireland) Limited.

Maximum Amount of Programme:	U.S.\$50,000,000,000 (or its equivalent in other currencies), subject to increase from time to time.
Currencies:	Subject to any applicable legal or regulatory restrictions, Securities may be issued in any currency as agreed between the Issuer and the relevant Dealer(s).
Distribution:	The Securities of 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 Supplemental Information Memorandum.
Maturities:	Subject to any applicable legal or regulatory restrictions, such maturity as may be specified in the relevant Issue Terms.

Securities with a maturity of less than one year:

Securities having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale and Transfer Restrictions*" on page 175 below.

Where the Issuer wishes to issue Securities with a maturity of less than one year, it shall ensure that the Securities are issued in full compliance with the conditions set out in Notice BSD C 01/02 dated 12 November 2002 (as amended from time to time) issued by the Central Bank of Ireland pursuant to section 8(2) of the Central Bank Act, 1971 (as amended) of Ireland, including that the Securities comply with, *inter alia*, the following criteria:

- (a) at the time of issue, the Securities must be backed by assets to at least 100 per cent. of the value of the Securities issued;
- (b) at the time of issue, the Securities must be rated at least investment grade by one or more recognised rating agencies, based on the definitions set out in the Central Bank Implementation Notice for credit institutions (BSD S 2/00 of 30 June 2000) of the EU directive on the capital adequacy of investment firms and credit institutions;
- (c) the Securities must be issued and transferable in minimum denominations of €300,000 or the foreign currency equivalent;
- (d) the Securities carry the title "Commercial Paper" (unless constituted under the laws of a country other than Ireland and, under those laws, the commercial paper carries a different title in which case it must carry such title) and must identify the issuer by name;
- (e) it must be stated explicitly on the face of the Securities and, where applicable, in the contract between the Issuer and the initial investor in the Securities that they are issued in accordance with an exemption granted by the Central Bank under Section 8(2) of the Central Bank Act, 1971, inserted by Section 31 of the Central Bank Act, 1989, as amended by Section 70(d) of the Central Bank Act, 1997, each as amended by Schedule 3 of Part 4 of the Central Bank and Financial Services Regulatory Authority of Ireland Act

2004;

- (f) it must be stated explicitly on the face of the Securities and, where applicable, in the contract between the Issuer and the initial investor in the Securities that the investment does not have the status of a bank deposit, is not within the scope of the Deposit Protection Scheme operated by the Central Bank and that the Issuer is not regulated by the Central Bank arising from the issue of the Securities; and
- (g) any issue of Securities which is guaranteed must carry a statement to the effect that it is guaranteed and identify the guarantor by name.

Issue Price:

Where applicable, Securities may be issued at an issue price which is at par or at a discount or premium to par.

Fixed Rate Securities:

Fixed interest will be payable at such rate or rates and on such dates as may be agreed between the 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 Issuer and the relevant Dealer(s) (as specified in the relevant Issue Terms).

Floating Rate Securities:

Floating rate interest will be payable at such rate and on such dates as may be agreed between the 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 Issuer and the relevant Dealer(s) (as specified in the relevant Issue Terms).

Interest at a floating rate will be determined either:

- (a) 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 relevant ISDA Definitions; or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

in each case, as indicated in the Issue Terms.

Floating Rate Securities may also have a maximum interest rate, a minimum interest rate or both.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Securities.

Types of Securities:

The relevant terms applicable to any type of Security which the Issuer and any Dealer may agree to issue under the Programme will be set out in the relevant Issue Terms. Types of Securities which may be issued by the Issuer, other than Fixed Rate Securities and Floating Rate Securities referred to above, include, without limitation, Zero Coupon Securities and Credit-Linked Securities.

Form of Securities:

Securities may be issued in bearer or registered form.

Bearer Securities will either (a) initially be represented by a Temporary Bearer Global Security or (b) be represented by a Permanent Bearer

Global Security, in each case which will be delivered to a common safekeeper for Euroclear and Clearstream, Luxembourg on or before the Issue Date. Beneficial interests in a Temporary Bearer Global Security will be exchangeable for either beneficial interests in a Permanent Bearer Global Security or definitive Bearer Securities, in each case on or after the date which is 40 days after the date on which the Temporary Bearer Global Security is issued and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the transferee is not a U.S. Person and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). A Permanent Bearer Global Security will be exchangeable in whole for definitive Bearer Securities only upon an Exchange Event and upon certification that the holder is not a U.S. Person and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Beneficial interests in a Bearer Global Security may not be offered, sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). Such beneficial interest may only be transferred upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the transferee is not a U.S. Person and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Definitive Bearer Securities may not be sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Registered Securities will be issued as specified below.

Registered Securities sold in an issue offered or sold outside the United States to non-U.S. Persons only in compliance with Regulation S (a "**Non-U.S. Series**") will be represented by a N-USD Regulation S Global Certificate in the case of N-USD Securities or a USD Regulation S Global Certificate in the case of USD Securities, in each case, deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate issued in relation to a U.S. Series 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. Beneficial interests in a Regulation S Global Certificate issued in relation to a Non-U.S. Series may not be offered or sold to, or for the account or benefit of, a U.S. Person or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission) and may not be held otherwise than through Euroclear and Clearstream, Luxembourg.

The relevant Supplemental Information Memorandum may specify that all or a portion of a Series of Registered Securities may be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (a "**U.S. Series**") in accordance with the restrictions set out under "*Subscription and Sale and Transfer Restrictions*" on page 175

below, as may be modified by the relevant Supplemental Information Memorandum. Any such Registered Securities may be issued either (i) in fully registered individual physical certificates ("**Individual Certificates**") which will not be eligible for trading in any clearing system, or (ii) in certain limited circumstances when the Issuer is relying on the exception set out in Section 3(c)(7) of the 1940 Act, in the form of one or more fully registered USD Rule 144A Global Certificates which will be deposited with or on behalf of DTC and registered in the name of its nominee, in the case of USD Securities, or, in the case of N-USD Securities, in the form of one or more fully registered N-USD Rule 144A Global Certificates deposited with a common depository for, and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg. In the event that the Registered Securities offered or sold in the United States are represented by USD Rule 144A Global Certificates, any portion of the U.S. Series offered outside the United States to non-U.S. Persons will be in the form of one or more fully registered USD Regulation S Global Certificate. See "***Subscription and Sale and Transfer Restrictions***" on page 175 below. Global Securities may not be exchanged for individually registered physical securities ("**Definitive Registered Securities**") except in very limited circumstances. The relevant Supplemental Information Memorandum will disclose the exemption from the Securities Act and the exception from the 1940 Act being relied upon for the issuance of the Series of Securities.

No beneficial owner of an interest in a Bearer Global Security or a Registered Global Certificate will be able to exchange or transfer that interest, except in accordance with the applicable procedures of DTC, Euroclear and/or Clearstream, Luxembourg or, where the context so permits, any additional or alternative clearing system specified in the Issue Terms. In addition, Bearer Global Securities, Regulation S Global Certificates, Rule 144A Global Certificates, Individual Certificates and, if applicable, any Definitive Registered Securities and Definitive Bearer Securities will be subject to certain restrictions on transfer set out in a legend thereon and in the relevant Supplemental Information Memorandum.

For so long as any of the Securities is represented by a Bearer Global Security, a Regulation S Global Certificate, or a N-USD Rule 144A Global Certificate held by a common safekeeper for or common depository on behalf of Euroclear and/or Clearstream, Luxembourg, or for so long as DTC or its nominee is the registered holder of a USD Rule 144A Global Certificate, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, as the case may be, DTC as entitled to a particular nominal amount of Securities shall be deemed to be the holder of such nominal amount of Securities for all purposes other than with respect to the payment of principal, premium (if any), interest or other amounts on such Securities, for which purpose such common safekeeper, common depository or, as the case may be, DTC or its nominee shall be deemed to be the holder of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security.

Denominations:

Securities will be issued in such denominations as may be specified in the relevant Supplemental Information Memorandum save that the minimum denomination of each Security will be such 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 Currency of Issue. The minimum denomination of each Security shall not be less than €100,000 (and/or, if specified, integral multiples in excess thereof not less than €1) or its equivalent in any other currency as at the date of issue of such Security. See also "***Maturities - Securities with a maturity of less than one year***" above.

Early Redemption:

Securities will be redeemable prior to maturity only in limited circumstances upon the occurrence of certain events relating to the Issuer as set out in Condition 8 (*Redemption*) or relating to an acceleration of the Securities as specified in Condition 11 (*Events of Default*) or as otherwise specified in the Issue Terms. Unless permitted by then current laws and regulations, Securities (including Securities denominated in Sterling) in respect of which the issue proceeds are to be accepted by the 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 Securities may not be redeemed until the first anniversary of their date of issue.

Optional Early Redemption:

Securities may be redeemed at the option of the Issuer or the Securityholders prior to their stated maturity, on such dates and on such terms as are specified in the Issue Terms.

Taxation:

The Issuer will not be obliged to gross up any payments in respect of the Securities (including for tax suffered in respect of a payment under the Charged Assets or any Charged Agreements).

However, the Issuer may in certain circumstances described in the Conditions be obliged to use its reasonable endeavours to arrange a substitution of principal debtor. If any Securities of the Issuer are rated, such substitution would be subject to prior notification to, and confirmation from, any rating agency by which the relevant Securities are rated that the credit rating granted by such rating agency would not be adversely changed.

If no substitution is effected, the Issuer may be required to sell the Charged Assets and redeem the Securities.

Cross Default:

None.

Listing:

The Information Memorandum has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"). The Central Bank only approves this Information Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to trading on the regulated market of 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.

Application will be made to the Irish Stock Exchange for the Securities issued under the Programme during the 12 months from the date of this Information Memorandum to be admitted to the Official List (the "**Official List**") and trading on its regulated market.

The Securities may also be listed on such other or further stock exchanges as may be specified in the Issue Terms in which event such additional

listing shall be notified to the Irish Stock Exchange. The Issuer may also issue unlisted Securities.

Rating:

Securities of any Series may be rated by Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., Moody's Investors Service, Inc., Fitch, Inc. and/or any other recognised debt rating agency, as specified in the relevant Supplemental Information Memorandum. 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). Each rating will address the Issuer's ability to perform its obligations under the terms of the Securities and, where the amount of those obligations is calculated by reference to a credit dependent index, the likelihood that payments will be due under the Securities. Where the amount of the obligations is determined by reference to a market dependent index, the ratings do not currently address the likelihood that payments will be due under the terms of the Securities. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Securities may adversely affect the market price of the Securities.

The rating of certain Series of Securities to be issued under the Programme may be specified in the applicable Supplemental Information Memorandum. The status of any relevant credit rating agency under Regulation (EC) No.1060/2009 (the "**CRA Regulation**"), as amended, will be disclosed in the applicable Supplemental Information Memorandum. Please also refer to "*Risk Factors - Credit Ratings*" below.

As at the date hereof none of Moody's Investors Service, Inc., Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., or Fitch, Inc. is established in the European Union and is therefore not registered in accordance with the CRA Regulation. None of Moody's Investors Service, Inc., Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., or Fitch, Inc. are therefore included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation.

Status of Securities:

Securities of each Series will be secured, direct, limited recourse obligations of the Issuer ranking *pari passu* and without preference among themselves.

Security:

Unless otherwise specified in the Issue Terms, the Issuer will grant to the Trustee the following security to secure its obligations under each Series of Securities and the relevant Charged Agreement(s):

- (a) a first ranking assignment by way of security of all of the Issuer's Rights under the Agency Agreement;
- (b) a first ranking assignment by way of security of all of the Issuer's Rights to, under and in respect of, the Charged Assets;
- (c) a first ranking assignment by way of security of the Issuer's Rights under the Charged Agreement(s), the Issuer's Rights under the Sale Agreement and the Issuer's Rights under any Additional Agreement; and

- (d) a first ranking assignment by way of security of all of the Issuer's Rights to any of its bank accounts in respect of such Series (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 all Series of Securities of the Issuer have also been secured under the Trust Instrument executed in respect of the first Series of Securities issued by the Issuer by a first floating charge over the whole of the assets and undertaking of the Issuer (other than, *inter alia*, the money representing paid up ordinary share capital of the Issuer and any transaction fees payable to the Issuer on each issue of Securities) which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or a document being filed with, the court for administration in relation to the Issuer.

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

The 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, covered bonds, commodities, the benefit of loans, schuldscheine, equity interests (including shares and participating income notes), indices, other assets or contractual or other rights, carbon credits, insurance policies, partnership interests, swap rights or credit derivative products all as more particularly specified in the relevant Issue Terms.

The Charged Assets relating to each Series will be owned by the Issuer and (unless otherwise specified in the relevant Issue Terms) shall be deposited with the Custodian for such Series of Securities subject to the security 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 Securityholders or as may otherwise be specified in the Issue Terms.

The Issuer 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 (together with any related Swap Guarantee) entered into in connection with a particular Series of Securities and any other agreements specified in the relevant Issue Terms.

Priority of Claims:

The relative priority of claims of the Securityholders of each Series and the Counterparty will be "Securityholder Priority Basis", "*Pari Passu* Basis", "Counterparty Priority Basis", or "Counterparty/Securityholder 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 of Securities. The Trustee shall not be obligated to act unless it is indemnified, secured and/or prefunded to its satisfaction.

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

- (a) the Counterparty only;
- (b) the Securityholders only; or
- (c) the Counterparty or the Securityholders, if Counterparty/Securityholder Priority Basis is specified.

For the avoidance of doubt, where the Instructing Creditor is specified in the Issue Terms as the Counterparty or the Securityholders in accordance with paragraph (c) above, (i) there is no requirement for both the Counterparty and the Securityholders to act together, and ii) in the event that the Trustee receives conflicting requests, directions or instructions from each of the Counterparty and the Securityholders (both acting as Instructing Creditor), the instructions of the Counterparty shall prevail, unless at such time, the Counterparty is the Defaulting Party in respect of and as defined in the Swap Agreement, in which case the instructions of the Securityholders shall prevail.

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

If the Counterparty is the Defaulting Party in respect of and as defined in the Swap Agreement at any time, then notwithstanding that "the Counterparty only" may be specified as the Instructing Creditor in the Issue Terms, the Instructing Creditor shall be the Counterparty or the Securityholders.

Where the Instructing Creditor is the Securityholders, (or the Counterparty or the Securityholders), the Securityholders may (where specified) request the Trustee to take actions contemplated in the Conditions by means of a request in writing of the holders of at least 1/5 in principal amount of the Securities of such Series then outstanding or by means of an Extraordinary Resolution of such Securityholders.

Where the Instructing Creditor is the Counterparty (or the Counterparty or the Securityholders), the Counterparty may (where specified) request the Trustee to take actions contemplated in the Conditions by means of a written request.

Having received such a request from the Instructing Creditor, the Trustee shall not be obliged (subject to applicable legal and regulatory requirements) to consider the interests of any other secured or unsecured creditors for such Series.

Governing Law:

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

Selling Restrictions:

There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom and Ireland), Japan and such other restrictions as may be required (and specified in the relevant Supplemental Information Memorandum) in connection with the offering and sale of a particular Series of Securities. See "*Subscription and Sale and Transfer Restrictions*" on page 175 below.

Bearer Securities will be issued in compliance with U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**D Rules**") unless (i) the relevant Supplemental Information Memorandum states that Securities are issued in compliance with U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the "**C Rules**") or (ii) such Securities are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Securities will not constitute "registration-required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**").

The Supplemental Information Memorandum for each Series of Securities all or a portion of which are being offered and sold in the United States, or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S), will disclose the exemption from the Securities Act and the exception from the 1940 Act being relied upon by the Issuer for the issuance of the particular Series of Securities together with the selling and transfer restrictions applicable to such Series. Any Securities offered in a Non-U.S. Series in the form of one or more Regulation S Global Certificates may not be offered or sold to, or for the account or benefit of, a U.S. person (as defined in Regulation S) or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). See "**Subscription and Sale and Transfer Restrictions**" on page 175 below.

RISK FACTORS

The purchase of the Securities may involve substantial risks and is suitable only for sophisticated purchasers who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Securities. The Securities are not principal protected and purchasers of the Securities are exposed to full loss of principal. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Securities or the performance of the Securities. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive.

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

Prospective purchasers should also read the detailed information set out elsewhere in this Information Memorandum and, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.

Investor suitability

Prospective investors who consider purchasing the Securities should reach an investment decision only after carefully considering the suitability of the Securities in light of their particular circumstances. Investment in the Securities may only be suitable for investors who:

- (i) have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Securities and the rights attaching to the Securities;
- (ii) are capable of bearing the economic risk of an investment in the Securities for an indefinite period of time;
- (iii) are acquiring the Securities for their own account (as principal and not as agent) for investment, not with a view to resale, distribution or other disposition of the Securities (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 Securities for a substantial period of time, if at all.

U.S. Foreign Account Tax Compliance Act withholding

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a non-U.S. financial institution for these purposes. If an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*".

Independent review and advice

Each prospective purchaser of the Securities 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 Issuer, the Counterparty, the Swap Guarantor, any Reference Entity and Reference Obligation and any relevant obligor in respect of the Charged Assets and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, to assess the economic, social and political condition of the jurisdiction in which each relevant obligor is located and determine whether an investment in the Securities 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 Securities (i) is fully consistent with its (or if it is acquiring the Securities 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 it is acquiring the Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Securities. None of the 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 Securities.

Neither this Information Memorandum nor any Supplemental Information Memorandum is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or as constituting an invitation or offer that any recipient of this Information Memorandum or any Supplemental Information Memorandum should purchase any of the Securities. The Trustee and the Dealer(s) expressly do not undertake to review the financial condition, creditworthiness or affairs of any relevant obligor(s).

No secondary market

Neither the Issuer, the Trustee, the Agents, the Dealer nor any of their respective affiliates is under an obligation to provide liquidity for the Securities and no secondary market is expected to develop in respect of the Securities. Whilst the Securities may be listed or admitted to trading on the Irish Stock Exchange, the Issuer does not expect a trading market for the Securities to develop. In the unlikely event that a secondary market does develop, there can be no assurance that it will provide the Securityholders with liquidity of investment or that it will continue for the life of the Securities. Accordingly, the purchase of the Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated with an investment in the Securities. Investors must be prepared to hold the Securities for an indefinite period of time or until final redemption or maturity of the Securities.

Limited recourse

Claims against the Issuer by the Securityholders of a Series and by the Counterparty will be limited to the Mortgaged Property relating to such Series. The proceeds of realisation of such Mortgaged Property may be less than the sums due to the Securityholders and the Counterparty. Any shortfall will be borne by the Securityholders and by the Counterparty in accordance with the Security Ranking Basis specified in the relevant Issue Terms. Each Securityholder, by subscribing for or purchasing such Securities, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall, (i) the Issuer shall be under no obligation to pay, and the other assets (if any) of the Issuer including, in particular, assets securing other Series of Securities or Alternative Investments will not be available for payment of, such shortfall, (ii) all claims in respect of such shortfall shall be extinguished, and (iii) the Trustee, the Securityholders and the Counterparty shall have no further claim against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Issuer as a consequence of such shortfall.

The Securities of each Series are direct, limited recourse obligations of the Issuer alone and not of the officers, members, directors, employees, securityholders or incorporator of the Issuer, the Counterparty, the Swap Guarantor, any Reference Entity or the issuer(s) in respect of the Charged Assets or any of their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, any Dealer(s).

Credit risk

The ability of the Issuer to meet its obligations under the Securities will be dependent, where applicable, upon the payment of principal and interest due on the Charged Assets, the payment of all sums due from the relevant Counterparty or any Swap Guarantor under the Charged Agreements, upon the Principal Paying Agent and the Custodian making the relevant payments when received and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder. Moreover, in certain cases, the security for the Securities will be limited to the claims of the Issuer against the Counterparty and any Swap Guarantor under the Charged Agreements. Accordingly, Securityholders are exposed, *inter alia*, to the creditworthiness of the issuer(s) in respect of the Charged Assets, the Counterparty, the Swap Guarantor, the Principal Paying Agent, the other Paying Agents and the Custodian, in addition to the creditworthiness of any Reference Entities.

Business relationships

Each of the Issuer, the Dealer(s), the Trustee, the Agents and/or any of their affiliates may have existing or future business relationships with any Counterparty, Swap Guarantor, issuer(s) in respect of any Charged Assets or any Reference Entity of any Series of Securities (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 Securityholder. 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 issuer(s) in respect of Charged Assets or any Reference Entity.

Conflicts of Interest

Each of the Counterparty and any of its affiliates is acting or may act in a number of capacities in connection with the issue of Securities. The Counterparty and any of its affiliates acting in such capacities in connection with the issue of Securities 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 Counterparty and any of its affiliates in its various capacities in connection with the issue of Securities 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 therefor, provided that any such revenue, profits or fees will be paid or received only in accordance with applicable regulations.

Various potential and actual conflicts of interest may arise between the interests of the Securityholders and either the Issuer and/or the Counterparty, 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 Securityholders. For the purposes of Credit-Linked Securities and Credit-Linked Loans and subject to any decision of the relevant Credit Derivatives Determinations Committee, the Counterparty may determine if a Credit Event has occurred and unless Auction Settlement applies, may if applicable select the cheapest Reference Obligation(s) or Deliverable Obligation(s) practicable, to value, or deliver, as the case may be, thereby maximising a Securityholder's or Lender's (as applicable) loss. The following briefly summarises some of those conflicts, but is not intended to be an exhaustive list of all such conflicts. The Counterparty shall manage any conflicts of interest in accordance with its conflicts of interest policy.

The Counterparty and/or any of its affiliates may (a) deal in Charged Assets, or securities or other obligations of any Reference Entity, (b) enter into other credit derivatives involving reference entities that may include the Reference Entities in respect of the Credit-Linked Securities (including credit derivatives to hedge its obligations under the Swap Agreement), (c) 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 or any other person or other entity having obligations relating to any Reference Entity and (d) act with respect to such business in the same manner as if the Securities did not exist, regardless of whether any such relationship or action might have an adverse effect on any Reference Entity (including, without limitation, any action which might constitute or give rise to a Credit Event), the Charged Assets, the Securities, or on the position of any other party to the transaction described herein or otherwise.

Additional Conflicts of Interest relating to Credit-Linked Securities

The Calculation Agent (and/or any of its affiliates) may (i) act as a voting member on a Credit Derivatives Determinations Committee, (ii) participate as a participating bidder in an Auction and (iii) be a party to credit derivative transactions which incorporate or are deemed to incorporate the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement as published on 14 July 2009 by ISDA (the "**2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement**") to the 2003 ISDA Credit Derivatives Definitions (such definitions as published by ISDA and as amended and updated from time to time, the "**2003 Credit Derivatives Definitions**"). As a consequence, it may take certain actions which may influence the process and outcome of decisions of the Credit Derivatives Determinations Committees and/or the Auction Final Price. Such action may have an impact on the Securities and therefore be adverse to the interests of the Securityholders and may result in an economic benefit accruing to the Counterparty or Calculation Agent or any of their affiliates, as the case may be. In taking action relating to the Credit Derivatives Determinations Committees, acting as a participating bidder in an Auction or performing any duty under the Rules, the Calculation Agent and/or any of its affiliates, as the case may be, shall have no obligation to consider the interests of the Securityholders and may ignore any conflict of interest arising due to its responsibilities under the Securities.

No Obligations owing by the Calculation Agent

The Calculation Agent shall have no obligations to the Securityholders, and shall only have the obligations expressed to be binding on it pursuant to the Agency Agreement, unless otherwise specified in the Issue Terms.

All designations and calculations made by the Calculation Agent in respect of any Securities shall be conclusive and binding on the Securityholders.

Legal opinions

Legal opinions relating to the Securities will be obtained on issue with respect to the laws of England and of Ireland and, in the case of a U.S. Series, the federal securities laws of the United States, 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 Securities. Any such legal opinions will not be addressed to, and may not be relied on by, Securityholders. In particular, save as aforesaid, no legal opinions will be obtained in relation to:

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

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 Securities. Consequently, no responsibility is accepted by the Issuer in relation to such matters.

Legality of purchase

None of the Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective purchaser of the Securities, 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. However, notwithstanding the lawfulness of any acquisition of the Securities, sales or transfers of Securities that would cause the Issuer to be required to register as an investment company under the 1940 Act will be void ab initio and will not be honoured by the Issuer and, where a Security is held by or on behalf of (i) a U.S. person (as defined in Regulation S), in the case of a U.S. Series relying on the Section 3(c)(1) or Section 3(c)(7) exception, who is not an Eligible Investor at the time it purchases such Security, or (ii) a U.S. person (as defined in Regulation S), in the case of a U.S. Series relying on the Section 3(c)(1) exception, who purchases Securities and, as a result of the sale or transfer of such Securities, the aggregate number of beneficial owners in the United States of Securities and other securities issued by the Issuer exceeds 100, the Issuer may, in its discretion and at the expense and risk of such holder, (A) redeem such Securities, in whole or in part, to permit the Issuer to avoid registration under the 1940 Act or (B) compel any such holder to transfer the Securities to an Eligible Investor (in the case of (i) above) or to a non-U.S. person outside the United States or cause a transfer of the Securities on behalf of such holder.

Preferred Creditors

If the Issuer becomes subject to an insolvency proceeding and the Issuer has obligations to creditors that are treated under Irish law as creditors that are senior relative to the Securityholders, the Securityholders may suffer losses as a result of their subordinated status during such insolvency proceedings. In particular:

- (i) under the terms of the Trust Instrument, the Issuer will assign by way of security to the Trustee on behalf of Securityholders by way of fixed first ranking security interest (the "**Security Interest**") as security for its payment obligations in respect of the Securities certain rights under the Charged Agreements and to the Charged Assets. Under Irish law, the claims of creditors holding fixed security interests may rank behind other claims (namely fees, costs and expenses of any examiner appointed and certain capital gains tax liabilities) and, in the case of fixed security interests over book debts, may rank behind claims of the Irish Revenue Commissioners for PAYE and VAT;
- (ii) under Irish law, for a charge to be characterised as a fixed security interest, the holder of the charge or assignment is required to exercise the requisite level of control over the assets purported to be secured and the proceeds of such assets including any bank account into which such proceeds are paid. There is a risk therefore that even a security interest which purports to be taken as a fixed security interest, such as the Security Interest, may take effect as a floating charge if a court deems that the requisite level of control was not exercised; and

- (iii) in an insolvency of the Issuer, the claims of certain other creditors (including the Irish Revenue Commissioners for certain unpaid taxes), as well as those of creditors mentioned above, will rank in priority to claims of unsecured creditors and claims of creditors holding floating charges.

Examinership

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended (the "**1990 Act**") to facilitate the survival of Irish companies in financial difficulties. An examiner may be appointed to a company whose COMI (as defined below) is in Ireland in circumstances where it is unable, or likely to be unable, to pay its debts.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to halt, prevent or rectify acts or omissions, by or on behalf of the company after his appointment and, in certain circumstances, negative pledges given by the company prior to his appointment will not be binding on the company. Furthermore, where proposals for a scheme of arrangement are to be formulated, the company may, subject to the approval of the court, affirm or repudiate any contract under which some element of performance other than the payment remains to be rendered both by the company and the other contracting party or parties.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist in the survival of the company and the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when a minimum of one class of creditors, whose interests are impaired under the proposals, has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and the proposals are not unfairly prejudicial to any interested party.

The fact that the Issuer is a special purpose entity and that all its liabilities are of a limited recourse nature means that it is unlikely that an examiner would be appointed to the Issuer.

If however, for any reason, an examiner were appointed while any amounts due by the Issuer under the Securities were unpaid, the primary risks to the holders of Securities would be as follows:

- (i) the Trustee, acting on behalf of Securityholders, would not be able to enforce rights against the Issuer during the period of examinership; and
- (ii) a scheme of arrangement may be approved involving the writing down of the debt due by the Issuer to the Securityholders irrespective of the Securityholders' views.

Centre of Main Interests

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its centre of main interests ("**COMI**") is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC Limited, the ECJ restated the presumption in Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, Irish insolvency proceedings would not be applicable to the Issuer.

Taxation

Each Securityholder 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 Securities. The Issuer will not be obliged to pay any additional amounts to Securityholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Securities by the Issuer or the Principal Paying Agent except as provided for in the relevant Issue Terms. In addition to the extent that the Issuer suffers any tax in respect of its income from the Charged Assets or payments under a Charged Agreement

(including the deduction of tax from such payments) so that it would be unable to make payment of the full amount payable on the Securities without recourse to further sources of income the Securities may be redeemed early and investors may not recover all amounts invested in the Securities. The attention of each prospective purchaser is drawn to the section entitled "Taxation" in the Information Memorandum. None of the Issuer, the Dealer or any of their respective affiliates makes any representation nor has given to any potential purchaser and nor will give any advice concerning the appropriate accounting treatment or possible tax consequences of purchasing the Securities.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Directive"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). In April 2013, the Luxembourg government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

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

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Security as a result of the imposition of such withholding tax.

Financial Transactions Tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive, for a financial transaction tax ("FTT") to be adopted in certain participating EU member states (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). If these proposals are adopted in their current form, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the current proposals, the FTT would apply to persons both within and outside of the participating member states. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the financial instrument which is subject to the financial transaction is issued in a participating member state.

At this stage, it is too early to say whether the FTT proposals will be adopted and in what form. However, if the FTT is adopted based on the current proposals, then it may operate in a manner giving rise to tax liabilities for the Issuer with respect to certain transactions. The Issuer is, in certain circumstances, able to pass on any such liabilities to holders of the relevant Securities and therefore this may result in investors receiving less than expected in respect of such Securities. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Securities (including secondary market transactions) if conditions for a charge to arise are satisfied. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

The FTT proposal remains subject to negotiation between the participating member states described above and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective investors are advised to seek their own professional advice in relation to the FTT.

Modifications to the terms of the Securities

The attention of prospective investors is drawn to Condition 19 (*Meetings of Securityholders, Modification, Waiver and Substitution*) and in particular, the provision that the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Securityholders) requested by the relevant Dealer(s) in

respect of a Series of Securities if, and to the extent that, such modification is to correct an error in the Conditions arising from a discrepancy between the Conditions and the final termsheet provided to the initial Securityholders, as certified by the relevant Dealer(s) to the Trustee.

Trustee Indemnity

Upon the occurrence of an Event of Default in relation to the Securities, Securityholders may be required to provide an indemnity to the Trustee to its satisfaction as provided for in Condition 11 (*Events of Default*) before the Trustee gives notice to the Issuer accelerating the Securities. The Trustee shall not be obliged to take any action if not indemnified, secured and/or prefunded to its satisfaction.

Provision of information

Neither the Issuer, the Trustee, the Agents, the Dealer(s) nor any of their respective affiliate makes any representation as to the credit quality of the Counterparty, the Swap Guarantor, the issuer(s) in respect of the Charged Assets or any Reference Entity for any Series of Securities. Any of such persons may have acquired, or during the term of the Securities may acquire, non-public information with respect to such Counterparty, Swap Guarantor, the issuer(s) 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 Securityholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of the issuer(s) in respect of the Charged Assets or any Reference Entities or conduct any investigation or due diligence into any such issuer(s) in respect of the Charged Assets or any Reference Entities.

Market Conditions

Any liquidity shortage and volatility in the credit markets will introduce a variety of increased risks relating to several aspects of the Issuer's operations. Such additional risks include the inability of the Issuer to sell its assets which, among other things, may render it unable to dispose of underperforming or defaulted assets and satisfy its obligations in respect of the redemption of the Securities. Such market conditions may also lead to the inability of the Issuer to determine a reliable valuation of its assets. All of such factors could materially adversely affect the interests of Securityholders.

Concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone (including the credit risk of sovereigns and of those entities which have exposure to sovereigns). If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may increase stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including the Vendor and/or the Counterparty) and/or any obligor in respect of the Charged Assets. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described herein and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Securityholders, the market value of the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities.

Comparative Returns

Risk-adjusted returns and absolute returns on the Securities may be lower than that of comparable investments. Each prospective purchaser should be aware that any return on the Securities may not exceed or even equal the return that might have been achieved had the amount of its initial investment been placed on deposit for the same period.

Eurosystem Eligibility

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

The Charged Assets

The value of any Charged Assets will have a direct impact on the amounts payable to Securityholders in respect of the Securities.

Prospective purchasers are advised to review carefully the offering documents for the Charged Assets before deciding whether an investment in the Securities is suitable for them.

Commingling of Charged Assets

Prospective investors' attention is drawn to the provisions in the Agency Agreement allowing the Charged Assets held by the Custodian to be commingled with the Custodian's own assets in limited circumstances. In such circumstances, in the event of the Custodian's insolvency, the Issuer's assets may not be as well protected from claims made on behalf of the general creditors of the Custodian.

Illiquid Charged Assets

The Charged Assets may comprise assets which are not admitted to any public trading market and may therefore be illiquid and not readily realisable.

Substitution of Charged Assets

Prospective investors should be aware that Initial Charged Assets may be substituted for the Cash Collateral on the Issue Date pursuant to Condition 4(b)(iii) (Substitution with Cash Collateral). If such substitution occurs, the Cash Collateral will be held by the Custodian, therefore, investors may be exposed to the credit risk of the Custodian. 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 Issuer and sold by the Selling Agent in accordance with the Agency Agreement.

Further issues

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

Substitution of Charged Assets for Cash Collateral

Where the Securities are secured by Cash Collateral on the Issue Date pursuant to Condition 4(b)(iii) (*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 Issuer and sold by the Selling Agent in accordance with the Agency Agreement.

Credit Ratings

Credit ratings of securities (including any securities of the Issuer or Charged Assets or Reference Entities that are rated) represent the opinions of the relevant rating agencies as to the credit quality of the relevant securities and are not a guarantee of any credit quality. Rating agencies attempt to evaluate the safety of principal and interest payments (if any) and do not evaluate the risks of fluctuation in market value. Credit ratings therefore do not fully reflect all risks of an investment. In addition, prospective purchasers should note that rating agencies may fail to make timely changes in credit ratings in response to subsequent events, and the credit quality of any security may be worse than a credit rating indicates. Prospective purchasers should not rely on any rating in relation to any securities necessarily remaining unaffected, or in place at all, at the time any losses are incurred in respect of such securities. A credit rating is not a recommendation to buy, sell or hold a security, inasmuch as such rating does not comment as to market price or suitability for a particular purchaser. There is no assurance that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgement, circumstances in the future so warrant.

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

measures being taken against a relevant rating agency and publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Issue Terms.

Currency Risk

An investment in Securities denominated or payable in a currency other than the currency of the jurisdiction of a particular purchaser (the "**Purchaser's Currency**"), entails significant risks that are not associated with a similar investment in a security denominated and/or payable in the Purchaser's Currency. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the Purchaser's Currency and the currency in which the Securities are denominated and/or payable;
- the possibility of significant changes in rates of exchange between the Purchaser's Currency and the currency in which the Securities are denominated and/or payable resulting from the official redenomination or revaluation of the currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the purchaser or foreign governments.

Exposure to Reference Entities under Credit-Linked Securities

Prospective investors who consider purchasing Credit-Linked Securities should reach an investment decision only after carefully considering the risks associated with each relevant Reference Entity. Because payments under the Credit-Linked Securities upon maturity or earlier redemption depend upon, among others, the credit performance of the Reference Entity, the occurrence of a Credit Event in relation to the Reference Entity could result in the loss of a substantial portion or all of the Securityholders' Investment in the Securities. Prospective purchasers should note that the creditworthiness and/or performance of the Reference Entity may be dependent upon economic, political, financial and social events locally and globally as well as its own performance and 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 Securities. Events occurring within a country, such as political upheaval, financial troubles, or natural disasters, will weaken a country's securities markets. Securities exposed to Reference Entities domiciled in emerging countries are likely to involve a higher degree of country risk than that of Securities exposed only to Reference Entities domiciled in developed countries. The Issuer, under the Swap Agreement, has a contractual relationship with the Counterparty but has no rights in, or to, any security interests in respect of any Reference Obligations or against the issuer of any Reference Obligation. The Counterparty may or may not have an exposure to the credit risk of any of the Reference Entities. Accordingly, Credit-Linked Securities do not represent a claim against any Reference Entity and, in the event of any loss, Securityholders will not have recourse under the Credit-Linked Securities to any Reference Entity nor will they have a right to vote or exercise any other right or remedy with respect to any Reference Entity or any of its obligations except to the extent of any obligations of the Reference Entity (whether as principal or guarantor) are delivered to them.

Credit Events

Not all Credit Events require an actual default with respect to a Reference Entity's obligations. This means that Securityholders of Credit-Linked Securities could bear losses based on a deterioration in the credit of the Reference Entity short of a default. Potential purchasers should note that not all Credit Events have easily ascertainable triggers and disputes can and have arisen as to whether a specific event did or did not constitute a Credit Event. However, under the terms of the Swap Agreement (and subject to the Credit Derivatives Determinations Committee making a determination in respect of a Credit Event), the Counterparty's good faith, reasonable determination that a Credit Event has or has not occurred will be binding on the Issuer and the Securityholders, notwithstanding the disagreement of the Securityholders or other financial institutions, rating agencies or commentators.

Exposure to Credit Events that occur prior to the Trade Date

The credit risk period commences up to 60 days prior to the Trade Date and will continue until the Maturity Date. A Credit Event that occurred up to 60 days prior to the Trade Date may therefore impact the Securities. Investors should conduct their own review of any recent developments with respect to the Reference Entity by consulting publicly available information. If a request to convene an ISDA Credit Derivatives Determinations Committee has been delivered prior to the Trade Date to determine whether a Credit Event has occurred with respect to the Reference Entity, details of such request may be found on the ISDA website. If an ISDA Credit Derivatives Determinations Committee has not been convened to determine such matter as of the Trade Date,

one may still be convened after the Trade Date in respect of an event which occurs up to 60 days before the date of a request to convene such ISDA Credit Derivatives Determinations Committee.

Market Risk

The value of any Credit-Linked Securities will depend on movements in credit swap spreads during the life of such Securities. Potential purchasers should be aware that credit swap spreads overall may widen over short or even extended periods. Historically, the credit swap market tends to move in cycles, with periods of rising prices (or falling spreads) and periods of falling prices (or rising spreads). Any such fluctuations will directly affect the value of the Securities. Similarly, interest rate levels and implied correlation may fluctuate over time which may also affect the value of such Securities.

UK Banking Act 2009

The Banking Act 2009 (the "**Banking Act**"), which came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as HSBC Bank PLC as Principal Paying Agent or Custodian). In particular, in respect of UK banks, such tools include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK authorities (i.e. bank insolvency and bank administration). It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the United Kingdom. The Act includes provisions related to compensation in respect of transfer instruments and orders made under it.

If an instrument or order were to be made under the Banking Act in respect of HSBC Bank PLC, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to such documents.

The Banking Act 2009 (Restriction on Partial Property Transfers) (Amendment) Order 2009 (the "**Safeguards Order**") came into force on 9 July 2009. The Safeguards Order imposes certain controls on the powers set out in the Banking Act and, *inter alia*, prevents the transfer under an instrument or order of some and not all of the property, rights and liabilities that comprise a "capital market arrangement" and also includes a restriction on the power to amend the terms of a trust if a partial property transfer is made pursuant to an instrument or order under the Banking Act. The issuance of Securities by the Issuer would constitute a "capital market arrangement" and therefore have the benefit of the Safeguards Order. However, Securityholders should note that such protections apply to partial property transfers only and not to all powers that can be carried out under an instrument or order.

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of HSBC Bank PLC and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Securityholders will not be adversely affected by any such instrument or order if made.

Lastly, the European Commission has published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. Amongst other things, the proposed directive contemplates the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities and provides for special rules for cross-border groups. The resolution tools and powers referred to in the directive include certain tools and powers which overlap in part with those available under the Banking Act and also certain further tools, such as provision for authorities to bail-in eligible liabilities of relevant institutions. The proposed directive is not in final form and it is likely that changes will be made to it in the course of the corresponding legislative procedure. As such, it is too early to anticipate the full impact of the directive and there can be no assurance that Securityholders will not be adversely affected by an action taken under it, once it is agreed upon and implemented.

Auction Settlement

Where Auction Settlement is specified as being applicable in the relevant Issue Terms and an Auction Final Price Determination Date occurs, the Auction Final Price will be determined according to an auction procedure

set out in the Credit Derivative Auction Settlement Terms, the form of which is available on ISDA's website at www.isda.org. The Calculation Agent may have a conflict of interest to the extent that it participates in any Auction used to determine the Auction Final Price in respect of the Credit Event.

Role of the Credit Derivatives Determinations Committees

In respect of a Credit Event relating to a Credit-Linked Security, prospective purchasers should note that the ISDA Credit Derivatives Determinations Committees have the power to make binding decisions on critical issues such as whether a Credit Event has occurred, which obligations are to be valued and whether an Auction should take place in accordance with and as more fully described in the Rules. Consequently, Securityholders will be bound by any such relevant decisions if Auction Settlement is specified as being applicable in the relevant Issue Terms.

Credit Event and Succession Event Backstop Dates

In respect of a Credit Event relating to a Credit-Linked Security, a Credit Event may be triggered under the Swap Agreement if a request is submitted to ISDA for the relevant Credit Derivatives Determinations Committee to consider whether the relevant event constitutes a Credit Event or if a Credit Event Notice or a Notice of Publicly Available Information is delivered, in each case, within 60 calendar days of the occurrence of such Credit Event. For Succession Events, the look-back period is 90 calendar days and functions similarly. This means that there is a time limit on the ability to act on a Credit Event or a Succession Event and that it is possible that the Securities could be affected by a Credit Event or a Succession Event that took place prior to the Trade Date.

Movement Option

In certain circumstances, if following a Restructuring Credit Event, a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date, the Counterparty may elect, in its sole discretion, to exercise the Movement Option, by delivering an effective Notice to Exercise Movement Option to the Issuer on or prior to the Movement Option Cut-off Date. If the Counterparty exercises such option, the Parallel Auction Settlement Terms shall apply for the purposes of determining the Auction Final Price. Securityholders should be aware that they do not have the right to exercise the Movement Option and therefore if the Counterparty elects not to exercise the Movement Option, the Securities shall be redeemed in accordance with the Fallback Settlement Method.

Amendment of Conditions and Swap Agreement in accordance with market convention

(a) Calculation Agent's powers to amend terms without consent of Securityholders

Securityholders should note that the Calculation Agent may from time to time and in its sole and absolute discretion, without obtaining the consent of or consulting with the Securityholders:

- (i) amend fundamental credit-linked provisions (including but not limited to the applicable Credit Events, Deliverable Obligation Category and Deliverable Obligation Characteristics) in the Conditions of the Securities and in the Swap Agreement to correspond with those specified as applicable for a particular Reference Entity in the most recently published ISDA Credit Derivatives Physical Settlement Matrix version and prevailing trading standards for a Transaction Type applicable to such Reference Entity;
- (ii) amend the Conditions of the Securities and the Swap Agreement to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent determines are necessary to reflect or govern market practice for credit derivative transactions; and
- (iii) in circumstances where a Reference Entity has proposed an exchange of all or substantially all of the obligations of such Reference Entity into cash, securities and/or other assets (as described in Condition CL13(c) (*Amendments of the Conditions in accordance with Market Convention*)), elect to make certain amendments to the Conditions of the Securities and the Swap Agreement to reflect such exchange, as set out in Condition CL13(c) (*Amendments of the Conditions in accordance with Market Convention*)).

It is currently anticipated that ISDA will publish new credit derivatives definitions and new trading standards will become applicable for certain Transaction Types during the first quarter of 2014. Securityholders should

note that, upon such publication, the Calculation Agent may utilise the powers set out above to incorporate such new credit derivatives definitions into the Conditions of the Securities and the Swap Agreement or otherwise to amend the Conditions of the Securities and the Swap Agreement to reflect such new credit derivatives definitions. Securityholders are strongly advised to consult the ISDA website (www.isda.org) for the latest published indicative guidance from ISDA on proposed scope and timing for implementation of the revised version of ISDA's credit derivatives definitions.

(b) Proposed Additional Credit Event for Financial CDS and "Bail In"

Without limitation to the foregoing, it is currently expected that the new credit derivatives definitions will include (amongst other things) a new Credit Event for certain financial Reference Entities which may be triggered by a government-initiated "bail-in" of debt (for example, pursuant to EC measures to be introduced in respect of financial institutions resolution and restructuring regimes). It is anticipated that such new Credit Event will become the trading standard for such financial Reference Entities, and the ISDA Credit Derivatives Physical Settlement Matrix will be updated accordingly. Such government-initiated "bail-in" actions, e.g. write down, conversion to equity, subordination, deferral of payments, extension of maturities or expropriation of bonds, may or may not constitute a Credit Event (such as a Restructuring or a Failure to Pay) as of the Issue Date. However, the Calculation Agent intends to exercise its power set out above to incorporate the new credit derivatives definitions into and to conform the Conditions of the Securities and the Swap Agreement to the prevailing trading standards, meaning that such government-initiated "bail-in" actions will be applicable as a new Credit Event for affected financial Reference Entities.

(c) Proposed Changes applicable to Sovereign Reference Entities

It is also currently expected that the new credit derivatives definitions will include the ability for market participants to settle a Credit Event on certain Sovereign Reference Entities by delivery of certain assets other than "Deliverable Obligations" as currently defined ("**Asset Package Delivery**"). It is anticipated that Asset Package Delivery will become the trading standard for such Sovereign Reference Entities, and the ISDA Credit Derivatives Physical Settlement Matrix will be updated accordingly. This proposed change is intended to be reflected in terms of the Securities by virtue of the Calculation Agent using its powers set out above to amend the Conditions of the Securities and the Swap Agreement.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are being published simultaneously with this Information Memorandum and have been filed with the Irish Stock Exchange shall be incorporated in, and form part of, this Information Memorandum:

- the annual financial statements for the financial year ended 31 December 2011, available at: <http://www.ise.ie/app/announcementDetails.aspx?ID=11742432> ; and
- the annual financial statements for the financial year ended 31 December 2012, available at: <http://www.ise.ie/app/announcementDetails.aspx?ID=11742122>.

Following the publication of this Information Memorandum, a supplement may be prepared by the 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 Information Memorandum or in a document which is incorporated by reference in this Information Memorandum. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Information Memorandum. Copies of documents incorporated by reference in this Information Memorandum can be obtained from the specified office of the Principal Paying Agent for the time being in London. In addition, such documents will be available from the registered office of the Issuer.

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

USE OF PROCEEDS

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

TERMS OF THE SECURITIES

Each Series of Securities 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.

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

BEARER SECURITIES BASE CONDITIONS MODULE

MARCH 2013 EDITION

**to be incorporated by reference into
the Conditions and the Trust Instrument for
an issue of repackaged Securities
arranged by
MERRILL LYNCH INTERNATIONAL**

BEARER SECURITIES BASE CONDITIONS MODULE

MARCH 2013 EDITION

This Bearer Securities Base Conditions Module sets out the basic terms and conditions for Securities governed by English law and will apply in respect of all Series of Securities issued in bearer form. Other Conditions Modules will apply in addition, as specified in the Issue Terms.

1. FORM, DENOMINATION AND TITLE

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

The Temporary Bearer Global Security or Permanent Bearer Global Security, as the case may be, will be delivered on or before the Issue Date to the Common Safekeeper.

Beneficial interests in a Temporary Bearer Global Security will be exchangeable for either beneficial interests in a Permanent Bearer Global Security or definitive Bearer Securities, as provided in the Temporary Bearer Global Security. A Temporary Bearer Global Security may be exchanged on or after the Exchange Date and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the transferee is not a U.S. Person and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

A Permanent Bearer Global Security will be exchangeable, in whole but not in part, for definitive Bearer Securities only upon the occurrence of an Exchange Event, as provided in the Permanent Bearer Global Security and upon certification that the transferee is not a U.S. Person and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Beneficial interests in a Bearer Global Security may not be offered, sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). Such beneficial interest may only be transferred upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the transferee is not a U.S. Person and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Definitive Bearer Securities may not be sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

- (c) No beneficial owner of an interest in a Global Security 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 Security.
- (d) For so long as any of the Securities is represented by a Bearer Global Security held by a Common Safekeeper, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Securities shall be deemed to be the holder of such nominal amount of Securities for all purposes other than with respect to the payment of principal, premium (if any), or interest or other amount on such Securities. With respect to such payment, such Common Safekeeper shall be deemed to be the holder of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Securities 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 Securities 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 Security 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 Security shall be overdue. 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 Securities.

2. STATUS

The Securities 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 Securities rank and will rank, unless otherwise specified in the Issue Terms, *pari passu* without any preference among themselves.

3. SECURITY

The Securities are constituted and secured by a Trust Instrument.

Unless otherwise specified in the Issue Terms, the Issuer's obligations under the Securities 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 ranking assignment by way of security of all of the Issuer's Rights to the Charged Assets;
- (c) 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
- (d) a first ranking assignment by way of security of all of the Issuer's Rights to any of its bank accounts in respect of the Securities (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 all Series of Securities of the Issuer will also be secured under the Trust Instrument executed in respect of the first Series of Securities by a first floating charge over the whole of the assets and undertaking of the Issuer (other than, *inter alia*, the money representing paid up ordinary share capital of the Issuer and any transaction fees payable to the Issuer on each issue of Securities) which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or documents being filed with, the court for administration 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.

4. CHARGED ASSETS

(a) Initial Charged Assets

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) (i) **Substitution at direction of Counterparty**

The Issue Terms will specify whether the Initial 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. If no such specification is made in the Issue Terms, substitution at the direction of the Counterparty shall be deemed to be not applicable. 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 5 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 Securityholders and, in the case of Securities 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 Securityholders**

The Issue Terms will specify whether the Initial 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. If no such specification is made in the Issue Terms, substitution at the request of the Securityholders shall be deemed to be applicable on the Nominal Basis. In the case of Credit-Linked Securities, 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 Securityholder may, by delivering a written request (a "**Sale Request**", any such Securityholder delivering such request, a "**Requesting Securityholder**") 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 Securityholder 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 Securityholder in accordance with Condition 15 (*Notices*) and the Issuer, copied to the Custodian, the Trustee and the Counterparty, asking the Securityholders if they consent to such sale and replacement; provided that the Principal Paying Agent shall not forward such request to the Securityholders

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 Securityholders, the Required Minimum Securityholders notify the Principal Paying Agent in writing (copied to the Trustee, the Selling Agent 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 Collateral Top-Up Costs (each as defined below) as well as legal fees in amending any of the documents relating to the Securities 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 Securities held by the Securityholders which have consented to the sale of the Charged Assets (the "**Consenting Holders**") bears to the then total Outstanding Principal Amount of the Securities.

The Selling Agent shall solicit bids for the purchase of the Charged Assets from at least two bidders (other than Merrill Lynch International 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 "**Collateral 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, (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) and (v) not cause the Issuer to suffer tax in respect of its income in respect of such Replacement Assets;
- (B) If the cashflows payable on the Replacement Assets are different from the cashflows payable on the Liquidated 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 Securities, 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 Liquidated 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 Securities are rated by S&P, S&P must confirm to the Issuer, the Counterparty and the Trustee, in writing, that the replacement of the Charged Assets with the Replacement Assets will not cause a downgrade in their rating of the Securities and that the New Series of Securities (as defined below) shall have the same rating as the Securities.
- (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 Securityholders has been obtained but less than all of the Securityholders are Consenting Holders, the Issuer, the Counterparty and the Trustee shall deem the Consenting Holders as having exchanged their Securities for a new series of Securities (the "**New Series of Securities**") 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 Securities and to effect the New Series of Securities and will ensure that the Securities as amended and the New Series of Securities preserve the economic equivalence of the Securities 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 Securities.

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

(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.
- (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 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 Securities 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.

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

If the Security Interests over any of the Charged Assets become enforceable following an early redemption of the Securities or an Event of Default, the Trustee may in its discretion and, if requested by an Instructing Creditor, shall (subject to being indemnified, secured and/or prefunded 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 Securityholders or the Counterparty. On the occurrence of any such event, each Charged Agreement will terminate in accordance with its terms.

Notwithstanding anything to the contrary in the Issue Terms, if (i) the Counterparty is the Defaulting Party in respect of and as defined in the Swap Agreement at any time; and (ii) "the Counterparty only" is specified as the Instructing Creditor in the Issue Terms, the Instructing Creditor shall be deemed to be the Counterparty or the Securityholders.

5. APPLICATION OF PROCEEDS

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) "**Securityholder Priority Basis**" meaning, first, in meeting claims of the Securityholders under the Securities on a *pari passu* and *pro rata* basis and, thereafter, in meeting the claims of the Counterparty (or if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s); or
- (b) "**Pari Passu Basis**" meaning in meeting the claims of the Securityholders and the Counterparty (or if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s) on a *pari passu* and *pro rata* basis; or

- (c) **"Counterparty Priority Basis"** meaning, first, in meeting the claims of the Counterparty (or, if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Securityholders on a *pari passu* and *pro rata* basis; or
- (d) **"Counterparty/Securityholder Priority Basis"** meaning, Counterparty Priority Basis, provided that if the Counterparty is the Defaulting Party in respect of and as defined in the Swap Agreement at any time, the Security Ranking Basis shall be Securityholder Priority Basis.

For the avoidance of doubt, the Counterparty shall not have any claim in respect of the Issuer's Rights under the Charged Agreement(s).

6. SHORTFALL AFTER APPLICATION OF PROCEEDS

- (a) All payments to be made by the Issuer in respect of the Securities 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 Mortgaged 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 Securityholders and the Counterparty (if any) may have expected to receive (the difference being referred to as a "**shortfall**"), such shortfall will be borne by such Securityholders and by the Counterparty (if any) in accordance with the Security Ranking Basis specified in the Issue Terms; and
- (c) each holder of Securities, by subscribing for or purchasing the relevant Securities, and each Counterparty (if any) will be deemed to accept and acknowledge that it is fully aware that:
 - (i) the Securityholders 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 Securities and the Charged Agreement(s) (if any);
 - (ii) the obligations of the Issuer to make payments in respect of the Securities and the Charged Agreement(s) (if any) will be limited to the Relevant Sums and the Securityholders and the Counterparty (if any) shall have no further recourse to the Issuer in respect of the Securities and the Charged Agreement(s) (if any), respectively;
 - (iii) without prejudice to the foregoing, any right of the Securityholders and the Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
 - (iv) the Securityholders 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) or the Swap Guarantor (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 shareholders of the Issuer, any Dealer, any Counterparty or any Swap Guarantor has any obligation to any Securityholder for payment of any amount by the Issuer in respect of the Securities.

7. TYPES OF SECURITIES

(a) Fixed Rate Securities

Each Fixed Rate Security bears interest on its Outstanding Principal Amount as on the first day of a Fixed Interest Period 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 terms of the Securities.

Interest will be payable in arrear 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 in respect of each Security (and subject, in respect of Fixed Rate Securities in definitive form, to the paragraph below) as the product of:

(A) the Rate of Interest;

(B) (i) in the case of Fixed Rate Securities which are represented by a Global Security, such Security's *pro rata* share of the aggregate Outstanding Principal Amount of the Fixed Rate Securities represented by such Global Security; or (ii) in the case of Fixed Rate Securities in definitive form, the Calculation Amount; and

(C) the applicable Day Count Fraction,

the resultant figure being rounded to the nearest sub-unit of the relevant Currency of Issue, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Security in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Security shall be the product of the interest amount (determined in the manner provided above) for the relevant Calculation Amount and the amount by which the relevant Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(b) **Floating Rate Securities**

(i) ***Interest Payment Dates***

Each Security which is a Floating Rate Security bears interest on its Outstanding Principal Amount as on the first day of an Interest Period 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 arrear 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 Securities will be determined in the manner specified in the Issue Terms.

(A) ISDA Determination for Floating Rate Securities

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 either of the 2000 ISDA Definitions or the 2006 ISDA Definitions (as specified in the Issue Terms) 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 2000 ISDA Definitions or the 2006 ISDA Definitions, as the case may be.

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 Securities - Floating Rate Securities*) 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 Securities

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 5 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 3 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 Securities is specified in the Issue Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Securities 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 Securities, 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 each Security (the "**Interest Amounts**") pertaining to such Interest Period.

The Interest Amount payable in respect of each Security (and subject, in respect of Floating Rate Securities in definitive form, to the paragraph below) shall be the product of:

- (A) the Rate of Interest;
- (B) (i) in the case of Floating Rate Securities which are represented by a Global Security, such Security's *pro rata* share of the aggregate Outstanding Principal Amount of the Securities represented by such Global Security as of the last day of the relevant Interest Period; or(ii) in the case of Floating Rate Securities in definitive form, the Calculation Amount; and
- (C) the applicable Day Count Fraction,

the resultant figure being rounded to the nearest sub-unit of the relevant Currency of Issue, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Security in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Floating Rate Security shall be the product of the Interest Amount (determined in the manner provided above) for the relevant Calculation Amount and the amount by which the relevant Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(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 Securities 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 4th 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 Securities are for the time being listed and to the Securityholders.

(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 (or a person appointed by the Trustee for the purpose) (but without any liability accruing to the Trustee as a result) 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), 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, 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 or manifest error) be binding on the Issuer, the Counterparty (if any), the Agent Bank, the Calculation Agent, the Trustee, the Paying Agents and all Securityholders, as applicable, and (subject as aforesaid) no liability to the Securityholders 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) **Rounding in respect of all Securities**

Unless specified otherwise and subject to Conditions 7(a) (*Types of Securities – Fixed Rate Securities*) and 7(b)(iv) (*Types of Securities – Floating Rate Securities*), all amounts resulting from any calculations referred to in these Conditions will be rounded downwards to the nearest unit or sub-unit of currency or as described in the Issue Terms.

(d) **Cessation of interest**

Unless otherwise specified in the Issue Terms, notwithstanding any other terms of these Conditions, if (i) an Event of Default in relation to the Securities occurs or the Securities are redeemed early (other than as a result of a Credit Event), (ii) an event of default in relation to the Charged Assets occurs or any of the Charged Assets are redeemed early or (iii) the Securities are redeemed pursuant to a termination under the Swap Agreement (other than as a result of a Credit Event), the interest on the Securities 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).

(e) **Default interest**

If payment to any Securityholder of any amount due in respect of the Securities is improperly withheld or refused, 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 Securities shall be deemed to include any interest which may be payable under this Condition 7 (*Types of Securities*).

8. REDEMPTION

(a) **Final redemption**

Each Security 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 Security 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 Securities, would be required by law to withhold or account for tax in respect of such payment 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 Securities without recourse to further sources of funding or any payment of principal or interest or other distribution in respect of the Charged Assets for the time being is required to be made subject to any deduction or withholding on account of any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any such payment of interest, or on account of any right of set-off, or for any other reason, 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 in respect of such payment 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 cost to the Issuer of complying with its obligations under the Trust Instrument or meeting its operating or administrative expenses would, in the opinion of the Issuer, be materially increased compared to such cost as of the Issue Date (including, without limitation, as a result of any adverse change in tax rulings in respect of the Issuer or any adverse change of law or practice (or interpretation or administration of the same) which applies to the Issuer), or
- (D) 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 (if any).

The date on which any such withholding or deduction is suffered or increased amount is payable is referred to as the "**Shortfall Date**". Subject to Condition 8(b)(iv), the Issuer shall use its reasonable endeavours to arrange the substitution as the principal debtor under the Securities of a company, approved by the Trustee (and in the case of Securities that are rated, subject to Rating Agency Confirmation), incorporated in another jurisdiction wherein (in respect of sub-paragraphs (A), (B) and (D) of Condition 8(b)(i)) such withholding would not be applicable, or such tax would not be accountable or suffered, or (in respect of sub-paragraph (C) of Condition 8(b)(i)) such costs or operating or administrative expenses would not materially exceed the Issuer's costs or operating or administrative expenses prior to the increase and 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 reasonable endeavours to substitute in accordance with this provision.

- (ii) If 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, 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 Securityholders the amounts which they would have received in the absence of such withholding, accounting or suffering.

If 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, 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 the event referred to in Condition 8(b)(i)(C) or (D) has occurred and 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 Counterparty does not exercise such right as referred to in paragraph (ii) above, any such Charged Agreement will be terminated and the Securities redeemed as follows. The Selling Agent shall arrange for, and administer the sale of, the Charged Assets in accordance with the Agency Agreement in which case, 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 and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount.
- (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 Securityholder with the taxing jurisdiction to which the Issuer is subject otherwise than by reason only of the holding of any Security or receiving principal, premium or interest in respect thereof; or
 - (B) by reason of the failure by the relevant Securityholder 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 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;
 - (D) (if applicable) in circumstances which could have been avoided if the relevant Securityholder presented the relevant Security to another Paying Agent in a Member State of the European Union; or
 - (E) where such withholding or deduction is imposed and is required to be made by FATCA,

then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Securityholder and the provisions of Condition 8(b)(i) to Condition 8(b)(iii) ((inclusive) requiring or providing for substitution, payment by the Counterparty, termination or redemption) shall not apply. Any such deduction or withholding shall not constitute an Event of Default under Condition 11 (*Events of Default*).

(c) **Mandatory Redemption**

- (i) ***Following Default under the Charged Assets or termination of a Charged Agreement***

Subject to Condition 4(b)(iii)(*Charged Assets - Substitution with Cash Collateral*):

- (A) if there has been a payment default in respect of the Charged Assets, or any one or more of the Charged Assets, as the case may be (having taken into account any applicable grace period); or
- (B) if the Charged Agreements are terminated (in whole but not in part) for any reason other than as a consequence of any specific Conditions relating to redemption of the Securities; or
- (C) if any of the Charged Assets (or amounts due pursuant thereto) become capable of being declared due and payable (without taking into account for this purpose any grace period under any terms in effect) prior to their stated date of maturity or other date or dates for their repayment by reason of any event of default (howsoever described) thereunder; or
- (D) if any obligor under the Charged Assets stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or if any order is made by any competent court or any resolution passed for the winding-up or dissolution of such obligor or if proceedings are initiated against such obligor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or any analogous proceedings or such obligor is adjudicated or found bankrupt or insolvent,

the Issuer shall give notice thereof to the Trustee, the Securityholders 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 and, if applicable, Condition 8(c)(iv) (*Liquidation of Charged Assets*) below, in which case, upon 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 Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount and the Charged Agreement(s) will be terminated.

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

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 Securities 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 Securityholders 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*). The Issuer shall give notice as soon as reasonably practicable to the Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount and the Charged Agreement(s) will be terminated. 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*)). 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 Security will

thereafter be redeemed on a *pro rata* basis of the aggregate amount allocated to the Securityholders.

(iii) ***Following Event of Default under the Swap Agreement with Counterparty as Defaulting Party***

Subject to Condition 4(b)(iii)(*Charged Assets - Substitution with Cash Collateral*), if there has been an Event of Default under and as defined in the Swap Agreement and the Counterparty is the Defaulting Party (as defined in the Swap Agreement), the Issuer shall give notice thereof to the Securityholders, the Selling Agent and the Trustee. At any time at which the Event of Default under and as defined in the Swap Agreement is continuing (having taken into account any applicable grace period), (a) the Securityholders may instruct the Issuer by way of Extraordinary Resolution (with a copy to the Trustee and the Selling Agent) or (b) the Selling Agent (provided it is a Replacement Selling Agent) may instruct the Issuer (with a copy to the Trustee and the Securityholders) (i) to terminate the Swap Agreement and (ii) to redeem the Securities in accordance with this Condition 8(c)(iii). Thereupon, the Selling Agent shall (i) terminate the Swap Agreement on behalf of the Issuer and (ii) arrange for, and administer the sale of, all of the Charged Assets in accordance with the Agency Agreement and, if applicable, Condition 8(c)(iv) (*Liquidation of Charged Assets*) below. Upon 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 Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount.

(iv) ***Liquidation of Charged Assets***

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.

(v) ***General***

Once the net proceeds of sale or redemption of the Charged Assets have been applied in accordance with this Condition, failure to make any further payment due in respect of a mandatory redemption of part of the principal amount of the Securities or interest thereon or any termination payment under any Charged Agreement shall not constitute an Event of Default.

(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 Securities 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 notice to the Securityholders, the Trustee, the Counterparty (if any) and the Principal Paying Agent within the Issuer's Option Period (as specified in the Issue Terms).
- (iii) In the case of a partial redemption of the Securities, the Securities to be redeemed will be selected individually by lot (where the Securities are in definitive form) or in accordance with the rules of the Clearing Systems (where the Securities are in global form) (to be reflected in

the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in the nominal amount, at their discretion).

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

- (i) The Issue Terms may specify that the Issuer shall, at the option of the Securityholders (either individually or acting together, subject to a minimum percentage of all the Securityholders, as specified in the Issue Terms), redeem all or some of the Securities on the Optional Put Redemption Date at the Optional Put Redemption Amount, together with interest to (but excluding) the date of redemption.
- (ii) A Securityholder may only exercise such option by giving notice to the Issuer within the Securityholder's Option Period (as specified in the Issue Terms). If the Securities are in definitive form, the Securityholder must deposit the relevant Security at the specified office of a Paying Agent together with a duly completed and signed notice of exercise (the "**Put Notice**"). If the Securities are represented by a Global Security, to exercise the right to require redemption of the Security the Securityholder must, within the notice period, give notice of such exercise in accordance with the standard procedures of the Clearing Systems (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in the nominal amount, at their discretion, and which may include notice being given on his instruction by the Clearing Systems or any Common Service Provider for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time.
- (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 Securities due and repayable. In such event, a Securityholder may, at its option, elect to withdraw the Put Notice.

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

- (i) For the purpose of this Condition 8 (*Redemption*) and Condition 11 (*Events of Default*), each Zero Coupon Security 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 specified in the applicable Issue Terms which will be either (i) 30/360 (in which case the numerator will be 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 Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Security becomes due and repayable and the denominator of which is 360), or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Security becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Security becomes due and repayable and the denominator will be 365).

- (ii) If the amount payable in respect of any Zero Coupon Security upon redemption of such Zero Coupon Security 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 Security 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 Security 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 Security have been paid; and
- (ii) 5 days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Securities has been received by the Agent or the Trustee and notice to that effect has been given to the Securityholders in accordance with Condition 15 (*Notices*).

(g) **Cancellation**

All Securities redeemed early or purchased by the Issuer pursuant to the Issue Terms shall be cancelled and may not be reissued or resold.

(h) **Super Regulation S Redemption**

If specified in the relevant Supplemental Information Memorandum that the Securities are not to be offered in the United States or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission) and that the Securities are subject to mandatory transfer and/or redemption pursuant to this Condition, then, unless otherwise provided in the relevant Supplemental Information Memorandum, the Issuer may, if in the sole determination of the Issuer it is necessary to do so to ensure that none of such Securities are held by a U.S. Person or by a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission) (i) by notice to any Securityholder require such Securityholder to transfer the Securities held by it within such period as may be specified in the notice or, following the expiry of such period, the Issuer may cause such Securities to be transferred on behalf of the Securityholder or (ii) give not less than 15 days' notice to any Securityholder and upon the expiry of such notice redeem all of the Securities held by such Securityholder to the extent operationally practicable and the security created by or pursuant to the Trust Instrument over a proportion of the Charged Assets equal to the proportion that the Outstanding Principal Amount of the Securities to be redeemed bears to the aggregate Outstanding Principal Amount of the Securities immediately prior to such redemption shall be released and the Selling Agent shall arrange for, and administer, the sale of such Charged Assets and such Securities shall be redeemed at the Early Redemption Amount. The Early Redemption Amount in respect of this Condition shall be determined using the Realisation Amount in respect of the proportion of the Charged Assets sold by the Selling Agent in accordance with this Condition and shall be applied in accordance with the relevant Security Ranking Basis and apportioned *pro rata* to those Securities being redeemed pursuant to this Condition. By subscription for, or acquisition of, any Security, each Securityholder accepts and is bound by this provision.

9. PURCHASE

- (a) The Issue Terms will specify whether the Issuer may, through the Counterparty or an Affiliate, provided that no Event of Default has occurred and is continuing, purchase the Securities (or any of them) at any time in the open market or otherwise at any price. The Issuer shall not purchase any definitive Bearer Security unless it purchases all unmatured Coupons (if any) in respect of such Bearer Security.
- (b) On any such purchase the Charged Agreements (or a proportionate part thereof which corresponds to the Securities to be purchased) will be terminated. The Trust Instrument provides that the security over the Mortgaged Property (or a proportionate part thereof) will be released against receipt by the Trustee of the net proceeds of the realisation of such Mortgaged Property.
- (c) No interest will be payable with respect to a Security 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) On a purchase under this Condition of a proportion of the Securities, the Calculation Agent shall, subject to Rating Agency Confirmation (from S&P only and only in the case of Securities that are rated by S&P) but without the consent of any other person, make such amendments as are necessary to preserve the economic equivalence of the remaining Securities including without limitation, any consequential amendments to the Notional Amount, and, in the case of Securities that are rated, notify the Rating Agencies of such amendments.

10. PAYMENTS

- (a) Payments of principal and premium (if any) in respect of Definitive Bearer Securities or a Bearer Global Security will be made at the specified office of any of the Paying Agents against surrender (or, in the case of partial payment, presentation) of the Definitive Bearer Securities or the Bearer Global Security, as the case may be. Payments of interest, if applicable, in respect of Definitive Bearer Securities or a Bearer Global Security 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 sub-paragraph (c) below, against surrender (or, in the case of partial payment, presentation) of the relevant Coupons or, as applicable, against presentation of the Bearer Global Security.

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 Target2 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 Security shall have been presented for payment shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of such Bearer Global Security.

As long as Bearer Securities are represented by a Bearer Global Security, each of the persons shown in the records of the Clearing Systems as the holder of a Bearer Security 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 Security, 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 Securities for so long as the Bearer Global Security is outstanding. The Issuer will be discharged by payment to the bearer of the Bearer Global Security in respect of each amount so paid.

Notwithstanding the foregoing, payments on a Bearer Global Security or a Definitive Bearer Security will only be made upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the holder thereof is not a U.S. Person and is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). No payments due after the Exchange Date will be made on the Temporary Bearer Global Security.

- (b) Each Bearer Security should be presented for payment together with, if applicable, all unmatured related Coupons. If any Bearer Security in respect of a Fixed Rate Security 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. All (if any) unmatured Talons and all unmatured Coupons appertaining to a Floating Rate Security (whether or not attached to the relative Bearer Security) shall become void upon the date on which such Bearer Security becomes due and repayable and no payment or exchange shall be made in respect thereof.
- (c) No payments of principal and/or interest in respect of Bearer Securities 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 Securities 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, 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 Securityholders in accordance with Condition 15 (*Notices*).

- (d) After all the Coupons attached to or issued in respect of a definitive Bearer Security 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 Security is not a Payment Day, the holder of such Security 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 Security 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 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 (i) any fiscal or other laws and regulations applicable to such payments in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

- (g) Unless otherwise specified in the Issue Terms, any reference in the Conditions to principal in respect of the Securities shall be deemed to include, as applicable:
 - (i) any additional amounts which the Counterparty (if any) 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 Securities;
 - (iii) the Early Redemption Amount of the Securities;
 - (iv) the Optional Call Redemption Amount(s) (if any) or Optional Put Redemption Amount (s) of the Securities;
 - (v) in relation to Zero Coupon Securities, 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 Securities.

Any reference in the Conditions to interest in respect of the Securities 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*).

11. EVENTS OF DEFAULT

Upon the occurrence of an Event of Default, the Trustee at its discretion may, and, if requested by the Instructing Creditor, shall (subject to being indemnified, secured and/or prefunded to its satisfaction), give notice to the Issuer that the Securities are, and they shall accordingly immediately become, due and repayable at the Early Redemption Amount. 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 default is made for a period of 14 days or more in the payment in the Currency of Issue of any sum due in respect of the Securities or any of them; or
- (b) if (i) the Issuer fails to perform or observe any of its other obligations under the Securities or the Trust Instrument, (ii) the breach of which obligation the Trustee shall have certified to be in its opinion materially prejudicial to the interests of the Securityholders and (iii) where in the opinion of the Trustee such failure is capable of remedy and 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 Trustee.

12. ENFORCEMENT

At any time after the Securities (or any of them) shall have become immediately due and repayable and have not been repaid, the Trustee may, at its discretion and without further notice, and if requested by the Instructing Creditor shall (subject to being indemnified, secured and/or prefunded 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 Securityholder 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 net proceeds in accordance with Condition 5 (*Application of Proceeds*), the obligations of the Issuer with respect to the Trustee, the Counterparty (if any) and the Securityholders shall be satisfied.

Neither the Trustee nor the Counterparty (if any) nor any Securityholder 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 (if any) nor any Securityholder 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 Mortgaged 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 (if any) and the Securityholders. The other assets (if any) of the Issuer including, in particular, assets securing other series of Securities will not be available to make up any shortfall.

13. PRESCRIPTION

Claims under the Bearer Securities, the Bearer Global Securities 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 Security 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 Securityholders in accordance with Condition 15 (*Notices*).

14. REPLACEMENT OF SECURITIES

If any Security 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 Securities must be surrendered before replacements will be issued.

15. NOTICES

All notices regarding Securities represented by a Bearer Global Security 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 Securities 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 and (C) if and for so long as the Securities are listed on the Irish Stock Exchange and the Irish Stock Exchange so requires, filed with the Companies Announcements Office of the ISE or (ii) delivered to the Common Service Provider for communication by the Clearing Systems to the Securityholders and, to the extent required under the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005, filed with the Companies Announcement Office of the Irish Stock Exchange. Any notice delivered to a Common Service Provider as aforesaid shall be deemed to have been given on the day of such delivery. It is expected that such publication will be made in (i) the *Financial Times* and (as the case may be) (ii) the *d'Wort* or *Tageblatt* and/or (iii) the *Irish Times*.

All notices regarding Securities represented by Bearer Securities in definitive form will be valid if published in accordance with option (i) in the above paragraph.

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 Securities 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. 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.

16. AGENTS

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

Subject to the following paragraph, the Issuer reserves the right, subject to the approval of the Trustee and the Counterparty (if any), 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.

Upon the occurrence of a Selling Agent Default, a Calculation Agent Default and/or an Agent Bank Default in respect of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, the Issuer may appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, pursuant to Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

17. APPOINTMENT OF REPLACEMENT SELLING AGENT, REPLACEMENT CALCULATION AGENT AND REPLACEMENT AGENT BANK

- (a) Upon the occurrence of a Selling Agent Default, a Calculation Agent Default and/or an Agent Bank Default, the Issuer may (or shall if instructed by means of an Extraordinary Resolution of the Securityholders or by the Trustee) (x) terminate, with immediate effect, the appointment of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and (y) at no additional cost to the Issuer, appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, provided that (i) the relevant Extraordinary Resolution or direction from the Trustee, as applicable, specifies the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, to be appointed, (ii) the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, is appointed on substantially the same terms as the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, is appointed under the Agency Agreement (other than any fee arrangements which may be agreed from time to time with the Securityholders by the Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, and notified, as soon as reasonably practicable, to the Issuer in writing, but which shall not for the avoidance of doubt include any fee arrangements that would affect the Security Ranking Basis from time to time), (iii) the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, has the ability, experience and qualifications necessary to professionally and competently perform the duties required of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and (iv) the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, agrees to be appointed in accordance with this Condition and is able to be so appointed by the Issuer.
- (b) If the Issuer fails (if instructed by means of an Extraordinary Resolution of the Securityholders or by the Trustee) to (x) terminate, with immediate effect, the appointment of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and/or (y) appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, in accordance with paragraph (a) above, within 30 calendar days from receipt of the relevant instruction of the Trustee or Extraordinary Resolution, the Trustee may (x) terminate, with immediate effect, the appointment of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and/or (y) appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, in accordance with paragraph (a) above, on behalf of the Issuer.

18. RESTRICTIONS

So long as any of the Securities remains outstanding, the Issuer will not, without the written consent of the Trustee and the Counterparty (if any):

- (a) engage in any activity or do anything whatsoever, except:
 - (i) issue Securities and issue or, as the case may be, enter into Alternative Investments subject to a maximum aggregate principal amount outstanding at any time of U.S.\$50,000,000,000 (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 Securities or the Mortgaged 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 Securities;
- (b) have any Subsidiaries except, if the Issuer has issued rated Securities, with the written consent of S&P (in the case of Securities rated by S&P) and with prior notification to Moody's (in the case of Securities rated by Moody's) 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 securities 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 Securities); 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 (*Purchase*));
- (d) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Mortgaged Property other than the Security Interests in respect of all Series of Securities of the Issuer;
- (e) have any employees;
- (f) declare any dividends or make any distributions of any other kind;
- (g) issue any further shares;
- (h) take any action which would lead to the dissolution, liquidation or winding up of itself or to the amendment of its constitutional documents; or
- (i) perform such other activities as are expressly restricted in the Trust Instrument.

19. MEETINGS OF SECURITYHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Instrument contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the Issue Terms or other provisions of the Trust Instrument. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing in aggregate not less than $66\frac{2}{3}$ per cent. in Outstanding Principal Amount of the Securities for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Securityholders whatever the Outstanding Principal Amount of the Securities so held or represented. An Extraordinary Resolution passed at any meeting of Securityholders or in the form of a written resolution (as described in the Trust Instrument) will be binding on all Securityholders, whether or not they are present at the meeting.

The Trustee may agree, without the consent of the Securityholders (but, in the case of Securities which are rated, subject to (in the case of Securities rated by S&P) Rating Agency Confirmation from S&P and/or (in the case of Securities rated by Moody's) prior notification to Moody's), to any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of the Issue Terms or any other Transaction Document as set out in the next sentence and as more fully set out in the Trust Instrument. The Trustee may so agree if, in the opinion of the Trustee, any such modification, waiver or authorisation is not materially prejudicial to the interests of the Securityholders or any modification of, or waiver or authorisation of any breach or proposed breach as aforesaid is of a formal, minor or technical nature or to correct a manifest error. No such modification shall be effective without the consent of the Counterparty (if any) (such consent not to be unreasonably withheld or delayed). Notwithstanding the foregoing, the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Securityholders) requested by the Dealer in respect of a Series of Securities if, and to the extent that, such modification is to correct an error in the Conditions arising from a discrepancy between the Conditions and the final termsheet provided to the initial Securityholders, as certified by the relevant Dealer to the Trustee.

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 Securityholders, may agree, without the consent of the Securityholders (but, in the case of Securities which are rated, subject to (in the case of Securities rated by S&P) Rating Agency Confirmation (from S&P only) and/or prior notification to Moody's (in the case of Securities rated by Moody's)), to the substitution of any other company in place of the Issuer as principal debtor under the Securities, the Trust Instrument and the Transaction Documents. No such substitution shall be effective without the consent of the Counterparty (if any) (such consent not to be unreasonably withheld or delayed). Under the Trust Instrument, the Trustee may require the Issuer to use its reasonable endeavours to procure the substitution as principal debtor of a company incorporated in some other jurisdiction than that of the Issuer upon the occurrence of one of the events referred to in Condition 8(b)(i) (*Redemption for taxation reasons*).

In connection with any exercise of its trusts, powers, authorities or discretions, the Trustee shall not have regard to the consequences of such exercise for individual Securityholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise, no person shall be entitled to claim, whether from the Issuer, any substitute Issuer, the Counterparty (if any), the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon any person.

Any such modification, waiver, authorisation or substitution shall be binding on the Counterparty (if any) and all Securityholders and (if the Securities are listed and the Stock Exchange so requires) the Stock Exchange and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Securityholders by the Issuer as soon as practicable thereafter.

20. FURTHER ISSUES

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

- (a) so as to be consolidated and form a single Series with the Securities (such further Securities, the "**Further Fungible Securities**"), provided that the Issuer provides additional Charged Assets as security for the original issue of Securities and any Further Fungible Securities 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 "**Securities**", "**Charged Assets**" and "**Charged Agreements**" shall thereafter be deemed to be references to such terms as amended to take into account the further issue); or
- (b) to form a separate Series from the Securities 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.

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

In addition, such Further Fungible Securities, when issued, shall preserve the economic equivalence of the existing Securities and the Calculation Agent shall, subject to Rating Agency Confirmation in the case of Securities that are rated, but without the consent of any other person, make such amendments as are necessary, including without limitation, any consequential amendments to the Notional Amount.

21. 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 unless indemnified, secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Counterparty (if any), 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 Mortgaged Property, from any obligation to insure the Mortgaged Property and from any claim arising from the fact that the Mortgaged 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 Mortgaged Property and is not bound to make any investigation into the same or into the Mortgaged 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 Mortgaged Property, the validity of any such obligor's obligations under or in respect of the Mortgaged Property or any of the terms of the Charged Assets (including, without limitation, whether the cashflows from the Charged Assets and the Securities are matched) or to monitor the value of any Charged Assets.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

23. GOVERNING LAW

The Trust Instrument, the Securities and the Charged Agreement(s) and any non-contractual obligations arising out of or in connection with such agreements are governed by, and will be construed in accordance with, English law.

24. JURISDICTION

- (a) The Issuer has, in the Trust Instrument, irrevocably agreed for the benefit of the Trustee and the Securityholders that the courts of England are to have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Instrument, the Securities and the Charged Agreement(s) including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Instrument, the Securities and the Charged Agreement(s) (together referred to as "**a Dispute**") and all Disputes will be submitted to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 24, each of the Issuer and the Trustee and any Securityholders taking proceedings in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 24(c) is for the benefit of the Trustee and the Securityholders only. To the extent allowed by law, the Trustee and Securityholders may, in respect of any Dispute or Disputes, take
 - (i) proceedings in any other court with jurisdiction, and
 - (ii) concurrent proceedings in any other

court with jurisdiction. 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.

- (d) The Issuer has in the Trust Instrument appointed an agent in London for service of process in England in respect of any Proceedings and has undertaken that in the event of such person being unable or unwilling for any reason so to act it will immediately appoint such other person as the Trustee may approve. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service.

25. 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 SECURITIES CONDITIONS MODULE

MARCH 2013 EDITION

**for use in
an issue of repackaged Securities
arranged by
MERRILL LYNCH INTERNATIONAL**

REGISTERED SECURITIES CONDITIONS MODULE

This Registered Securities Conditions Module modifies and supplements the basic terms and conditions for Securities governed by English law as set out in the Bearer Securities Base Conditions Module and will apply in respect of all Series of Securities issued in registered form. Other Conditions Modules will apply in addition, as specified in the Issue Terms.

All references to "Bearer Securities" in the Bearer Securities Base Conditions Module will be deemed to be references to "Registered Securities".

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

Condition 1 as set out in the Bearer Securities Base Conditions Module will not apply and the following Conditions 1.1, 1.2, 1.3, 1.4 and 1.5 shall be substituted therefor.

1.1 FORM, DENOMINATION AND TITLE

- (a) Registered Securities are in the Specified Denomination(s) specified in the Issue Terms and integral multiples thereof; provided, however, that, unless otherwise specified in the Issue Terms, any Series of Registered Securities offered or sold in the United States or to, or for the account of benefit of, U.S. Persons, will be issued only in Authorised Denominations.

Title to Registered Securities will pass by transfer and registration in accordance with Condition 1.4 (*Transfer of Registered Securities*) and in accordance with the terms of the Trust Instrument and the Agency Agreement.

- (b) Unless otherwise provided in the Issue Terms, a Non-U.S. Series of Registered Securities will be represented by a N-USD Regulation S Global Certificate in the case of N-USD Securities and a USD Regulation S Global Certificate, in the case of USD Securities, deposited with a Common Depositary and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg. Beneficial interests in a Regulation S Global Certificate issued in relation to a Non-U.S. Series may not be offered or sold to, or for the account or benefit of, a U.S. Person or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission) and may not be held otherwise than through Euroclear and Clearstream, Luxembourg.

Unless otherwise provided in the Issue Terms, a U.S. Series of Registered Securities will be represented by (a) (in the case of USD Securities) a USD Rule 144 A Global Certificate, deposited with or on behalf of DTC and registered in the name of its nominee Cede & Co, and by a USD Regulation S Global Certificate deposited with a Common Depositary and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or by (b) (in the case of N-USD Securities) a N-USD Rule 144A Global Certificate, and N-USD Regulation S Global Certificate, each deposited with a Common Depositary and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg, and/or Individual Certificates.

- (c) Registered Securities may only be offered and sold in the United States or to, or for the account or benefit of, U.S. Persons when provided for in the Issue Terms in transactions exempt from the registration requirements of the Securities Act and under circumstances where the Issuer is not required to register under the 1940 Act. The Issue Terms will specify whether the Securities are being offered and sold in private transactions (i) to persons whom the seller reasonably believes to be QIBs, or (ii) to IAs who are acquiring the Securities for investment purposes only and not with a view to resale or distribution thereof. The Issue Terms will also specify whether the Issuer is relying on the exception from the definition of "investment company" under the 1940 Act set out in Section 3(c)(1) or Section 3(c)(7) thereof.

If the Section 3(c)(1) exception is stated to apply in the Issue Terms, then Registered Securities sold to QIBs and/or IAs will be issued in the form of Individual Certificates only and such Registered Securities will not be eligible for deposit or clearance in any clearing system.

If the Section 3(c)(7) exception is stated to apply in the Issue Terms, the applicable Issue Terms will specify whether the Securities of such series will be issued in the form of Individual Certificates and/or in the form of Rule 144A Global Certificates. If the Issue Terms state that the Registered Securities are to be issued in the form of Individual Certificates, such Individual Certificates will not be eligible for

deposit or clearance with any clearing system. If, however, the Issue Terms specify that Rule 144A Global Certificates are to be issued, then any Registered Securities to be offered and sold in the United States or to or for the account or benefit of U.S. Persons will be represented by a N-USD Rule 144A Global Certificate, in the case of N-USD Securities, or a USD Rule 144A Global Certificate in the case of USD Securities, and any Securities of such U.S. Series to be offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S of the Securities Act will be represented by a N-USD Regulation S Global Certificate in the case of N-USD Securities or a USD Regulation S Global Certificate, in the case of USD Securities, in each case, deposited with a Common Depositary for Euroclear and Clearstream, Luxembourg.

- (d) No beneficial owner of an interest in a Global Security will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the Clearing Systems. In addition, Regulation S Global Certificates, Rule 144A Global Certificates, Individual Certificates and, if applicable, any Definitive Registered Securities will be subject to certain restrictions on transfer set out in a legend or legends thereon.
- (e) For so long as any of the Securities is represented by a Regulation S Global Certificate held by a Common Depositary or for so long as DTC or its nominee is the registered holder of a USD Rule 144A Global Certificate, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Securities shall be deemed to be the holder of such nominal amount of Securities for all purposes other than with respect to the payment of principal, premium (if any) or interest on such Securities. With respect to such payment, such Common Depositary or DTC or its nominee shall be deemed to be the holder of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Securities 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.
- (f) Subject to paragraph (e) above, the Issuer, the Counterparty, the Trustee and the Agents may deem and treat the person or persons in whose name(s) a Registered Security is registered as the absolute owner(s) of such Security 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 Security 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 Securities.

1.2 REGISTRATION

The Issuer will cause to be kept at the specified office of the Registrar for the time being the Register. 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 Securities and certificates for the Registered Securities 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 Securities, in which case references in the following provisions of this Condition and in Conditions 1.3 (*Exchange of Registered Securities*) and 1.4 (*Transfer of Registered Securities*) 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 Securityholders in accordance with Condition 15 (*Notices*) and any change in the Specified Office of the Registrar shall also be promptly so notified.

1.3 EXCHANGE OF REGISTERED SECURITIES

(a) *Exchange of Rule 144A Global Certificates for Definitive Registered Securities*

Subject to Condition 1.1(e) (*Form, denomination and title*), so long as DTC or its nominee is the registered holder of a USD Rule 144A Global Certificate, DTC or such nominee, as the case may be, will be considered the sole holder of the Securities represented thereby for all purposes. Registration of title to Securities in a name other than a depositary or a nominee for DTC will not be permitted unless (i) DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the USD Rule 144A Global Certificates, or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC or (ii) the Issuer, at its option, and after consultation with DTC, elects to terminate the book-entry system through DTC. In such circumstances, the Issuer will cause sufficient Definitive Registered Securities to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Securityholders.

Subject to Condition 1.1(e) (*Form, denomination, and title*), for so long as Euroclear or Clearstream, Luxembourg or its common nominee is the registered holder of the N-USD Rule 144A Global Certificate, Euroclear or Clearstream, Luxembourg or such common nominee, as the case may be, will be considered the sole holder of the Securities represented thereby for all purposes. Registration of title to Securities in a name other than a depositary or a common nominee for Euroclear or Clearstream, Luxembourg, will not be permitted unless i) an event of default has occurred and is continuing, or (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.

A person having an interest in a Rule 144A Global Certificates must provide the Registrar with: (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Registered Securities; and (ii) a completed and signed Investment Letter substantially in the form set out in the Trust Instrument (copies of which are available from the Registrar). Any Definitive Registered Securities so issued shall bear a legend substantially to the effect set out on the Rule 144A Global Certificates and any transfers thereof will thereafter require the delivery of a Transfer Certificate and Investment Letter each substantially in the form set out in the applicable Trust Instrument and available from the Registrar, with such modifications and amendments as are necessary to account for the definitive nature of the Securities.

(b) *General*

Securities may be presented for exchange at the specified office of the Registrar. Any such exchange shall be effected without service charge but upon payment of any taxes and other governmental charges, including stamp duties. Definitive Registered Securities issued in exchange will be delivered at the specified office of the Registrar, or (at the risk and, if mailed at the request of the holder otherwise than by ordinary uninsured mail, expense of the holder) mailed to such address, subject to the restrictions (if any) specified in the Issue Terms, as the holder may request, as soon as practicable after issue.

Securityholders wishing to exchange Securities should apply to the specified office of the Registrar for information relating to the procedure for such exchange.

1.4 TRANSFER OF REGISTERED SECURITIES

(a) *Transfer of Individual Certificates and Regulation S Global Certificates*

Registered Securities that are sold outside the United States or to non-U.S. Persons in compliance with Regulation S under the Securities Act in the form of Regulation S Global Certificates or Registered Securities that are sold within the United States or to, or for the account or benefit of, U.S. Persons as part of a U.S. Series in the form of Individual Certificates may, subject to Condition 1.1(d) (*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 Securities, in whole or in part (being the Specified Denomination(s) of the Securities given in the Issue Terms, or an integral multiple thereof), by delivery of the relevant Registered Security 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, including, in the case of Individual Certificates, delivery of an Investment Letter by the transferee in the form substantially as set out in the Trust Instrument, without service charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer.

No transfer of a Registered Security shall be recognised by the Issuer unless entered on the Register. In no event may the Registrar register the transfer of a Regulation S Global Certificate or an Individual Certificate in violation of the restrictive legend (if any) set out on the face of such Security. A Registered Security may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding 4 in number) and the Registrar will not accept transfers of Registered Securities to "bearer".

The Registrar will within 14 days of any duly made request to register the transfer of a Registered Security enter the transferee in the Register and authenticate and deliver a Registered Security certificate to the transferee (and, in the case of transfer of part only of a Registered Security, a Registered Security 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 Registered Security 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 Securities or any other recognised stock exchange or similar market approved by the Issuer, will deliver the Registered Security certificate in accordance with the normal procedures and systems of such exchange or market.

(b) *Transfers of Registered Securities of a U.S. Series Represented by Rule 144A Global Certificates and Regulation S Global Certificates*

Where the Issue Terms specify that Securities are being offered under circumstances which will not require the Issuer to register as an investment company under the 1940 Act in reliance on the exception contained in Section 3(c)(7) thereof and also specify that the Securities are being issued in the form of Global Certificates, then, until the first day following the expiry of the Distribution Compliance Period, beneficial interests in a Regulation S Global Certificate may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the transferor delivers to the Registrar a duly completed Rule 144A Transfer Certificate and the transferee delivers a duly completed Investment Letter (each substantially in the form set out in the Trust Instrument). In addition, if a person holding a beneficial interest in a Rule 144A Global Certificate makes a transfer at any time to a non-U.S. person in accordance with either Rule 903 or Rule 904 of Regulation S, the transferor will be required to deliver a Regulation S Transfer Certificate and the transferee will be required to deliver an Investment Letter (each substantially in the form set out in the Trust Instrument) certifying, among other things, its status as a non-U.S. person. In the event of any such transfers, the Registrar will make the appropriate entries in the Register to reflect the principal amount of the Securities represented by each of the Global Certificates. The Issuer and the Trustee reserve the right prior to any sale or other transfer to require the delivery of such other certifications, legal opinions and other information as the Issuer or the Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the restrictions described herein. Transfers by a holder of an interest in a Global Certificate to a transferee who wishes to take delivery of such interest through the same Global Certificate may be made at any time without certification.

(c) *General*

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

- (i) to register the transfer of interests in Registered Global Securities (or parts of Registered Global Securities) for interests in another Registered Global Security and interests in Registered Global Securities for definitive Registered Securities 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 Securities called (in whole or in part) for redemption (both inclusive); or
- (ii) to register the transfer of any Registered Security (or part of a Registered Security) called for partial redemption.

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

1.5. SPECIAL PROVISIONS RELATING TO USD RULE 144A GLOBAL CERTIFICATE

(a) *Clearing and Settlement of USD Rule 144A Global Certificate: Book-Entry Ownership*

The Issuer and any custodian with whom any USD Rule 144A Global Certificate are deposited will make applications to DTC for acceptance in its book-entry settlement system of the USD Rule 144A Global Certificate. Each USD Rule 144A Global Certificate representing different Securities will have a different CUSIP or CINs number. The USD Rule 144A Global Certificates and definitive Registered Securities will be subject to such restrictions on transfer as are set out under "**Subscription and Sale and Transfer Restrictions**" in the Supplemental Information Memorandum.

Upon issuance of the USD Rule 144A Global Certificate, DTC or its custodian will credit on its internal system the respective principal amounts of the individual beneficial interests represented by such USD Rule 144A Global Certificate to the accounts of the persons who have accounts with DTC ("**participants**"). Ownership of beneficial interests in the USD Rule 144A Global Certificate will be limited to participants in DTC and persons who hold interests through participants. Ownership of beneficial interests in the USD Rule 144A Global Certificate will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee and the records of participants. Beneficial owners will not receive certificates representing their ownership interests in the USD Rule 144A Global Certificate, except in the limited circumstances set out above.

(b) *Secondary Market Transfers of Interests in USD Rule 144A Global Certificates*

Transfer of interests in USD Rule 144A Global Certificates within DTC will be in accordance with the usual rules and operating procedures of DTC. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer an interest in a USD Rule 144A Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants and certain banks, the ability of a person having an interest in a USD Rule 144A Global Certificate to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate evidencing such interest.

Subject to compliance with the transfer restrictions applicable to the Securities described above, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg participants, on the other, will be effected in DTC in accordance with the DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depository. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (local time). Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg participants and Euroclear participants may not deliver instructions directly to the depositories for Clearstream, Luxembourg or Euroclear. Because of time-zone differences, credits of securities received in Euroclear or Clearstream, Luxembourg as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream, Luxembourg participant on such business day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of securities by or through a Euroclear participant or a Clearstream, Luxembourg participant to a DTC participant will be received with value on the DTC settlement date but will not be available in the relevant Euroclear or Clearstream, Luxembourg cash account until the business day following settlement in DTC.

(c) *Information concerning DTC, Euroclear and Clearstream, Luxembourg*

The Issuer understands that DTC will take any action permitted to be taken by a holder of Securities (including, without limitation, the presentation of a USD Rule 144A Global Certificate for exchange as described below) only at the direction of one or more participants in whose account the DTC interests in USD Rule 144A Global Certificates are credited and only in respect of such portion of the aggregate principal amount of the USD Rule 144A Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the USD Rule 144A Global Certificates for exchange for individual Definitive Registered Securities.

The Issuer understands that DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act, as amended. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and may include certain other organisations. Indirect access to the DTC system is available to others, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with all participants, either directly or indirectly.

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the DTC Global Securities among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued after reasonable notice. Neither the Issuer nor any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The following Condition 8(i) will apply to any Registered Securities of a U.S. Series.

8(i) U.S. REGULATORY REDEMPTION

If specified in the Issue Terms that the Securities are to be offered in the United States or to, or for the account or benefit of, U.S. Persons and that the Securities are subject to mandatory transfer and/or redemption pursuant to this Condition, then, unless otherwise provided in the Issue Terms, the Issuer may, if in the sole determination of the Issuer it is necessary to do so to maintain any applicable exemption from or exception to the 1940 Act (i) by notice to any Securityholder require such Securityholder to transfer the Securities held by it within such period as may be specified in the notice or, following the expiry of such period, the Issuer may cause such Securities to be transferred on behalf of the Securityholder or (ii) give not less than 15 days' notice to any Securityholder and upon the expiry of such notice redeem all of the Securities held by such Securityholder and the security created by or pursuant to the Trust Instrument over a proportion of the Charged Assets equal to the proportion that the Outstanding Principal Amount of the Securities to be redeemed bears to the aggregate Outstanding Principal Amount of the Securities immediately prior to such redemption shall be released and the Selling Agent shall arrange for, and administer, the sale of such Charged Assets and such Securities shall be redeemed at the Early Redemption Amount. The Early Redemption Amount in respect of this Condition shall be determined using the Realisation Amount in respect of the proportion of the Charged Assets sold by the Selling Agent in accordance with this Condition and shall be applied in accordance with the relevant Security Ranking Basis and apportioned pro rata to those Securities being redeemed pursuant to this Condition. By subscription for, or acquisition of, any Security, each Securityholder accepts and is bound by this provision.

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

9. PURCHASE

- (a) The Issue Terms will specify whether the Issuer may, through the Counterparty, purchase Securities (or any of them) at any time 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 Securities 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 Security 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 Definitive Registered Security, the Registrar shall deliver, *mutatis mutandis* in accordance with Condition 1.4 (*Transfer of Registered Securities*), a Registered Security certificate for the unpurchased balance to the relevant Securityholder.

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

10. PAYMENTS

- (a) *Payments in respect of Regulation S Global Certificates, N-USD Rule 144A Global Certificates and Individual Certificates*

All payments in respect of Registered Securities 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 Individual Certificates or Regulation S Global Certificates, or N-USD Rule 144A Global Certificates as applicable, will be made to the persons shown on the Register at the close of business on the Record Date following surrender (in the case of payments of principal and premium (if any)) to the Registrar of the relevant Individual Certificate or Regulation S Global Certificate, or N-USD Rule 144A Global Certificates, as applicable.

Subject as provided below, payments in respect of Individual Certificates, Regulation S Global Certificates, or N-USD Rule 144A 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 Securityholder otherwise than by ordinary uninsured mail, expense of the Securityholder) on the relevant due date to the holder or to the first named of joint holders of such Registered Security 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 Regulation S Global Certificate or a N-USD Rule 144A 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 Securities are represented by a Regulation S Global Certificate or a N-USD Rule 144A Global Certificates, each of the persons shown in the records of the Clearing Systems as the holder of a Registered Security must look solely to such Clearing Systems for his share of each payment so made by the Issuer to the registered holder of the Regulation S Global Certificate or a N-USD Rule 144A 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 Securities for so long as such Regulation S Global Certificate or N-USD Rule 144A Global Certificate is outstanding and the Issuer will be discharged by payment to the registered holder of such Regulation S Global Certificate or N-USD Rule 144A Global Certificate in respect of each amount so paid.

Payments in respect of USD Rule 144A Global Certificates

Each USD Rule 144A Global Certificate will be registered in the name of DTC's nominee, Cede & Co., and payments of the principal of and interest on each USD Rule 144A Global Certificate will be to or to the order of Cede & Co., as the registered owner of such USD Rule 144A Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant USD Rule 144A Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of

beneficial interests in such USD Rule 144A Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is the case with securities registered in "street name" for the accounts of customers. Such payments will be the responsibility of such DTC participants.

Neither the Issuer nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the USD Rule 144A Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

- (b) If the due date for payment of any amount of principal, premium (if any) or, if applicable, interest in respect of any Security is not a Payment Day, the holder of such Security 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 Security 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 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 (i) any fiscal or other laws and regulations applicable to such payments in the place of payment. and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

Condition 13 as set out in the Bearer Securities 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 Security to the extent that the relevant Registered Security certificate or Registered Global Security 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 Security 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 Securities represented by a Registered Global Security) the Registered Global Security has not been presented to the Registrar by, the end of the period of 5 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 Security 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 Securityholders in accordance with Condition 15 (*Notices*).

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

15. NOTICES

All notices regarding Registered Securities 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 Securities 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 and (C) if and for so long as the Securities are listed on the Irish Stock Exchange and the Irish Stock Exchange so requires, in one daily newspaper published in Ireland approved by the Trustee, filed with the Companies Announcements Office of the ISE 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. It is expected that any publication as described in the foregoing will be made in (i) the *Financial Times* and/or (as the case may be) (ii) the *Luxemburger Wort* or the *Tageblatt* and/or (iii) the *Irish Times*.

All notices regarding Securities represented by a Registered Global Security will be valid if published as described above or if delivered to DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be for communication by such Clearing System to the Securityholders. 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 Securities 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.

The following Condition 18.1 will apply to any Registered Securities of a U.S. Series.

18.1 RESTRICTIONS ON ISSUANCE

The Issuer will not issue any Securities under the Section 3(c)(1) or the Section 3(c)(7) exception to the definition of "investment company" under the 1940 Act without (i) the consent of the Trustee and the Counterparty and (ii) if requested by the Trustee and the Counterparty, obtaining an opinion from counsel in the jurisdiction of the Issuer satisfactory to it and to its U.S. counsel to the effect that such Series of Securities to be issued under the Section 3(c)(1) or the Section 3(c)(7) exception will be secured exclusively by the Charged Assets, Charged Agreements and other assets designated to and/or pledged for the benefit of such Series of Securities and that such Charged Assets, Charged Agreements and other assets will be available only for the benefit of such holders of Securities (including upon a liquidation of the Issuer).

Following an issue of Securities pursuant to the Section 3(c)(1) or the Section 3(c)(7) exception, the Issuer will not issue additional Securities of such Series or another Series which are sufficiently similar to the Securities issued pursuant to the Section 3(c)(1) or the Section 3(c)(7) exception so as to cause the offer and sale of such additional Securities to be integrated with the offering and sale of the Securities issued pursuant to the Section 3(c)(1) or the Section 3(c)(7) exception for the purposes of determining the availability of the Section 3(c)(1) or the Section 3(c)(7) exception from definition of "investment company" under the 1940 Act.

CREDIT-LINKED SECURITIES CONDITIONS MODULE

MARCH 2013 EDITION

**to be incorporated by reference into the Trust Instrument
for an issue of repackaged Credit-Linked Securities
arranged by
MERRILL LYNCH INTERNATIONAL**

CREDIT-LINKED SECURITIES CONDITIONS MODULE

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

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

CL1. TYPES OF CREDIT-LINKED SECURITIES

The Issue Terms shall specify whether the Securities are:

- (a) Single Name Cash Settled Credit-Linked Securities ("**Single Name Cash CLS**") where the Issuer purchases credit protection from the Securityholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of such Reference Entity, the Securities will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement.
- (b) Single Name Physically Settled Credit-Linked Securities ("**Single Name Physical CLS**") where the Issuer purchases credit protection from the Securityholders in respect of only one Reference Entity. Upon the satisfaction of the Conditions to Settlement in respect of such Reference Entity, the Securities will, unless otherwise specified in the Issue Terms, be redeemed by physical settlement (subject to Alternative Cash Settlement, in which case by payment of the Alternative Cash Settlement Amount).
- (c) First-to-Default Basket Cash Settled Credit-Linked Securities ("**First-to-Default Cash CLS**") where the Issuer purchases credit protection from the Securityholders in respect of 2 or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the Securities will, unless otherwise specified in the Issue Terms, be redeemed by cash settlement.
- (d) First-to-Default Basket Physically Settled Credit-Linked Securities ("**First-to-Default Physical CLS**") where the Issuer purchases credit protection from the Securityholders in respect of 2 or more Reference Entities. Upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities, all the Securities will, unless otherwise specified in the Issue Terms, be redeemed by physical settlement (subject to Alternative Cash Settlement, in which case by payment of the Alternative Cash Settlement Amount).
- (e) Pro-rata Default Basket Cash Settled Credit-Linked Securities ("**Basket Cash CLS**") where the Issuer purchases credit protection from the Securityholders in respect of 2 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 Securities by cash settlement.
- (f) Pro-rata Default Basket Physically Settled Credit-Linked Securities ("**Basket Physical CLS**") where the Issuer purchases credit protection from the Securityholders in respect of 2 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 Securities by physical settlement (subject to alternative cash settlement, in which case by payment of the Alternative Cash Settlement Amount).

- (g) Portfolio Credit-Linked Securities ("**Portfolio CLS**") where the Issuer purchases credit protection from the Securityholders in respect of a portfolio of 2 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 Securities will, unless otherwise specified in the Issue Terms, be redeemed proportionally.
- (h) Auction Settled Credit-Linked Securities ("**Auction Settled CLS**") where the Issuer purchases credit protection from the Securityholders on the terms set out in the Issue Terms.

For the avoidance of doubt, the Issuer will buy protection from the Securityholders to match the protection it sells to the Counterparty under the Charged Agreement in respect of a Series of Securities.

CL2. CREDIT EVENT TERMS

The Issue Terms shall specify:

- (a) the Reference Entity or Reference Entities in respect of which a Credit Event may occur (which shall include any Successor(s) thereto);
- (b) the Reference Obligation(s) (if any) in respect of each Reference Entity;
- (c) the date to which the Issuer has purchased credit protection from the Securityholders in respect of the Reference Entity or Reference Entities (the "**Scheduled Termination Date**", which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Issue Terms);
- (d) 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 Securityholders in respect of each Reference Entity;
- (e) the Transaction Type in respect of each Reference Entity;
- (f) 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;
- (g) in the case of Physically Settled CLS (or Auction Settled CLS where Physical Settlement is the Fallback Settlement Method and CL6(II)(d) applies), the Deliverable Obligations that may be Delivered, including the Deliverable Obligation Category and the Deliverable Obligation Characteristics;
- (h) the relevant Conditions to Settlement that have to be satisfied upon the occurrence of a Credit Event before the Securities may be redeemed; and
- (i) in the case of Auction Settled CLS (i) the applicable Fallback Settlement Method and (ii) the Fallback Settlement Security Type.

CL3. NOTICES

- (a) Under the terms of the Charged Agreement, the Counterparty may deliver a Credit Event Notice and (if applicable) a Notice of Publicly Available Information to the Issuer (copied to the Trustee, the Calculation Agent and the Principal Paying Agent) at any time during either (i) the Notice Delivery Period or (ii) the period set out in sub-paragraph (a)(B) of the definition of Event Determination Date, provided that if an Event Determination Date occurs without the giving of notices pursuant to

paragraph (b) of the definition of "Event Determination Date", the Counterparty shall not (save as required by paragraph (b) of the definition of "Event Determination Date") be obliged to give such Credit Event Notice and (if applicable) Notice of Publicly Available Information in order for an Event Determination Date to occur. Any failure by the Counterparty to copy any notice that is required to be copied to the Trustee, the Calculation Agent or the Principal Paying Agent pursuant to these Conditions, shall not affect the validity or effectiveness of such notice.

- (b) In the case where the Issuer receives a Credit Event Notice and (if applicable) a Notice of Publicly Available Information from the Counterparty, the Issuer shall give notice or shall procure that notice is given (the "**Event Determination Notice**") to the Securityholders (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 Charged Agreement as soon as reasonably practicable after receiving such Credit Event Notice and (if applicable) Notice of Publicly Available Information from the Counterparty. In the case where an Event Determination Date occurs without the giving of any notices pursuant to paragraph (b) of the definition of "Event Determination Date", the Issuer shall not be obliged to give or procure the giving of an Event Determination Notice. The failure by the Issuer to give an Event Determination Notice to the Securityholders (or any other party) shall not affect the validity of such Credit Event Notice and (if applicable) Notice of Publicly Available Information.
- (c) Where the Securities are either First-to-Default Cash CLS or First-to-Default Physical CLS (or where the Fallback Settlement Security Type is specified to be First-to-Default Cash CLS or First-to-Default Physical CLS), the Credit Event terms shall apply to the first Reference Entity with respect to which an Event Determination Date occurs or, if an Event Determination Date occurs in respect of more than one Reference Entity on the same day, the Reference Entity as selected by the Calculation Agent in its sole discretion.
- (d) Where Restructuring is an applicable Credit Event, there may be more than one Event Determination Date in respect of the same Reference Entity as further described in Condition CL10 (*Restructuring Credit Event Applicable*) below. In addition, in the case of a Basket Cash CLS, Basket Physical CLS or Portfolio CLS (or Auction Settled CLS, where the Fallback Settlement Security Type is specified to be Basket Cash CLS, Basket Physical CLS or Portfolio CLS), 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 Securities 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 Cash CLS, Basket Physical CLS or a Portfolio CLS (or Auction Settled CLS, where the Fallback Settlement Security Type is specified to be Basket Cash CLS, Basket Physical CLS or Portfolio CLS).
- (e) In the case of a Physically Settled CLS (or where Physical Settlement is the Fallback Settlement Method), the terms of the relevant Charged Agreement will provide that a Notice of Physical Settlement must be delivered by the Counterparty to the Issuer (and copied to the Trustee, the Calculation Agent and the Principal Paying Agent) subject, where applicable, to Condition CL12 (*Settlement Suspension*), on or prior to:
 - (i) subject to sub-paragraph (ii) below, the later of:
 - (A) the thirtieth calendar day (subject to adjustment in accordance with any applicable Business Day Convention) after the Event Determination Date; and
 - (B) the tenth calendar day after either (I) the date of the relevant DC Credit Event Announcement, if any, or (II) the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine

the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date if any, as applicable; or

(ii) if "Physical Settlement" is applicable pursuant to the Fallback Settlement Method in accordance with Section 12.1(a) or (b) of the Credit Derivatives Definitions and:

(A) the relevant Credit Event is not a Restructuring (or, if such Credit Event is a Restructuring, neither "Restructuring Maturity Limitation and Fully Transferable Obligation" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type), the thirtieth calendar day after the Auction Cancellation Date or the No Auction Announcement Date, as applicable; or

(B) the relevant Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, either:

(I) the thirtieth calendar day after:

(1) a No Auction Announcement Date occurring pursuant to subparagraph (a) of the definition of No Auction Announcement Date, if any; or

(2) a No Auction Announcement Date occurring pursuant to subparagraph (c) of the definition of No Auction Announcement Date, if any, in circumstances where no Parallel Auction will be held; or

(3) the Auction Cancellation Date, if any,

as applicable; or

(II) the Relevant City Business Day immediately following the later of the Parallel Auction Final Price Determination Date, if any (or, if more than one should occur, the last Parallel Auction Final Price Determination Date), and the Parallel Auction Cancellation Date, if any (or, if more than one should occur, the last Parallel Auction Cancellation Date), as applicable, in circumstances where either:

(1) a No Auction Announcement Date occurs pursuant to subparagraph (b) of the definition of No Auction Announcement Date and the Counterparty has not exercised the Movement Option in respect of the Securities; or

(2) a No Auction Announcement Date occurs pursuant to subparagraph (c) of the definition of No Auction Announcement Date in circumstances where one or more Parallel Auctions will be held,

provided that in the case of Condition CL3(e)(i)(B) and Condition CL3(e)(ii), the relevant Credit Event Resolution Request Date occurred on or prior to the date described in Condition CL3(e)(i)(A),

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 Charged Agreement may not be physically settled until an effective Notice of Physical Settlement is delivered to the Issuer. 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 Securityholders in accordance with Condition 15 (*Notices*). The failure by the Issuer to give such notice to the Securityholders shall not affect the validity of such Notice of Physical Settlement.

The terms of each Credit Derivative Transaction will provide that if a Notice of Physical Settlement in respect of the final Credit Event capable of occurring pursuant to such Credit Derivative Transaction is not delivered on or before the related Physical Determination Date, such Physical Determination Date shall be the Termination Date (as defined in the Charged Agreement) in respect of the Charged Agreement and the Securities will then be redeemed in the manner set out in Condition 8(c)(i)(B) (*Mandatory Redemption – Following Default under the Charged Assets or termination of a Charged Agreement*).

- (f) Where Repudiation/Moratorium is an applicable Credit Event, the Counterparty may give a Repudiation/Moratorium Extension Notice (which may also be deemed to be an Extension Notice for the purposes of Condition CL11 (*Final Redemption and Maturity Date*)) in accordance with the terms thereof.
- (g) Notwithstanding any contrary terms of the Charged Agreement, any notice delivered by the Counterparty to the Issuer pursuant to the Charged Agreement on or prior to 6.00 p.m. (London time) on a London Business Day is effective on such date and if delivered after such time or on a day that is not a London Business Day, is deemed effective on the next following London Business Day.
- (h) Where the Calculation Agent in respect of the Charged Agreement has notified the Issuer and the Counterparty of any of the matters as set out in Section 1.14 (but excluding for the purposes of this paragraph, Section 1.14(a)) or Section 7.4 of the Credit Derivatives Definitions, the Issuer may give a notice in similar terms (but, for the avoidance of doubt, excluding the name of the relevant Dealers) to the Securityholders 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.
- (i) For the purposes of Credit-Linked Securities and the provisions set out in the Credit-Linked Securities Conditions Module, Clause 15(A)(xv) of the Trust Terms Module, March 2013 Edition is deemed not to apply.
- (j) The Counterparty may deliver a Succession Event Notice at any time, provided that the Counterparty shall not be obliged to give such Succession Event Notice in order for a Succession Event to occur, notwithstanding whether or not such Succession Event was determined by DC Resolution of the relevant Credit Derivatives Determinations Committee.
- (k) In the case where the Issuer receives a Succession Event Notice, the Issuer may give notice or procure that notice is given to the Securityholders (in accordance with Condition 15 (*Notices*)), the Principal Paying Agent, the Calculation Agent and the Trustee that a Succession Event has occurred as soon as reasonably practicable after receiving such Succession Event Notice, provided that for the avoidance of doubt, any failure by the Issuer to give such notice or procure that such notice is given, shall not affect the validity of the related Succession Event. In the case where a Succession Event occurs as a result of a Succession Event Resolution Request Date occurring, the Issuer shall not be obliged to give or procure the giving of a notice of a Succession Event to the Securityholders.

- (l) Notwithstanding any contrary terms of the Charged Agreement, any notices sent thereunder may be sent by facsimile or e-mail to the facsimile numbers or e-mail addresses specified therein.

CL4. INTEREST

- (a) Subject to paragraph (b) below:

- (i) Each of the Securities will bear interest on its Outstanding Principal Amount as on the first day of an Interest Period except in the case of an Auction Settled CLS (where the Fallback Settlement Security Type is specified to be a Portfolio CLS) or Portfolio CLS 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 Interest Commencement Date to (but excluding) the Scheduled Termination Date.

- (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 the Extended Maturity Date or a Cancellation Notice is given, the Securities will continue to bear interest from (and including) the Scheduled Termination Date 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 (and after payment by the Counterparty of the Counterparty Final IRS Amount on or before the Extended Maturity Date, if applicable), 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 Termination Date together with the interest (if any) that has accrued thereon at the Overnight Rate in the Issuer Account from (and including) the Scheduled Termination Date to (but excluding) the date of repayment, each such repayment to occur as soon as reasonably practicable after the occurrence of the relevant Event Determination Date.

- (1) On the Maturity Date, the Principal Paying Agent shall pay to the Securityholders (on a *pro rata* basis) 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 Termination Date to (but excluding) the Maturity Date.

- (b) Upon the occurrence of an Event Determination Date, interest on the Credit Event Portion of the Securities 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), provided that if the Event Determination Date is an Interest Payment Date, interest shall cease to accrue from, and including, such Interest Payment 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 Auction Redemption Date (or, in the case of the first Interest Period, the Interest Commencement Date).

CL5. SALE OF CHARGED ASSETS

- (a) In the case of Credit-Linked Securities other than Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS) and Portfolio CLS, upon the occurrence of an Event Determination Date 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 Asset Quotation and Charged Asset Market Value obtained by the Calculation Agent on or around the Sale Date or in such other manner as may be specified in the Issue Terms) on any date on or prior to the Cash Settlement Date, the Auction Redemption Date or the Physical Settlement Date, as the case may be (such date, the "**Sale Date**") (and, for the avoidance of doubt, the Counterparty and/or its Affiliates 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 Account and shall be applied to meet the Issuer's obligations in respect of the Securities and the Charged Agreements.
- (b) In the case of Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS) and Portfolio CLS, 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 Asset 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 Asset 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 or Auction Redemption Date, as the case may be.

- (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 will sell the securities with the highest quotation (and thereafter those with the next highest quotation and so on).

CL6. CASH SETTLEMENT

- (I) If the Securities are not Auction Settled CLS:
 - (a) In the case of a Cash Settled CLS (other than a Portfolio CLS or where the Fallback Settlement Security Type is specified to be Portfolio CLS), upon the satisfaction of the Conditions to Settlement, the Issuer shall redeem the relevant Credit Event Portion of the Securities on the Cash Settlement Date by payment of the relevant Cash Redemption Amount to the Securityholders, such amount to be apportioned *pro rata* among the Securityholders,

rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue.

- (b) In the case of a Portfolio CLS or where the Fallback Settlement Security Type is specified to be Portfolio CLS, on each Cash Settlement Date, the Issuer shall redeem each Security 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 Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue. The Issuer shall notify the Securityholders (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 Security.

(2) 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 Securities 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 Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue and such Securities so redeemed shall be cancelled.

- (c) If the Securities are partially redeemed, (x) in the case of (I) Bearer Securities that are not represented by a Global Security and (II) Registered Securities, the relevant Security or, if the Registered Securities are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption and (y) in the case of Bearer Global Securities, the relevant Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of such Security, to reflect such partial redemption.

(II) If the Securities are Auction Settled CLS:

- (a) Where the Fallback Settlement Security Type is Cash Settled CLS or Physically Settled CLS (other than Portfolio CLS), and an Event Determination Date occurs and is not reversed on or prior to the Auction Final Price Determination Date, the Issuer shall redeem the relevant Credit Event Portion of the Securities on the Auction Redemption Date by payment of the relevant Cash Redemption Amount to the Securityholders, such amount to be apportioned *pro rata* among the Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue.
- (b) Where the Fallback Settlement Security Type is Portfolio CLS, on each Auction Redemption Date, the Issuer shall redeem each Security 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 Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue. The Issuer shall notify the Securityholders (in accordance with Condition 15 (*Notices*)) on or as soon as reasonably practicable after the Auction Redemption Date of the relevant Sale Notional Amount and the adjusted Outstanding Principal Amount for each Security.

For the avoidance of doubt, on the Auction Redemption Date on which the Upper Band is equalled or exceeded, the Issuer shall redeem all the Securities 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 Securityholders, rounding the resultant figure downwards to the nearest sub-unit of the relevant Currency of Issue and such Securities so redeemed shall be cancelled.

- (c) If the Securities are partially redeemed, the relevant Security or, if the Securities are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption.
- (d) Notwithstanding the above, if:
 - (i) an Auction Cancellation Date or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, a Parallel Auction Cancellation Date occurs;
 - (ii) a No Auction Announcement Date occurs (and, in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date, the Counterparty has not exercised the Movement Option);
 - (iii) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date; or
 - (iv) an Event Determination Date was determined pursuant to sub-paragraph (a) of the definition of "Event Determination Date" and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date,

(3)(each a "**Fallback Settlement Method Event**") (A) if "Cash Settlement" is specified as the applicable Fallback Settlement Method in the Issue Terms, notwithstanding that the Securities are Auction Settled CLS the Conditions shall apply in respect of such Credit Event as if the Securities are not Auction Settled CLS (but for the avoidance of doubt are Cash Settled CLS) and the Issuer shall redeem the Securities in accordance with Condition CL6(I) and (B) if "Physical Settlement" is specified as the applicable Fallback Settlement Method in the Issue Terms, notwithstanding that the Securities are Auction Settled CLS, the Conditions shall apply in respect of such Credit Event as if the Securities are Physically Settled CLS and the Issuer shall redeem the Securities in accordance with Condition CL7 (*Physical Settlement*). If no Fallback Settlement Method is specified in the Issue Terms, "Physical Settlement" shall be deemed to be specified in the Issue Terms as the applicable Fallback Settlement Method.

CL7. PHYSICAL SETTLEMENT

- (a) In the case of a Physically Settled CLS, upon the satisfaction of the Conditions to Settlement by the Physical Determination Date, the Issuer shall redeem the Credit Event Portion of the Securities 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,

to the Securityholders, in each case, to be apportioned *pro rata* (to the extent possible) among such Securityholders. Notwithstanding Condition 2 (*Status*), where the Portfolio comprises more than one type of Deliverable Obligation, each Securityholder may be Delivered different Deliverable Obligations to each other Securityholder, as determined by the Calculation Agent in its sole discretion.

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. In making the calculation, the Calculation Agent may, at its discretion, choose to retain any one or more of the Deliverable Obligations in the Portfolio.

If the Securities are partially redeemed, (x) in the case of (I) Bearer Securities that are not represented by a Global Security and (II) Registered Securities, the relevant Security or, if the Registered Securities are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption and (y) in the case of Bearer Global Securities, the relevant Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of such Security, to reflect such partial redemption.

- (b) If the Issuer and/or the Counterparty is/are 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 the Securityholder to take Delivery of any portion of the Portfolio on the Initial 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 Securityholders an amount equal to the Alternative Cash Settlement Amount to be apportioned *pro rata* amongst the Securityholders 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 Securities 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.

- (d) Where a Securityholder holds Securities 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 Securities shall be aggregated for the purposes of this provision. If the nominal amount of the Deliverable Obligations to be Delivered in respect of each Security 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 Securityholder 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 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 Securityholders equally, and if any Stamp Tax (as defined in the Credit Derivatives Definitions) is payable in connection with the Delivery of (A) the Reference Obligation (or other Deliverable Obligations of the same type as the Reference Obligation), payment of such Stamp Tax shall be made by the party that would in the ordinary course bear such cost under a contract for purchase of the Reference Obligation or (B) other Deliverable Obligations, payment of such Stamp Tax

shall be made by the Counterparty. 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 Securityholders. Any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the Securityholders or the Counterparty, as appropriate, determined in accordance with then 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 Securityholders have been paid to the satisfaction of the Issuer and the Counterparty.

CL8. DISCHARGE OF OBLIGATIONS

- (a) In the case of a Cash Settled CLS (other than a Portfolio CLS or Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS)), payment by the Issuer of the Cash Redemption Amount to the Securityholders shall discharge all obligations of the Issuer to the Securityholders in respect of the relevant Credit Event Portion of the Securities.
- (b) In the case of a Physically Settled CLS, 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 Securityholders pursuant to the provisions of this Credit-Linked Securities Conditions Module shall discharge all obligations of the Issuer to the Securityholders in respect of the relevant Credit Event Portion of the Securities.

CL9. SUCCESSION EVENTS

- (a) Where the Securities are either Single Name Cash CLS (or where Single Name Cash CLS is the Fallback Settlement Security Type) or Single Name Physical CLS (or where Single Name Physical CLS is the Fallback Settlement Security Type):
 - (i) Where a Succession Event has occurred and more than one Successor has been identified, the Credit Derivative Transaction 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 Securities*) to CL8 (*Discharge of Obligations*) (both inclusive) and Condition CL10 (*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 shall be construed accordingly. Each Security shall thereafter be redeemed in part (such redeemed part being equal to its *pro rata* share of the Partial Principal Amount).
 - (iii) The Securities shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The Securities 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 Securities 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 (to the extent such determinations are not made by the relevant Credit Derivatives Determinations Committee) in its sole discretion 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 Securityholders and the Securityholders are deemed to agree to this provision by the purchase of the Securities.

- (b) Where the Securities are either First-to-Default Cash CLS or First-to-Default Physical CLS (or Auction Settled CLS, where the Fallback Settlement Security Type is specified to be First-to-Default Cash CLS or First-to-Default Physical CLS):

- (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 relevant Credit Derivative Transaction 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 Securities 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 relevant Credit Derivative Transaction as provided above, satisfaction of the Conditions to Settlement with respect to any of the Non-Succession Event Reference Entities will cause the Securities to be redeemed in full in accordance with the provisions of this Credit-Linked Securities Conditions Module relating to Auction Settled CLS, First-to-Default Cash CLS or First-to-Default Physical CLS, as the case may be (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 Securities*) to CL8 (*Discharge of Obligations*) (both inclusive) and Condition CL10 (*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 Securities 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 Securities as of the Issue Date.
- (iv) Following a partial redemption of the Securities pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining Outstanding Principal Amount of the Securities 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 Securities 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 CL9 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 (to the extent such determinations are not made by the relevant Credit Derivatives Determinations Committee) in its sole discretion 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 Securityholders and the Securityholders are deemed to agree to this provision by the purchase of the Securities.
- (c) Where the Securities are Basket Cash CLS, Basket Physical CLS or Portfolio CLS (or Auction Settled CLS, where the Fallback Settlement Security Type is specified to be Basket Cash CLS, Basket Physical CLS or Portfolio CLS):
- (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 relevant Credit Derivative Transaction (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 relevant Credit Derivative Transaction, 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 Securities in accordance with the provisions of this Credit-Linked Securities Conditions Module in relation to Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Basket Cash CLS, Basket Physical CLS or Portfolio CLS), Basket Cash CLS, Basket Physical CLS or Portfolio CLS, as the case may be.
 - (v) The provisions of this Credit-Linked Securities 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 relevant Credit Derivative Transaction. For the avoidance of doubt, the provisions of this Condition CL9 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 (to the extent such determinations are not made by the Credit Derivatives Determinations Committees) in its sole discretion 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 Securityholders and the Securityholders are deemed to agree to this provision by the purchase of the Securities.

CL10. RESTRUCTURING CREDIT EVENT APPLICABLE

- (a) Where (i) Restructuring is an applicable Credit Event and (ii) either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, 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 Securities*) to CL9 (*Succession Events*) above (both inclusive), where a Restructuring Credit Event has occurred and the Counterparty has delivered a Credit Event Notice for an amount that is less than the aggregate Outstanding Principal Amount of the Securities immediately prior to the delivery of such Credit Event Notice (the "**Exercise Amount**"), the provisions of Conditions CL1 (*Types of Credit-Linked Securities*) to CL9 (*Succession Events*) (both inclusive) shall be deemed to apply to a principal amount equal to the Exercise Amount only and all the provisions and relevant definitions shall be construed accordingly. Each such Security shall be redeemed in part (such redeemed part being equal to its *pro rata* share of the Exercise Amount).
- (b) The Securities shall be deemed to be *redeemed pro rata* in an amount equal to the Exercise Amount only. The Securities 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 Securities Conditions Module shall apply to any subsequent Credit Event Notices delivered save that:

- (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 Cash CLS or a First-to-Default Physical CLS (or where the Fallback Settlement Security Type is specified to be First-to-Default Cash CLS or First-to-Default Physical CLS), 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" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type 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 or any NOPS Amendment Notice, as applicable 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 applicable Restructuring Maturity Limitation Date.

- (d) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type 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 or any NOPS Amendment Notice, as applicable 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 CL10 (*Restructuring Credit Event Applicable*) apply in respect of the Securities, on redemption of part of each such Security, (x) in the case of (I) Bearer Securities that are not represented by a Global Security and (II) Registered Securities the relevant Security or, if the Registered Securities are represented by a Global Security, such Global Security, shall be endorsed to reflect such partial redemption and (y) in the case of Bearer Global Securities, the relevant Paying Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of such Security, to reflect such partial redemption.

CL11. FINAL REDEMPTION AND MATURITY DATE

- (a) Unless the Securities have been previously redeemed or purchased or 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 Securities on the Maturity Date in an amount, with respect to each Security, equal to its Outstanding Principal Amount.
- (b) The Counterparty may deliver an Extension Notice at any time prior to 11.00 a.m. (London time) on the first Business Day prior to the Scheduled Termination Date. As soon as reasonably practicable after receiving an Extension Notice from the Counterparty, the Issuer shall promptly inform the Securityholders in accordance with Condition 15 (*Notices*).
- (c) For the purposes of Credit-Linked Securities, "**Maturity Date**" means:
 - (i) the Scheduled Termination 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:
 - (I) sub-paragraph (d) below in the case of a Portfolio CLS or Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS); and
 - (II) sub-paragraph (e) below.
- (d) In the case of a Portfolio CLS or Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS), where one or more Event Determination Date(s) has occurred on or prior to the Scheduled Termination Date (or, if applicable, the Extended Maturity Date) and the relevant Cash Settlement Date(s) fall(s) later than such date, the "**Maturity Date**" shall be the date being two Business Days following the latest such Cash Settlement Date, and, for the avoidance of doubt, the relevant portion of the Securities subject to the Event Determination Date shall be redeemed in accordance with this Credit-Linked Securities Conditions Module.

- (e) If an Event Determination Date occurs on or prior to the Extended Maturity Date, redemption of the Securities shall be subject to and in accordance with the Condition CL6 (*Cash Settlement*) or Condition CL7 (*Physical Settlement*) (as applicable), otherwise each of the Securities will be redeemed at its Outstanding Principal Amount together with interest accrued in accordance with Condition 8(a) (*Final Redemption*).

CL12. SETTLEMENT SUSPENSION

If, following the determination of an Event Determination Date in accordance with sub-paragraph (a) of the definition of Event Determination Date but prior to the Physical Settlement Date or, to the extent applicable, a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, the timing requirements of Condition CL3(e) and the definitions of Cash Settlement Date, Valuation Date, Notice of Physical Settlement, Physical Settlement Period, and any other Condition as determined by the Calculation Agent in its sole discretion, shall toll and remain suspended until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (b) not to determine such matters. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (ii) not to determine such matters, the relevant timing requirements of the Conditions that have previously tolled or been suspended shall resume on the Business Day following such public announcement by ISDA.

CL13. AMENDMENT OF THE CONDITIONS IN ACCORDANCE WITH MARKET CONVENTION

- (a) The Calculation Agent may from time to time amend the Conditions of the Securities and/or the Credit-Linked Definitions Module to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to credit derivative transactions and/or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent determines in a commercially reasonable manner are necessary to reflect or govern market practice for credit derivative transactions.
- (b) The Calculation Agent may, at any time in its sole and absolute discretion, amend the Deliverable Obligation Category and Deliverable Obligation Characteristics in the Conditions of the Securities and in the Swap Agreement to correspond with the most recently published Credit Derivatives Physical Settlement Matrix version.
- (c) If the Calculation Agent determines that:
 - (i) a Reference Entity has proposed an exchange of all or substantially all of the obligations of such Reference Entity (ignoring for this purpose all indebtedness owed to Affiliates and all bilateral indebtedness) into cash, securities and/or other assets (or any combination thereof);
 - (ii) prior to any agreement to exchange such obligations, one or more of such obligations would have constituted Deliverable Obligations ("**Qualifying Deliverable Obligations**");
 - (iii) such cash, securities and other assets may not constitute Qualifying Deliverable Obligations; and

- (iv) the exchange has been agreed in a form that binds the majority of the holders of the relevant Qualifying Deliverable Obligations or has been formally sanctioned by any governmental authority,

the Calculation Agent may elect to:

- (A) select a Business Day falling after the Event Determination Date but before the Valuation Date that would otherwise apply and such Business Day shall be the Valuation Date with respect to such Reference Entity;
- (B) determine the Final Price by reference to such cash, securities and other assets, acting in a commercially reasonable manner; or
- (C) amend any of the Conditions of the Securities, the Credit-Linked Definitions Module and the Swap Agreement to reflect such exchange and to preserve the economic equivalence of the Securities,

or any combination of thereof, and the Conditions of the Securities and the Credit-Linked Definitions Module (as applicable) shall be deemed to be amended to reflect such election.

- (d) In the case of Securities that are rated, any amendment made in accordance with this Condition CL13 shall be notified to the Rating Agencies.

CL14. DEFINITIONS

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

GENERAL DEFINITIONS MODULE

MARCH 2013 EDITION

**to be incorporated by reference into
the Conditions and the Trust Instrument
for an issue of repackaged Securities
arranged by
MERRILL LYNCH INTERNATIONAL**

1. GENERAL DEFINITIONS

The following capitalised terms used in the Trust Instrument in respect of a Series of Securities 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 Securities:

"1940 Act" means the United States Investment Company Act of 1940, as amended.

"2000 ISDA Definitions" means, in relation to a Series of Securities, the 2000 ISDA Definitions as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of such Securities.

"2006 ISDA Definitions" means, in relation to a Series of Securities, the 2006 ISDA Definitions as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of such Securities.

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

"Additional Agreement" means, in relation to a Series of Securities, 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 Securities, 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 Mortgaged 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 Securities, the agency agreement entered into by, among others, the 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 Agency Terms Module (March 2013 Edition) containing the standard agency and custodian provisions for an issue of Securities or such other edition as specified in the Issue Terms.

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

"Agent Bank Default" means, in relation to the Agent Bank, the Agent Bank or any of its Affiliates also acts as the Counterparty in relation to the relevant Series of Securities and, having taken into account any applicable grace period, an Event of Default (as defined in the Swap Agreement) has occurred under the Swap Agreement and the Counterparty is the Defaulting Party (as defined in the Swap Agreement).

"Agents" means, in relation to a Series of Securities, each of the agents of the Issuer appointed under the Agency Agreement and as specified in the Issue Terms and, for the avoidance of doubt, includes any Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank.

"Alternative Investments" means any indebtedness in respect of moneys borrowed or raised by the Issuer (other than in the form of Securities) on terms similar to the Securities (in particular as to limited recourse and extinguishment of claims) and includes, without limitation, loans, loan 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 Merrill Lynch International.

"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.

"Authorised Denomination" means U.S.\$250,000 and integral multiples of U.S.\$1 in excess thereof.

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

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

"Bearer Securities Base Conditions Module" means the Bearer Securities Base Conditions Module (March 2013 Edition) containing the base conditions for an issue of Bearer Securities or such other edition as specified in the Issue Terms.

"Beneficial Owners" means any person holding a beneficial interest in the USD Rule 144A Global Certificates from time to time.

"benefit plan investor" means (A) any employee benefit plan (as defined in section 3(3) of ERISA), (B) any plan described in section 4975(e)(1) of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101).

"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 London and any Additional Business Centre specified in the Issue Terms; and
- (b) either (i) 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 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 Target2 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 an 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) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).

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

"Calculation Agent Default" means, in relation to the Calculation Agent, the Calculation Agent also acts as the Counterparty in relation to the relevant Series of Securities and, having taken into account any applicable grace period, an Event of Default (as defined in the Swap Agreement) has occurred under the Swap Agreement and the Counterparty is the Defaulting Party (as defined in the Swap Agreement).

"Calculation Amount" means, in relation to a Series of Securities, the Specified Denomination if there is only one Specified Denomination, but where there is more than one Specified Denomination, the highest common factor or otherwise as specified in the Issue Terms. For clarification purposes, there must be a common factor in the case of two or more Specified Denominations.

"Cash Collateral" means, in relation to a Series of Securities, (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 Securities and as may be further described in the Issue Terms, the segregated account established in the name of the Issuer with HSBC Bank plc or any of its affiliates.

"Charged Agreement(s)" means, in relation to a Series of Securities, the Swap Agreement(s) (if any) together with any Swap Guarantee in respect of such Swap Agreement(s) (if any).

"Charged Assets" means, in relation to a Series of Securities, the benefits, interest, right and title in and to the bonds, notes, securities, 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 Systems" means, in relation to a Series of Securities, any of Euroclear, Clearstream, Luxembourg and DTC, as the case may be, and includes any additional or alternative clearing systems specified in the Issue Terms.

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

"Code" means the US Internal Revenue Code of 1986.

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

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

"Common Safekeeper" means a common safekeeper for Euroclear and Clearstream, Luxembourg.

"Common Service Provider" means a common service provider appointed by Euroclear and Clearstream, Luxembourg to service the Securities.

"Conditions" means, in relation to a Series of Securities, 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 Securities to the extent incorporated into the Issue Terms (including, without limitation, the Bearer Securities Base Conditions Module, the Registered Securities Conditions Module, the Credit-Linked Securities Conditions Module and/or such other modules as may be proposed by 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 Securityholders*).

"Counterparty" means, in relation to a Series of Securities, the entity or entities (if any) designated as the counterparty or counterparties in the Issue Terms.

"Counterparty Account" means, in relation to a Series of Securities, 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, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Securityholders on a *pari passu* and *pro rata* basis.

"Counterparty/Securityholder Priority Basis" means (a) Counterparty Priority Basis or (b) if the Counterparty is the Defaulting Party in respect of and as defined in the Swap Agreement at any time, Securityholder Priority 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 Securities in definitive form (other than in the case of Zero-Coupon Securities) or, as the context may require, a specific number thereof and includes any replacements for Coupons issued pursuant to Condition 14 (*Replacement of Securities*) and, where the context so permits, the Talons.

"Credit-Linked Definitions Module" means the Credit-Linked Definitions Module (March 2013 Edition) containing definitions relating to Credit-Linked Securities or such other edition as specified in the Issue Terms.

"Credit-Linked Loan Terms Module" means the Credit-Linked Loan Terms Module (March 2013 Edition) containing the additional terms for a Credit-Linked Loan or such other edition as specified in the Loan Facility Terms.

"Credit-Linked Securities Conditions Module" means the Credit-Linked Securities Conditions Module (March 2013 Edition) containing the additional conditions for an issue of Credit-Linked Securities or such other edition as specified in the Issue Terms.

"Currency of Issue" means, in relation to a Series of Securities, the currency in which the Issue Terms of such Securities 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 Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and, if applicable, any subcustodian of, or any other entity appointed by, the Custodian.

"Custodian Account" means, in relation to a Series of Securities, 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) or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).

"Day Count Fraction" means either Fixed Day Count Fraction or Floating Day Count Fraction or as otherwise specified in the Issue Terms.

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

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

"Definitions Modules" means the General Definitions Module and, as the case may be, the Credit-Linked Definitions Module and/or such other modules as may be proposed by the Arranger from time to time.

"Definitive Registered Security" means a definitive certificate representing a Registered Security substantially in the form of Part 3-E of the First Schedule to the Trust Terms Module to be issued only in the limited circumstances set out in the Conditions and bearing a legend substantially in the form of the legend appearing on the Rule 144A Global Certificate or Regulation S Global Certificate in exchange for which such Definitive Registered Security is issued.

"Determination Date" means, in relation to a Series of Securities, 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 Securities are offered to the public or the settlement date for the Securities, and ending on the day that is 40 calendar days thereafter.

"DTC" means The Depository Trust Company at its office at 55 Water Street, New York, N.Y. 10041, United States of America.

"DTC Important Notice" means a notice substantially in the form set out in Part 10 of the First Schedule to the Trust Terms Module to be sent to DTC in connection with the issuance of the USD Rule 144A Global Certificates.

"ERISA" means the United States Employee Retirement Income Security Act of 1974, as amended.

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

"Eligible Assets" means cash deposits or any debt securities:

- (a) of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership);
- (b) which have the same credit rating as the Initial Charged Assets at the Issue Date or better; and
- (c) which are non-amortising,

unless otherwise 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.

"Eligible Investors" means:

- (a) if the Issue Terms specify that the Issuer will be relying on Section 3(c)(1) of the 1940 Act, (A) persons who constitute one beneficial owner for the purpose of Section 3(c)(1) of the 1940 Act and the rules thereunder and (B) either (X) institutions that qualify as IAs or (Y) QIBs, but excluding therefrom: (i) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (ii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Securities, and (iii) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Securities; or
- (b) if the Issue Terms specify that the Issuer will be relying on Section 3(c)(7) of the 1940 Act, persons who are QIBs and QPs but excluding therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than U.S.\$25 million in securities as determined under Rule 144A of the Securities Act, (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Securities, (iv) any investment company excepted from the 1940 Act solely pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to April 30, 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the 1940 Act and rules thereunder and (v) any entity that will have invested more than 40 per cent. of its assets in the securities of the Issuer subsequent to any purchase of the Securities.

References to **"euro"** 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.

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

"Euroclear/Clearstream Important Notice" means a notice substantially in the form set out in Part 11 of the First Schedule to the Trust Terms Module to be sent to each of Euroclear and Clearstream, Luxembourg, respectively, in connection with the issuance of the Rule 144A Global Certificates.

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

"**Event of Default**" means, in relation to the Securities 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 Securities 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 Security is issued.

"**Exchange Event**" means that (i) an Event of Default has occurred and is continuing or (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.

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

"**FATCA**" means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FFI**" means a "foreign financial institution" as such term is defined pursuant to Sections 1471 through 1474 of the Code and any regulations thereunder or official interpretations thereof.

"**Final Redemption Amount**" means, in relation to a Series of Securities, 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 (ICMA)" is specified in the Issue Terms:
 - (i) in the case of Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (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 Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (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 Securities, 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 Securities" means an issue of Securities in respect of which interest accrues at a fixed rate as stated in the Issue Terms applicable to such Securities.

"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, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

"FSA" means the Financial Services Authority or any successor regulator which may be appointed from time to time.

"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.

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

"Further Fungible Securities" has the meaning given to it in Condition 19 (*Further Issues*).

"General Definitions Module" means the General Definitions Module (March 2013 Edition) containing general definitions for an issue of Securities or such other edition as specified in the Issue Terms.

"Global Security" means a Temporary Bearer Global Security and/or a Permanent Bearer Global Security and/or a Regulation S Global Certificate and/or a Rule 144A Global Certificate, as the context may require.

"IAI" means an institutional investor that qualifies as an accredited investor (within the meaning of paragraphs (1), (2), (3) or (7) of Rule 501(a) of Regulation D under the Securities Act).

"ICSDs" means the international central securities depositaries, Euroclear and Clearstream, Luxembourg.

"Individual Certificates" means Registered Securities 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 Securities, as specified in the Issue Terms.

"Initial Tranche" means, if the Securities 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 Securities, either: (a) the Counterparty only; (b) the Securityholders only; or (c) the Counterparty and the Securityholders, as specified in the Issue Terms. For the avoidance of doubt, where "the Counterparty or the Securityholders" are specified as the Instructing Creditor there is no requirement for the Counterparty and the Securityholders to act together as Instructing Creditors.

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

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

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

"investment company" means an investment company for the purposes of the 1940 Act.

"Investment Letter" means a letter substantially in the form attached as Part 9 of the First Schedule to the Trust Terms Module, to be delivered by each initial purchaser that is a U.S. person or that purchased the Securities during the Distribution Compliance Period when the Issuer is relying on the exception from the 1940 Act set out in Section 3(c)(1) or Section 3(c)(7) thereof, or in such other form as is set out in the Trust Instrument.

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

"ISDA" means the International Swaps and Derivatives Association, Inc.

"ISDA Definitions" means the 2000 ISDA Definitions or the 2006 ISDA Definitions or such other definitions as may be specified in the Issue Terms.

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

"Issue Terms" means, in relation to a Series of Securities, the issue terms set out in the Trust Instrument relating to such Securities, 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 Securityholders*).

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

"Loan Facility Agreement" means the loans, howsoever described, (including, without limitation, Credit-Linked Loans) constituted by the Trust Instrument and incorporating therein the Loan Terms Modules.

"Loan Facility Terms" means, in relation to a Loan Facility Agreement, the loan facility terms set out in the Trust Instrument relating to such Loan Facility Agreement including the terms of the Loan Terms Modules and Definitions Modules incorporated by reference, as the same may be modified and/or supplemented.

"Loan Facility Terms Module" means the Loan Facility Terms Module (March 2013 Edition) (as updated) containing the base terms for a Loan Facility Agreement or such other edition as specified in the Loan Facility Terms.

"Loan Terms Modules" means the modules containing the terms which will apply to a Loan Facility Agreement to the extent incorporated into the Loan Facility Terms (including, without limitation, the

Loan Facility Terms Module, the Credit-Linked Loan Terms Module and/or such other modules as may be proposed by the Arranger from time to time).

"Luxembourg Stock Exchange" means The Luxembourg Stock Exchange.

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

"Market Value Basis" means:

- (i) in the case of substitution of Charged Assets, that the value of 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 specified by the Counterparty in the Substitution Notice given by the Counterparty, and, for these purposes, **"Market Value"** shall mean the firm bid price obtained by the Calculation Agent from 3 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 2 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 Securities, that the additional assets required to be provided by the Issuer in respect of the Further Fungible Securities 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.

"Maturity Date" means, in relation to a Series of Securities, the final date on which the Securities 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 Securities, 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 Securities, 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.

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

"New Series of Securities" has the meaning given to it in Condition 4(b)(ii) (*Charged Assets – Substitution at the request of Securityholders*).

"Nominal Basis" means:

- (i) in the case of substitution of Charged Assets, that 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 Securities, that 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 Securities as the proportion which the nominal amount of such assets forming part of the Mortgaged Property for the existing Securities of such Series bears to the nominal amount thereof as at such date.

"Non-U.S. Series" means a series of Securities all of which will be offered and sold outside the United States to non-U.S. Persons.

"N-USD Securities" means Securities denominated in a currency other than U.S. Dollars.

"N-USD Regulation S Global Certificate" - means a registered global security in the form or substantially in the form set out in Part 3-A of the First Schedule to the Trust Terms Module (in the case of a Non-U.S. Series) or Part 3-D of the First Schedule to the Trust Terms Module (in the case of a U.S. Series) with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series sold outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Trust Instrument.

"N-USD Rule 144A Global Certificate" means a fully registered global security substantially in the form of Part 3-C 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 Securities of the same Series pursuant to which any Securities offered and sold to or for the account or benefit of U.S. Persons in accordance with the legend appearing thereon will be represented.

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

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

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

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

"outstanding" means, in relation to a Series of Securities, all the Securities of that Series issued other than:

- (a) those Securities to the extent that they shall have been redeemed in part pursuant to the relevant Issue Terms;
- (b) those Securities which have been redeemed in full pursuant to the relevant Issue Terms;
- (c) those Securities 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 Securityholders in accordance with Condition 15 (*Notices*)) and remain available for payment against presentation of the Securities;
- (d) those Securities which have been purchased and cancelled in accordance with Condition 9 (*Purchase*);
- (e) those Securities in respect of which claims have become void under Condition 13 (*Prescription*);
- (f) those mutilated or defaced Securities which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Securities*);
- (g) (for the purpose only of ascertaining the nominal amount of the Securities of that Series outstanding and without prejudice to the status for any other purpose of the Securities) those Securities 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 Securities*); and

- (h) any Temporary Global Security to the extent that it shall have been exchanged for definitive Bearer Securities or a Permanent Bearer Global Security and any Permanent Bearer Global Security to the extent that it shall have been exchanged for definitive Bearer Securities 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 Securityholders or any of them;
- (ii) the determination of how many and which Securities 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 Securityholders 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 Securityholders or any of them,

those Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer, the Counterparty (if any), 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 Security, the principal amount of such Security outstanding from time to time.

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

"Participating FFI" means an FFI that, as from the effective date of any rules requiring withholding on "passthru payments" (as such term is defined pursuant to Sections 1471 through 1474 of the Code and any regulations thereunder or official interpretations thereof), meets the requirements of Section 1471(b) of the Code and any regulations or other official guidance issued thereunder and that has not elected to be withheld upon pursuant to Section 1471(b)(3) of the Code.

"Paying Agents" means, in relation to a Series of Securities, 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; and

(B) 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 (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 Target2 System is open.

"Permanent Bearer Global Security" means a permanent bearer global security 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 Securities of the same Issue, issued by the Issuer pursuant to the Trust Instrument either on issue of the Securities or in exchange for the whole or part of the Temporary Bearer Global Security issued in respect of such Bearer Securities (all as indicated in the Issue Terms).

"Placing Agreement" means, in relation to a Series of Securities, 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 Placing Terms Module (March 2013 Edition) containing the provisions relating to the purchase and/or placing of Securities or such other edition as specified in the Issue Terms.

"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 Securities, the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

"Programme" means the U.S.\$50,000,000,000 Limited Recourse Secured Debt Issuance Programme of the Issuer.

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

"QIB" means a "qualified institutional buyer" as defined in Rule 144A under the Securities Act.

"QP" or **"Qualified Purchaser"** means a "qualified purchaser" within the meaning set out in Section 2(a)(51) of the 1940 Act and the rules thereunder.

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

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

"Rating Agency Confirmation" means, in relation to a Series of Securities 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 Securities.

"Realisation Amount" means the net proceeds of realisation of, or enforcement with respect to the Security Interests over, the Charged Assets or the Mortgaged Property, as applicable (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, in relation to a payment in respect of Individual Certificates or Regulation S Global Certificates, close of business on, in the case of Individual Certificates, the Business Day, and in the case of Regulation S Global Certificates, the day on which Euroclear and Clearstream, Luxembourg are open for business, in each case immediately prior to 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 Securities, 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 Securities or, as the case may be, of the latest transferees of the same notified to the Registrar in accordance with Condition 1.4(c) of the Registered Securities Conditions Module (*Transfer of Registered Securities - General*), together with the particulars of the Registered Securities held by them respectively and of all transfers of Registered Securities.

"Registered Global Securities" means, together, the Regulation S Global Certificates and the Rule 144A Global Certificates.

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

"Registered Securities Conditions Module" means the Registered Securities Conditions Module (March 2013 Edition) containing the provisions relating to an issue of Registered Securities and provisions additional to or instead of provisions in the Bearer Securities Base Conditions Module or such other edition as specified in the Issue Terms.

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

"Regulation S Global Certificates" means collectively, the USD Regulation S Global Certificate and the N-USD Regulation S Global Certificate.

"Regulation S Transfer Certificate" means a transfer certificate substantially in the form attached to the Rule 144A Global Certificate, being the certificate to be delivered to the Registrar in order to request a transfer of an interest in a Rule 144A Global Certificate to a non-U.S. person taking an interest in a Regulation S Global Certificate representing Securities of the same Series.

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

"Relevant Screen Rate" means, in relation to a Series of Securities, 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 Agent Bank" means the Replacement Agent Bank appointed by the Issuer or the Trustee, as the case may be, in accordance with Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

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

"Replacement Calculation Agent" means the Replacement Calculation Agent appointed by the Issuer or the Trustee, as the case may be, in accordance with Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

"Replacement Selling Agent" means the Replacement Selling Agent appointed by the Issuer or the Trustee, as the case may be, in accordance with Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

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

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

"Required Minimum Securityholders" means Securityholders holding at least 50 per cent. of the aggregate principal amount of the Securities then outstanding, in each case including any Requesting Securityholder.

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

"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 Securities or otherwise in relation to the Securities 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.

"Rule 144A Global Certificates" means, collectively, the USD Rule 144A Global Certificate and the N-USD Rule 144A Global Certificate.

"Rule 144A Transfer Certificate" means a transfer certificate substantially in the form attached to the a Regulation S Global Certificate representing Securities of a U.S. Series, being the certificate to be delivered to a Registrar in order to request a transfer of an interest in the Regulation S Global Certificate to a U.S. person taking an interest in a Rule 144A Global Certificate representing Securities of the same Series.

"Sale Agreement" means, in relation to a Series of Securities, 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 Sale Agreement Terms Module (March 2013 Edition) containing the standard provisions of sale of the Charged Assets to the Issuer or such other edition as specified in the Issue Terms.

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

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

"Section 3(c)(1) exception" means the exception to the definition of "investment company" set out in Section 3(c)(1) of the 1940 Act and the rules thereunder.

"Section 3(c)(7) exception" means the exception to the definition of "investment company" set out in Section 3(c)(7) of the 1940 Act and the rules thereunder.

"Securities" 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 Securities 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 Authorised Denomination, or the equivalent in other Currencies of Issue;

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

"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 Securities, the Trust Instrument and any Additional Charging Documents.

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

"Securityholders" means the several persons who are for the time being holders of the Securities (being, in the case of Bearer Securities, the bearers thereof and, in the case of Registered Securities, the several persons whose names are entered in the register of holders of the Registered Securities as the holders thereof) save that, in respect of the Securities of any Series, for so long as such Securities or any part thereof are represented by a Bearer Global Security deposited with a depositary for Euroclear and/or Clearstream, Luxembourg or so long as DTC or its nominee is the registered holder of a Global Security each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, as the case may be, DTC as the holder of a particular nominal amount of the Securities of such Issue shall be deemed to be the holder of such nominal amount of such Securities (and the holder of the relevant Global Security 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 Securities, the right to which shall be vested, as against the relevant Issuer and the relevant Trustee, solely in such depositary or, as the case may be, DTC or its nominee and for which purpose such depositary or, as the case may be, DTC or its nominee shall be deemed to be the holder of such nominal amount of such Securities in accordance with and subject to its terms and the provisions of the Trust Instrument and the expressions **"Securityholder"**, **"holder of Securities"** and related expressions shall be construed accordingly.

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

"Selling Agent Default" means, in relation to the Selling Agent, the Selling Agent also acts as the Counterparty in relation to the relevant Series of Securities and an Event of Default (as defined in the Swap Agreement) has occurred under the Swap Agreement and the Counterparty is the Defaulting Party (as defined in the Swap Agreement).

"Series" means a Tranche of Securities together with any further Tranche or Tranches of Securities 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.

"Shortfall Date" has the meaning given to it in Condition 8(a) (*Redemption – Final Redemption*).

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

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

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 Securities, 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 1159 of the Companies Act 2006 of Great Britain) or a subsidiary undertaking (within the meaning of Section 1162 and Schedule 7 of the Companies Act 2006 of Great Britain).

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

"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 one cent.

"successor" means any successor to any one or more persons appointed in relation to the Securities 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 Securityholders*).

"Swap Agreement" means, in relation to a Series of Securities, 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, as specified in the Issue Terms and schedule thereto entered into by the 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 Guarantee" means, in relation to a Series of Securities, the guarantee dated the Issue Date executed by the Swap Guarantor in respect of the payment obligations of the Counterparty under the Swap Agreement(s) (if any).

"Swap Guarantor" means, in relation to a Series of Securities, the guarantor (if any) of the payment obligations of the Counterparty under any Swap Agreement(s) as designated in the Issue Terms.

"Swap Schedule Terms Module" means the Swap Schedule Terms Module (March 2013 Edition) containing the standard provisions of a swap schedule in relation to an issue of Securities as specified in the Issue Terms or such other edition 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 Securities in definitive form of any Series (other than Zero-Coupon Securities) and includes any replacements for Talons issued pursuant to Condition 14 (*Replacement of Securities*).

"Target2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

"Temporary Bearer Global Security" means a temporary bearer global security 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 Securities of the same Series, issued by the Issuer pursuant to the Trust Instrument.

"Tranche" means, in relation to a Series of Securities 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 Securities, 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 Securities and all agreements incidental to the issue of such Securities.

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

"Transfer Certificate" means the Regulation S Transfer Certificate and/or the Rule 144A Transfer Certificate as the context may require.

"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 Securities, the entity designated as the trustee in the Issue Terms.

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

"Trust Terms Module" means the Trust Terms Module (March 2013 Edition) containing the trust terms constituting and/or securing the Securities or such other edition as specified in the Issue Terms.

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

"USD Securities" means Securities denominated in U.S. dollars.

"USD Regulation S Global Certificates" means a registered global security in the form or substantially in the form set out in Part 3-A of the First Schedule to the Trust Terms Module (in the case of a Non-U.S. Series) or Part 3-D of the First Schedule to the Trust Terms Module (in the case of a U.S. Series) with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series sold outside the United States to non-U.S. Persons in reliance on Regulation S under the Securities Act, issued by the Issuer pursuant to the Trust Instrument.

"USD Rule 144A Global Certificates" means a fully registered book-entry security substantially in the form of Part 3-B of the First Schedule to the Trust Terms Module to be deposited on or prior to the issue date for the Securities with or on behalf of DTC and registered in the name of its nominee Cede & Co. pursuant to which any USD Securities offered and sold to or for the account or benefit of U.S. Persons in accordance with the legend appearing thereon will be represented.

"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.

"U.S. Series" means a series of Registered Securities all or a portion of which will be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons.

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

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

2. 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.

3. 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.

4. 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.

5. HEADINGS

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

6. 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*.

7. 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 Definitions Module)) and assigns, whether in security or otherwise, whomsoever.

8. 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.

CREDIT-LINKED DEFINITIONS MODULE

MARCH 2013 EDITION

**to be incorporated by reference into
the Conditions and the Trust Instrument
for an issue of repackaged Credit-Linked Securities
arranged by
MERRILL LYNCH INTERNATIONAL**

CREDIT-LINKED DEFINITIONS MODULE

1. DEFINITIONS

The following capitalised terms used in the Conditions and the Trust Instrument in respect of a Series of Credit-Linked Securities into which this Credit-Linked 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 Securities:

"2002 ISDA Master Agreement" means the 2002 ISDA Master Agreement, as published by ISDA.

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

"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 semiannual 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 Securities, 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(s) (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 and shall in respect of Merrill Lynch International and its Affiliates include Bank of America, National Association and its Affiliates.

"Alternative Cash Settlement Amount" has the meaning given to it in Condition CL7(b) (*Physical Settlement*).

"Alternative Cash Settlement Date" has the meaning given to it in Condition CL7(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 relevant Transaction Auction Settlement Terms.

"Auction Cancellation Date" has the meaning set forth in the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

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

"Auction Final Price" means the price, if any, determined pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity (expressed as a percentage) or, in the case of a Restructuring Credit Event in respect of which the Movement Option was exercised on or prior to the Movement Option Cut-off Date, the price, if any, specified to be the Auction Final Price in the applicable Parallel Auction Settlement Terms with respect to the Reference Entity (expressed as a percentage).

"Auction Final Price Determination Date" means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity.

"Auction Redemption Date" means the third Business Day following the Auction Settlement Date.

"Auction Settlement Date" means the date specified in the relevant Transaction Auction Settlement Terms (or, if a date is not so specified, five 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 CLS" has the meaning given to it in Condition CL1(e) (*Types of Credit-Linked Securities*).

"Basket Physical CLS" has the meaning given to it in Condition CL1(f) (*Types of Credit-Linked Securities*).

"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 Securities Base Conditions Module and in the case of a Physically Settled CLS, 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.

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

- (a) no Credit Event or (if Grace Period Extension Date is applicable) Potential Failure to Pay or (if Potential Repudiation/Moratorium is applicable) Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Termination Date;
- (b) if a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date, no Failure to Pay has occurred with respect to the relevant obligation; or
- (c) if a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Termination Date, no Repudiation/Moratorium has occurred with respect to the relevant obligation;

provided that if a Convened DC resolves that a Credit Event of the type referenced in the relevant DC Question has not occurred a Cancellation Notice shall be deemed to be given by the Counterparty to the Issuer and the Conditions shall be construed accordingly.

"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 Securities; 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:

$$CRA = (CN \times CP) - (RA \times (100\% - MD)) + SS$$

Where:

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

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

RA means the Reference Amount in respect of the relevant Reference Entity.

MD means (i) if the Securities are not Auction Settled CLS (or if pursuant to Condition CL6(II)(d) the Issuer shall redeem the Securities in accordance with Condition CL6(I)), the Final Price of the Valuation Obligation and (ii) if the Securities are Auction Settled CLS, the Auction Final Price.

SS means the Swap Settlement Amount.

Provided that:

- (i) CRA shall be subject to (A) a minimum of zero and (B) a maximum equal to the Credit Event Portion of the Securities 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 or around the Valuation Date for the purposes of determining the formula above. Such currency conversion shall be by reference to the then prevailing spot rate of exchange, as determined by the Calculation Agent, acting in a commercially reasonable manner.

"Cash Settled CLS" means any Credit-Linked Security which is redeemed by cash settlement upon the satisfaction of Conditions to Settlement (including an Auction Settled CLS unless Physical Settlement is the Fallback Settlement Method and a Fallback Settlement Method Event has occurred).

"Cash Settlement Amount" means an amount (converted 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 Valuation 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 Valuation Obligation, expressed as a percentage;

ROOP means the Outstanding Principal Balance or Due and Payable Amount (or its equivalent in the Settlement Currency) of the relevant type or issue of Valuation Obligations in the Valuation Obligations Portfolio; and

the 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 Valuation Obligations in the Valuation 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 (a) subject to CL12 (*Settlement Suspension*), the number of Business Days specified in the Issue Terms (or, if a number of Business Days is not so specified, three Business Days) after the date on which the Final Price of the Valuation Obligation or, in the case of a Portfolio CLS or Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS), the Portfolio Final Price of each Valuation Obligation in the Valuation Obligations Portfolio in respect of the relevant Reference Entity, is determined and (b) if the Final Price is specified in the Issue Terms, subject to CL12 (*Settlement Suspension*), the date that is the number of Business Days specified in the Issue Terms (or, if a number of Business Days is not so specified, three Business Days) following the satisfaction of all Conditions to Settlement (or, if "Cash Settlement" is applicable

pursuant to the Fallback Settlement Method, any Auction Cancellation Date or any No Auction Announcement Date, if later).

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

"Charged Asset Quotation" means, in respect of Charged Assets in a principal amount equal to the relevant Credit Event Portion of the Securities, 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" shall be 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 Final Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Scheduled Maturity Date, as applicable, unless the Securities are Physically Settled CLS, in which case all of the Conditions to Settlement shall be deemed to be

satisfied by the delivery of a Notice of Physical Settlement that is effective on or following the occurrence of an Event Determination Date in accordance with Condition CL3(e) (*Notices*).

"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.

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

"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 Derivative Transaction" means, in respect of a Reference Entity, the credit derivative swap transaction in respect of such Reference Entity, as confirmed in the Charged Agreement.

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

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

"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, Obligation Default, Repudiation/Moratorium or Restructuring as specified in the Physical Settlement Matrix in respect of the Transaction Type. 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 sub-paragraph (ii) of the definition of

Repudiation/Moratorium has occurred with respect to the relevant Reference Entity or Obligation thereof), 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 to the Issuer (copied to the Trustee, Calculation Agent and 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 sub-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 the Notice of Publicly Available Information is specified as a Condition to Settlement, the Notice of Publicly Available Information are delivered by the Counterparty to the Issuer (copied to the Trustee, Calculation Agent and Principal Paying Agent) 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 the Counterparty in accordance with the Charged Agreement to the Issuer (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 applicable to the Credit Derivative Transaction (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate, Japan Sovereign, Standard Japan Corporate or Standard Japan Sovereign, 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, Tokyo time)).

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

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

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

- (a) in the case of an Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Basket Cash CLS or Basket Physical CLS), Basket Cash CLS or Basket Physical CLS, (i) the Reference Amount (or the Exercise Amount, as the case may be) 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 Securities; or
- (b) in the case of an Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS) or Portfolio CLS, 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 Securities.

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

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

the date, as publicly announced by ISDA to be the date 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 sub-clauses (a) and (b) above.

"Credit-Linked Securities" means Securities in respect of which the Credit-Linked Securities Conditions Module has been incorporated into the Conditions of such Securities.

"Credit Protection Provider" means, during the terms of their respective credit default swap transactions with the Counterparty, each direct or indirect provider (other than the Issuer and the Securityholders) of credit protection to the Counterparty in respect of a portfolio comprising all the Reference Entities set out in the Issue Terms.

"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 relevant 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 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 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, 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, Tokyo time)). A DC Credit Event Announcement will be deemed

not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

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

"DC Question" 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 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 Physical Settlement Matrix in respect of the Transaction Type or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not so specified in the Physical Settlement Matrix in respect of the Transaction Type, 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 Securityholders, 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. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time. Notwithstanding the previous sentence, in the case of a Loan, Delivery may be effected using the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the Issuer. "Deliver" with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognized custodian representing an interest in such Insured Instrument and the related Qualifying Policy), and "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 Physical Settlement Matrix in respect of the Transaction Type (if "Monoline Provisions" are stated to be "Applicable" in respect of the relevant Reference Entity 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) not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors 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 sub-paragraph (a)(ii), 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 nonpayment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
- (b) subject to the second paragraph 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 nonpayment 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 CLS and in the case of a Cash Settled CLS, 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 Physical Settlement Matrix in respect of the Transaction Type. 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 and Consent Required Loan 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, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, in each case, as specified in the Physical Settlement Matrix in respect of the Transaction Type.

"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.

"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 or a Valuation Obligation on the Valuation 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 Securities referred to in paragraphs (a) to (f) of Condition CL1 (*Types of Credit-Linked Securities*), 5 or more Dealers; and
- (b) in the case of all Portfolio CLS or Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS) at least 6 Dealers (one of whom may be the Counterparty) and the Credit Protection Providers.

"Eligible Transferee" means:

- (a) any
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;
 - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (c)(i) below; and
 - (iv) 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 keepwell, support or other agreement by an entity described in clauses (a), (b), (c)(ii) or (d); or
- (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 Physical Settlement Matrix in respect of the Transaction Type as applicable, either the Issuer or the Counterparty or the Securityholders 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:

- (a) subject to sub-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 the Notice of Publicly Available Information are delivered by the Counterparty to the Issuer (copied to the Trustee, the Calculation Agent and the Principal Paying Agent) and are effective during either:
 - (A) the Notice Delivery Period; or
 - (B) 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 sub-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 sub-paragraph (a) above, if a DC Credit Event Announcement has occurred, either:
 - (A) the Credit Event Resolution Request Date, if either:
 - (I) (1) the relevant Credit Event is not a Restructuring; and
 - (2) either:
 - (x) if the Securities are Auction Settled CLS, 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

(y) if the Securities are not Auction Settled CLS, the Trade Date occurs on or prior to the relevant DC Credit Event Announcement; or

(II) (1) the relevant Credit Event is a Restructuring; and

(2) the Credit Event Notice is delivered by the Counterparty to the Issuer on or prior to the Business Day following the Exercise Cut-off Date; or

(B) the first date on which the Credit Event Notice is delivered by the Counterparty to the Issuer during (I) the Notice Delivery Period or (II) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fifteen Business 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:

(I) the relevant Credit Event is not a Restructuring;

(II) the Securities are not Auction Settled CLS; and

(III) the Trade Date occurs following the relevant DC Credit Event Announcement,

provided that in respect of sub-paragraph (b) above:

(i) subject to CL10 (*Restructuring Credit Event Applicable*), no Physical Settlement Date, if applicable, or Maturity Date has occurred on or prior to the date on which the DC Credit Event Announcement occurs;

(ii) 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

(iii) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Counterparty to the Issuer, (a) 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 (b) 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.

No Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Maturity Date, as applicable, a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.

If, in accordance with the provisions above and/or the provisions of CL12 (*Settlement Suspension*), (i) following the determination of an Event Determination Date, such Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (B) not to have occurred or (ii) an Event Determination Date is deemed to have occurred prior to a preceding Interest Payment Date, the Calculation Agent will determine in its sole discretion:

- (i) the adjustment payment, if any, that is payable to reflect any change that may be necessary to the amounts previously calculated and/or paid under the Credit Derivative Transaction;
- (ii) the date on which such adjustment payment is payable, if any;
- (iii) the party to the Credit Derivative Transaction that is obliged to make such adjustment payment, if any;
- (iv) the related adjustment in respect of the Portfolio to be delivered, or the Cash Redemption Amount (as applicable), the Early Redemption Adjustment and/or any Interest Amounts payable to the Securityholders; and
- (v) in relation to Portfolio CLS or Auction Settled CLS (where the Fallback Settlement Security Type is specified to be Portfolio CLS), any adjustment(s) to the Interest Amounts or Outstanding Principal Amount. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

"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 CL10(a) (*Restructuring Credit Event Applicable*).

"Exercise Cut-off Date" means, with respect to a Credit Event:

- (a) if such Credit Event is a Restructuring and neither "Restructuring Maturity Limitation and Fully Transferable Obligation" nor "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as "Applicable" in the Issue Terms, either:
 - (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any;
 - (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or
 - (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any,

as applicable; or

- (b) if such Credit Event is a Restructuring and either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as "Applicable" in the Issue Terms and:
 - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules; or
 - (ii) a No Auction Announcement Date occurs pursuant to sub-paragraph (a) of the definition thereof 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 later of (i) the date that is 15 Business Days (or such other date as may be specified in the Issue Terms) after the Extension Date or (ii) if a Credit Event Resolution Request Date occurs during the Notice Delivery Period, (x) 15 Business Days (or such other date as may be specified in the Issue Terms) after the last to occur of (a) each related DC No Credit Event Announcement or (b) each date on which the Credit Derivatives Determinations Committee Resolves not to determine the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date or (y) if a DC Credit Event Announcement occurs, the last Cash 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 to apply in the Issue Terms, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Termination Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, 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, 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 a Failure to Pay (determined without regard to the Payment Requirement) or a Restructuring (determined without regard to the Default Requirement) 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, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

"Extension Notice" means a notice from the Counterparty to the Issuer (copied to the Trustee, the Principal Paying Agent) and the Calculation Agent giving notice of the following in relation to a Reference Entity:

- (i) without prejudice to sub-paragraphs (iii) and (iv) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Termination Date; or

- (ii) without prejudice to sub-paragraph (iii) and (iv) below, that a Credit Event Resolution Request Date has occurred or may occur on or prior to the last day of the Notice Delivery Period; or
- (iii) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Termination Date; or
- (iv) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Termination Date. For the purposes of this sub-paragraph (iii), 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 (iii) 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 (*Notices*).

"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.

"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 the fallback settlement method specified (or deemed specified) in the Issue Terms.

"Fallback Settlement Method Event" has the meaning given to that term in CL6(II)(d) (*Cash Settlement*).

"Fallback Settlement Security Type" means either (i) Single Name Cash CLS, (ii), Single Name Physical CLS, (iii) First-to-Default Cash CLS, (iv) First to Default Physical CLS, (v) Basket Cash CLS, (vi) Basket Physical CLS, (vii) Portfolio CLS or (viii) a type other than those set out in (i) to (vii).

"Final Delivery Date" has the meaning given to that term in Condition CL7 (*Physical Settlement*).

"Final List" has the meaning given to that term in the Rules.

"Final Price" means the price of the Valuation Obligation, Deliverable Obligation or 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 CL7 (*Physical Settlement*).

"First-to-Default Cash CLS" has the meaning given to it in Condition CL1(c) (*Types of Credit-Linked Securities*).

"First-to-Default Physical CLS" has the meaning given to it in Condition CL1(d) (*Types of Credit-Linked Securities*).

"Floating Rate Payer Calculation Amount" has the meaning given to it in Condition CL2(d) (*Credit Event Terms*) of the Credit-Linked Securities 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 Valuation 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 CLS as of the Delivery Date or, as the case may be (in the case of a Cash Settled CLS), 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 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, 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 Physical Settlement Matrix in respect of the Transaction Type 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, 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, Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the Physical Settlement Matrix in respect of the Transaction Type or, if no period is specified, 30 calendar days; and (ii) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, 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 Physical Settlement Matrix in respect of the Transaction Type 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, 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 Physical Settlement Matrix in respect of the Transaction Type, Grace Period Extension shall not apply. If (i) Grace Period Extension is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, (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, 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 the Notice Delivery Period, 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.

"Hedge Transaction" has the meaning given in the definition of Hedge Disruption Event.

"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".

"ISDA" means the International Swaps and Derivatives Association, Inc.

"Issuer Account" means an account held by the Issuer with the Principal Paying Agent at its London office.

"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 Issue Terms specify otherwise.

"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 Valuation Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligation on a Relevant Valuation Date, (a) if more than 3 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 3 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 2 Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than 2 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 3 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 2 Full Quotations are obtained and no Weighted Average Quotation is obtained (and if Indicative Quotations are applicable, less than 3 Indicative Quotations are obtained), an amount is determined by the Calculation Agent on the next Business Day on which at least 2 Full Quotations, Weighted Average Quotation or if

applicable 3 Indicative Quotations are obtained; and (g) if the Quotations are deemed to be zero, the Market Value shall be zero.

"Maturity Date" has the meaning given to that term in Condition CL11 (*Final Redemption and Maturity Date*).

"Maximum Maturity" means an obligation that has a remaining maturity from (in the case of a Physically Settled CLS the Physical Settlement Date or, as the case may be, (in the case of a Cash Settled CLS) 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. If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as "Applicable" in the Physical Settlement Matrix in respect of the Transaction Type and 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, if:

- (i) either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as "Applicable" in the Issue Terms in respect of the relevant Reference Entity; and
- (ii) a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) of the definition of No Auction Announcement Date,

the option of the Counterparty to apply to the Securities, for the purposes of determining the Auction Final Price, the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Deliverable Obligations that could be specified in any 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). The Counterparty shall be deemed to have exercised such option if pursuant to the relevant Credit Derivative Transaction the Counterparty delivers an effective Notice to Exercise Movement Option to the Issuer on or prior to the Movement

Option Cut-off Date. If the Counterparty does not deliver an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date, the Fallback Settlement Method shall apply.

"Movement Option Cut-off Date" means the date that is four Relevant City Business Days following the Exercise Cut-off Date.

"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, where if the Securities are Auction Settled CLS, 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 for which either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, 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.

"NOPS Amendment Notice" has the meaning given in the definition of Notice of Physical Settlement.

"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 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 CLS and Cash Settled CLS, 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) 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 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 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 Issue Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if any of the events set forth under sub-paragraph (a) of the definition of **"Substitute Reference Obligation"** has occurred with respect to all of the Reference Obligations or if, pursuant to the last sub-paragraph of the definition of "Successor" is applicable with respect to the Reference Obligation (each, in each case, a **"Prior Reference Obligation"**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date.

"Notice Delivery Period" means the period from and including the Trade Date to and including the date that is 15 Business Days (or such other number of days as may be specified in the Issue Terms) after the Extension Date.

"Notice of Physical Settlement" means a notice in accordance with the Charged Agreement from the Counterparty to the Issuer (copied to the Trustee, the Calculation Agent and the Principal Paying Agent) that:

- (i) irrevocably confirms that the Counterparty will settle the Credit Derivative Transaction and require performance in accordance with the physical settlement method;
- (ii) contains a detailed description of each Deliverable Obligation that the Counterparty will, if Physical Settlement is applicable, Deliver to or to the order of the Issuer provided always that any Delivery of the Portfolio may be subject to reduction to take account of any negative Early Redemption Adjustment; and
- (iii) where (a) the relevant Credit Event is a Restructuring, (b) either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type and (c) 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 and any other information necessary to establish that such obligation is an Enabling Obligation.

Pursuant to the Charged Agreement, the Counterparty shall deliver an effective Notice of Physical Settlement to the Issuer on or before the Physical Determination Date.

The Counterparty may, from time to time, notify the Issuer (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 Counterparty will Deliver to or to the order of the Issuer (each, a **"Replacement Deliverable Obligation"**). 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 Issuer prior to the relevant Delivery Date; it being understood that such notice of correction shall not constitute a NOPS Amendment Notice.

A Notice of Physical Settlement shall be subject to the requirements regarding notices set out in Conditions CL3 (*Notices*).

"Notice of Publicly Available Information" means an irrevocable notice (under the Charged Agreement from the Counterparty to the Issuer (copied to the Trustee, the Calculation Agent and the Principal Paying Agent) 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" has the meaning given in the Credit Derivatives Definitions.

"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 (if Monoline Provisions are stated to be "Applicable" in respect of the relevant Reference Entity in the Issuer Terms) or Qualifying Policy or, if All Guarantees is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, as provider of any Qualifying Guarantee) described by the Obligation Category specified in the Physical Settlement Matrix in respect of the Transaction Type, and having the Obligation Characteristics specified in the Physical Settlement Matrix in respect of the Transaction Type (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 either the Credit Event Notice or the Credit Event Resolution Request Date, as applicable, (b) each Reference Obligation, unless specified in the Physical Settlement Matrix in respect of the Transaction Type as an Excluded Obligation, and (c) any other obligation of a Reference Entity specified as such in the Physical Settlement Matrix in respect of the Transaction Type.

"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 Physical Settlement Matrix in respect of the Transaction Type.

"Obligation Default" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more obligations.

"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 or an Obligation.

"Original Bonds" has the meaning ascribed thereto in Condition CL7 (*Physical Settlement*).

"Original Loans" has the meaning ascribed thereto in Condition CL7 (*Physical Settlement*).

"Outstanding Amount" has the meaning given to it in Condition CL10(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 and provided that either "Restructuring Maturity Limitation and Fully Transferable Obligation" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, 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 and for which a credit derivative transaction incorporating the relevant Deliverable Obligation Provisions 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 Physical Settlement Matrix in respect of the Transaction Type or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not so specified in the Physical Settlement Matrix in respect of the Transaction Type, 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 included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to the relevant Auction.

"Permitted Currency" means (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Cooperation 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 Date" means the last day of the longest Physical Settlement Period following satisfaction of 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 CL7(c).

"Physical Settlement Matrix" means the version of the ISDA Credit Derivatives Physical Settlement Matrix, as most recently amended or supplemented as at the Trade Date (unless otherwise specified in relation to a Reference Entity) and as published by ISDA, provided that any reference therein to: (a) "Confirmation" shall be deemed to be a reference to the Conditions; (b) "Floating Rate Payer Calculation Amount" shall be deemed to be a reference to the Currency of Issue; (c) "Section 3.3 of the Definitions" shall be deemed to be a reference to "Credit Event Notice"; (d) "Section 3.9" shall be deemed to be a reference to Condition CL3 of the Securities and (e) "Section 8.6" shall be deemed to be a reference to "Physical Settlement Period".

"Physical Settlement Period" means, subject to CL12 (*Settlement Suspension*), the number of Business Days specified as such in the Physical Settlement Matrix in respect of the Transaction Type 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 or any NOPS Amendment Notice, as applicable, 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 CLS" means (i) any Credit-Linked Security which is redeemed (or intended to be redeemed) by physical settlement upon the satisfaction of Conditions to Settlement and (ii) any Auction Settled CLS where Physical Settlement is the Fallback Settlement Method and a Fallback Settlement Method Event has occurred.

"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 Securities, 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 Asset Market Value" means, with respect to Charged Assets, (i) the highest Portfolio Charged Asset Quotation and (ii) to the extent not already included in the relevant Portfolio Charged Asset Quotation, any accrued interest thereon (as determined by the Calculation Agent), in each case, obtained by the Calculation Agent from a Dealer. The Calculation Agent shall attempt to obtain Portfolio Charged Asset Quotations from at least three Dealers (one of whom may be the Counterparty) with respect to each Required Notional Amount Determination Date. If no Portfolio Charged Asset Quotation is obtained, the Portfolio Charged Asset Market Value shall be an amount as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

"Portfolio Charged Asset Quotation" means, in respect of 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, each such quotation shall include or exclude accrued interest thereon based on the market convention in the region in which the relevant quotation is being obtained) 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 CLS" has the meaning given to it in Condition CL1(g) (*Types of Credit-Linked Securities*).

"Portfolio Final Price" means (i) if the Securities are Auction Settled CLS, the Auction Final Price and (ii) if the Securities are not Auction Settled CLS (or if pursuant to Condition CL6(II)(d) the Conditions shall apply as if such Securities are not Auction Settled CLS), in respect of each Valuation Obligation in the Valuation 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 2 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 fifteenth 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 Securityholder to give the Issuer details of accounts for settlement; or a failure of the Securityholder to open or procure the opening of such accounts or if the Securityholders 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"**.

"Price" has the meaning given in the Sale Agreement.

"Proceeds" means either (i) the price at which the Charged Assets are liquidated expressed as a percentage of the Notional Amount (or, as the case may be, an amount equal to the corresponding Credit Event Portion) 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, an amount equal to the corresponding Credit Event Portion) 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 2 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 Charged 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. In the event that with respect to a Credit Derivative Transaction 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 the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, 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 to the party receiving such information. Publicly Available Information need not state:

- (i) in relation to the definition of "Downstream Affiliate", the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
- (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

"Qualifying Guarantee" means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **"Underlying Obligation"**) for which another party is the obligor (the **"Underlying Obligor"**). 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:

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or 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.

- (iii) 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 Physical Settlement Matrix in respect of the Transaction Type from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (iv) 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.
- (v) 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 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:

- (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 (as supplemented by the 2005 Monoline Provisions) 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 Physical Settlement Matrix in respect of the Transaction Type;
- (iv) if the "Assignable Loan", "Consent Required Loan" or "Transferable Deliverable Obligation Characteristics" are specified in the Physical Settlement Matrix in respect of the Transaction

Type 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;
- (vi) sub-paragraph (ii) in the second paragraph of the definition of "Qualifying Guarantee" shall be deemed to be amended by the deletion of "Not Subordinated"; and
- (vii) 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 Physical Settlement Matrix in respect of the Transaction Type.

"Quotation" means, in respect of Valuation 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 Valuation Obligation, Deliverable Obligation or Undeliverable Obligation (as the case may be) 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 Valuation Obligation, Deliverable Obligation or Undeliverable Obligation (as the case may be), whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

"Quotation Amount" means:

- (i) with respect to a Valuation 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);
- (ii) 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 (i) above) of such Deliverable Obligation; and
- (iii) 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(d) (*Credit Event Terms*) of the Credit-Linked Securities 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 Issue Terms. Any Successor to a Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of **"Successor"** on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the Securities, the terms of which as may be modified pursuant to Condition CL9 (*Succession Events*).

"Reference Obligation" means (a) the Reference Obligation specified in the Issue Terms 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 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, 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" 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 Credit Derivative Transaction 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, Tokyo time)) or (ii) otherwise, by the delivery of a Repudiation/Moratorium Extension Notice and, if specified as applicable in the Issue Terms, Notice of Publicly Available Information by the Counterparty to the Issuer (copied to the Trustee, the Calculation Agent and the Principal Paying Agent) 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 Credit Derivative Transaction with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the Credit Derivative Transaction 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, Tokyo time)).

"Repudiation/Moratorium Extension Notice" means an irrevocable notice (which may be in writing and/or by telephone) from the Counterparty to the Issuer (copied to the Trustee, the Calculation Agent and the Principal Paying Agent) that describes a Potential Repudiation/Moratorium that 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, Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

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 and the determination of an Incurred Loss Amount, the nominal amount of the Charged Assets determined by the Calculation Agent, in its sole discretion, which would be required to be liquidated (at the highest market value of the Charged Assets determined by the Calculation Agent from quotes requested from five Dealers) such that the net sale proceeds thereof (including, for the avoidance of doubt, any interest thereon) would be sufficient, taking into account any Available Cash Amounts, to pay an amount equal to the sum of (i) such Incurred Loss Amount and (ii) either (A) the absolute value of any corresponding negative Partial Termination Value or (B) the value of any corresponding positive Partial Termination Value (as the case may be), in each case, due to the Counterparty pursuant to the Swap Agreement **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 Business Day prior to the relevant Auction Redemption Date or Cash Settlement Date, as the case may be.

"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 (i) the Credit Event Backstop Date applicable to the Credit Derivative Transaction and (ii) and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
 - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
 - (iii) a postponement or other deferral of a date or dates for either (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 Physical Settlement Matrix in respect to the Transaction Type, 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:
 - (g)
 - (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 Physical Settlement Matrix in respect to the Transaction Type;
 - (iv) if the Assignable Loan, Consent Required Loan or Transferable Deliverable Obligation Characteristics are specified in the Physical Settlement Matrix in respect of the Transaction Type 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.
- (h) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto and if the 2005 Monoline Provisions are stated to be "Applicable" in respect of the relevant Reference Entity in the Issue Terms, sub-paragraph (a)(i) to (v) above is hereby amended to read as follows:

- (i) a reduction in the rate or amount of the Instrument Payments described in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (j) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (k) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Guarantee;
- (l) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination or such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
- (m) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.

"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.

With respect to an Insured Instrument, the term "final maturity date", as such item is used in this definition in the form of a pass-through certificate or similar funded beneficial interest, 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.

"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.

"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 Determinations Committees Rules as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"Sale Notional Amount" means the Required Notional Amount or, where the Required Notional Amount of 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" has the meaning given to it in Condition CL2(c) (*Credit Event Terms*) of the Credit-Linked Securities Conditions Module and shall be as set out in the Issue Terms.

"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 Valuation Date" means the date being 2 Business Days prior to the Initial Physical Settlement Date or if earlier the actual date designated for Delivery.

"Single Name Cash CLS" has the meaning given to it in Condition CL1(a) (*Types of Credit-Linked Securities*) of the Credit-Linked Securities Conditions Module.

"Single Name Physical CLS" has the meaning given to it in Condition CL1(b) (*Types of Credit-Linked Securities*) of the Credit-Linked Securities Conditions Module.

"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 Physical Settlement Matrix in respect of the Transaction Type, and, subject as set out in the definition of "Deliverable Obligation Category", having each of the Deliverable Obligation Characteristics, if any, specified in the Physical Settlement Matrix in respect of the Transaction Type, 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"**).

"Subordination" means, with respect to an obligation (the **"Subordinated Obligation"**) and another obligation of the Reference Entity to which such obligation is being compared (the **"Senior Obligation"**), a contractual, trust or 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 (if Monoline Provisions are stated to be "Applicable" in respect of the relevant Reference Entity in the Issue Terms) Qualifying Policy or, if All Guarantees is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, 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 (if Monoline Provisions are stated to be "Applicable" in respect of the relevant Reference Entity in the Issue Terms) 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 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 Derivative Transaction and (3) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or (if Monoline Provisions are stated to be "Applicable" in respect of the relevant Reference Entity in the Issue Terms) Qualifying Policy or, if All Guarantees is specified as applicable in the Physical Settlement Matrix in respect of the Transaction Type, 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 Credit Derivative Transaction, 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 Derivative Transaction, 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 Credit Derivative Transaction, any of the events set forth in (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 Credit Derivative Transaction, any of the events set forth in 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 (i) either (A) Cash Settlement is specified as "Applicable" (or deemed to be so specified, pursuant to Condition CL6(II)(d) (*Cash Settlement*)) (and the Securities are not Auction Settled CLS) and the Cash Redemption Amount is determined by reference to a Reference Obligation or (B) either the Securities are Auction Settled CLS or Physical Settlement is specified as "Applicable" (or deemed to be so specified pursuant to Condition CL6(II)(d) (*Cash Settlement*)) and, in each case, the Reference Obligation is the only Deliverable Obligation (for the purposes of the relevant Auction, where the Securities are Auction Settled CLS) and (ii) 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, Tokyo time)), a Substitute Reference Obligation has not been identified, the parties' obligations to each other under the 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, 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, Tokyo time)).

"Succession Event Backstop Date" means (i) for purposes of any event that constitutes a Succession Event, 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, Tokyo time)) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Calculation Agent determines that a Succession Event has occurred and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of "Succession Event Resolution Request Date" are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Calculation Agent determines that a Succession Event has occurred not more than fifteen Business 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.

"Succession Event Notice" means an irrevocable notice from the Counterparty (which may be in writing and/or by telephone) to the Issuer (copied to 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, Tokyo time)). A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, pursuant to sub-paragraphs (a) or (b) of 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 out in Condition CL3(g) (*Notices*).

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

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"Successor" means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set 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 Charged Agreement will be divided in accordance with Condition CL9 (*Succession Events*) of the Credit-Linked Securities 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 each be a Successor, and the credit derivative transaction as evidenced by the Charged Agreement will be divided in accordance with Condition CL9 (*Succession Events*) of the Credit-Linked Securities 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 relevant Credit Derivative Transaction 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 2 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;
- (b) with respect to a Sovereign Reference Entity, "**Successor**" means 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.

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 (b) above; 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 (b) above, and subparagraphs (a) and (b)(B) of the definition of Succession 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 Credit Derivative Transaction has occurred.

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 in (a) above, and subparagraphs (a) and (b)(A) of the definition of Succession 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 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.

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).

Where:

- (A) a Reference Obligation with respect to a Reference Entity is specified in the Issue Terms; and
- (B) one or more Successors to the Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of "**Substitute Reference Obligation**".

"**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 Charged Agreement (expressed as a negative number) equal to the Credit Event Portion of the Securities expressed as a percentage of the initial aggregate principal amount of the Securities 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 Charged Agreement (expressed as a positive number) equal to the Credit Event Portion of the Securities expressed as a percentage of the initial aggregate principal amount of the Securities, 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 specified in the Issue Terms.

"Transaction Auction Settlement Terms" means, with respect to a Credit Event, the Credit Derivatives Auction Settlement Terms for which the Credit Derivative Transaction described in Section A of the Charged Agreement would be an Auction Covered Transaction.

"Transaction Type" means in respect of a Reference Entity, the transaction type specified in respect of such Reference Entity in the Issue Terms.

"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 Securities Act (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 CL7 (*Physical Settlement*).

"Undeliverable Loan Valuation Date" has the meaning given to it in Condition CL7 (*Physical Settlement*).

"Undeliverable Obligation" has the meaning given to it in Condition CL7 (*Physical Settlement*).

"Valuation Date" means, subject to CL12 (*Settlement Suspension*), the date that is the number of calendar days or Business Days (as specified in the Issue Terms) after the Conditions to Settlement have been satisfied (or in the case of a Basket Cash CLS or Portfolio CLS, each date on which the Conditions to Settlement have been satisfied) or, if no date is so specified, the date that is 5 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 determined by the Calculation Agent in its sole and absolute discretion).

"Valuation Obligation" means (i) the Reference Obligation and (ii) any obligation of the Reference Entity (either directly or as provider of any Qualifying Affiliate Guarantee) as selected by the Counterparty in its sole and absolute discretion which is included in the Deliverable Obligation Category or has the Deliverable Obligation Characteristics.

"Valuation Obligations Portfolio" means with respect to each Reference Entity, one or more types or issues of Valuation 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.

"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 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 Valuation 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.

2. 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.

3. 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.

4. 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.

5. HEADINGS

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

6. 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.

7. 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.

8. BUSINESS DAY CONVENTION

In the event that the last day of any period calculated by reference to calendar days in the Credit-Linked Securities 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 purposes of payment and accrual; provided that if the last day of any period is the Scheduled Termination Date, the Credit Event Backstop Date or the Succession Event Backstop Date, such last day shall not be subject to any adjustment in accordance with any Business Day Convention unless otherwise specified in the Issue Terms.

9. 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 Securities, 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.

10. 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 THE ISSUER

General

The Issuer was incorporated as Titanium Capital Public Limited Company on 12 January 2004 as a public limited liability company under the Irish Companies Acts 1963 to 2001 (with registered No. 380372). The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The Issuer is domiciled and registered in Ireland. The registered office of the Issuer is at 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland, and its telephone number is +353 1 680 6000.

Share Capital and Shareholders

The authorised share capital of the Issuer is €40,000 divided into 40,000 shares of €1 each (the "**Shares**") of which 40,000 are issued and fully paid and are directly or indirectly held by Deutsche International Finance (Ireland) Limited (the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 2 March 2004 under which the Share Trustee holds the benefit of the shares on trust for charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit from its holding of the shares. The Issuer has no subsidiaries.

The Issuer has no assets at the date hereof other than its paid-up share capital and any fees received from time to time in connection with the issue of Securities or entering into Alternative Investments, and has no liabilities at the date hereof (including no loan capital (issued or unissued), no term loans, no other borrowings or indebtedness in the nature of borrowing and no contingent liabilities or guarantees), other than in connection with the issue of Securities or entering into Alternative Investments. In addition, the Issuer has not created any mortgages or charges other than in connection with the issue of Securities or entering into Alternative Investments.

The principal objects of the Issuer are set out in Clause 3 of its Memorandum of Association and permit, among other things, the issuance of Securities, the entering into of the Transaction Documents and generally enabling it to carry out the business of the Issuer as set out in each Trust Instrument and described in this Information Memorandum.

Business

The Trust Instrument contains restrictions on the activities in which the Issuer may engage. Pursuant to these restrictions, the business of the Issuer is limited to acquiring and holding Charged Assets, issuing Securities or entering into Alternative Investments up to a maximum aggregate nominal amount outstanding at any one time of U.S.\$50,000,000,000 (or its equivalent in other currencies), entering into Charged Agreements and performing its obligations and exercising its rights thereunder and entering into other related transactions, in each case, in respect of or in relation to Debt Investments.

The assets of the Issuer will consist of the Charged Assets and the benefit of the Charged Agreements in respect of each Series of Securities and the issued and paid-up capital of the Issuer and fees. **The only assets of the Issuer available to meet claims of Securityholders and other secured creditors are the assets comprised in the relevant collection of benefits, rights and other assets comprising the security for the relevant Series of Securities.**

The Issuer will be paid a fee for agreeing to issue the relevant Securities and entering into Alternative Investments. Other than the fees paid to the Issuer, its share capital and any income derived therefrom, there is no intention that the Issuer accumulates surpluses.

The Securities are obligations of the Issuer alone and not of the shareholders of the Issuer, the Trustee, any Counterparty, any guarantor of any Counterparty's obligations under any Charged Agreement or any obligor in respect of any Charged Assets. Furthermore, they are not obligations of, or guaranteed in any way by, any of the Dealers.

Directors

The Directors of the Issuer are Lynda Ellis and David McGuinness and their principal occupations are as company directors.

The business address of the Directors is at 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland.

Deutsche International Corporate Services (Ireland) Limited of 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland is the administrator of the Issuer. Its duties include the provision of certain

administrative and related services to the Issuer including acting as company secretary. The appointment of the administrator may be terminated and the administrator may retire upon 90 days written notice subject to the appointment of an alternative administrator.

Financial Statements

The Issuer intends to publish audited financial statements on an annual basis. The most recent set of audited annual financial statements were published for the period ending on 31 December 2011 and 31 December 2012.

Auditors

The auditors of the Issuer are Deloitte and Touche, Earlsfort Terrace, Dublin 2, Ireland, who are chartered accountants qualified to practise in Ireland and members of the Institute of Chartered Accountants in Ireland. Any future published financial statements prepared by the Issuer (which will, in each case, be in respect of the period ending on 31 December) will be available from the registered office of the Issuer.

DESCRIPTION OF MERRILL LYNCH INTERNATIONAL

Merrill Lynch International ("**MLI**") is a company incorporated in England and Wales¹ and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority². MLI is a company unlimited with shares³. MLI was established on the 2nd November 1988 under the UK Companies Act 1985 as Mobilemanor Limited changing its name to Merrill Lynch International Limited on the 8th March 1989 and re-registering as an unlimited company on the 29th March 1996⁴. The registered address of MLI is 2 King Edward Street, London, EC1A 1HQ⁵. MLI's principal activities⁶ are to provide a wide range of financial services globally for business originated in Europe, the Middle East and Africa ("**EMEA**"), Asia Pacific and the Americas, to act as a broker and dealer in financial instruments and to provide corporate finance advisory services. MLI also provides a number of post trade related services including settlement and clearing services to third party clients.

¹ Information obtained from the Articles of Association and Certificate of Incorporation and Change of name of MLI.

² Information obtained from the FSA Register; <http://www.fsa.gov.uk/register/firmRegulator.do?sid=61120>.

³ Information obtained from the Articles of Association and Certificate of Incorporation and Change of name of MLI.

⁴ Information obtained from the Articles of Association and Certificate of Incorporation and Change of name of MLI.

⁵ Information obtained from the statutory books of MLI and is reflected on the Companies House website.

⁶ Description of business obtained from the Directors' Report and Financial Statements of MLI for the year ended 31 December 2012.

DESCRIPTION OF MERRILL LYNCH INTERNATIONAL BANK LIMITED⁷

Merrill Lynch International Bank Limited ("**MLIB**") is a limited company and is an indirectly and wholly owned subsidiary of Bank of America Corporation. MLIB was incorporated in Ireland on 21 February, 1995 pursuant to the Companies Act, 1963 to 1990 with a registration number with the Companies Registration Office in Ireland of 229165. The registered office of MLIB is Central Park, Leopardstown, Dublin 18, Ireland. MLIB and its subsidiaries (the "**MLIB Group**") act as a principal for debt derivative and foreign exchange transactions and engage in advisory, lending, loan trading and institutional sales activity. The MLIB Group also provides collateralised lending, letters of credit, guarantees and foreign exchange services to, and accepts deposits from, its clients. The MLIB Group provides mortgage lending, administration and servicing in the UK non-conforming residential mortgage market. The MLIB Group's activities are regulated by the Central Bank of Ireland.

The MLIB Group is a banking entity and has its head office in Ireland with branch offices in Amsterdam, Bahrain, Frankfurt, London, Madrid, Milan, Rome, Singapore, Toronto and Paris.

⁷ Information obtained from the Report and Consolidated Financial Statements of Merrill Lynch International Bank Limited for the year ended 31 December 2012.

DESCRIPTION OF BANK OF AMERICA CORPORATION

MLI's obligations under the Swap Agreement may be guaranteed by Bank of America Corporation (the "**Swap Guarantor**"). The Swap Guarantor is a Delaware corporation, a bank holding company and a financial holding company. The Swap Guarantor is one of the world's largest financial institutions, serving individual consumers, small and middle-market businesses, institutional investors, large corporations and governments with a full range of banking, investing, asset management and other financial and risk management products and services. Through its banking and various non-banking subsidiaries throughout the U.S. and in international markets, the Swap Guarantor provides a diversified range of banking and non-banking financial services and products through five business segments: Consumer & Business Banking, Consumer Real Estate Services, Global Banking, Global Markets and Global Wealth & Investment Management, with the remaining operations recorded in All Other⁸.

The Swap Guarantor's credit ratings⁹ are subject to ongoing review by the rating agencies, which consider a number of factors, including the Swap Guarantor's financial strength, performance, prospects and operations as well as factors not under the Swap Guarantor's control. Moody's currently rates the Swap Guarantor's long-term debt as "Baa2" and short-term debt as "P-2". The current outlook on the long-term rating is "review direction uncertain" and the current outlook on the short-term rating is "review for downgrade". Moody's initiated a review of the ratings of the Swap Guarantor and its subsidiaries on August 22, 2013, related to their evaluation of government support in the ratings of U.S. bank holding companies. S&P currently rates the Swap Guarantor's long-term debt as "A-" and short-term debt as "A-2". The current outlook on the ratings is "negative". Fitch currently rates the Swap Guarantor's long-term debt as "A" and short-term debt as "F1". The current outlook on the ratings is "stable". Further information with respect to such ratings may be obtained from Moody's, S&P and Fitch, respectively. The rating agencies could make adjustments to the Swap Guarantor's ratings at any time and they provide no assurances that the current ratings of the Swap Guarantor's debt will be maintained.

The Swap Guarantor's principal executive offices are located in the Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255, United States of America.

⁸ Information obtained from the Bank of America Corporation Annual Report on Form 10-K for the year ended December 31, 2012.

⁹ Information on credit ratings obtained from the Bank of America Investor Relations website at: <http://investor.bankofamerica.com>.

DESCRIPTION OF BANK OF AMERICA, N.A.

Bank of America, N.A. (the "**Bank**") is a national banking association organized under the laws of the United States. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services¹⁰.

The Bank's credit ratings¹¹ are subject to ongoing review by the rating agencies, which consider a number of factors, including the Bank's financial strength, performance, prospects and operations as well as factors not under the Bank's control. Moody's currently rates the Bank's long-term debt as "A3" and short-term debt as "P-2". The current outlook on the ratings is "review for upgrade". Moody's initiated a review of the ratings of Bank of America Corporation and its subsidiaries, including the Bank, on August 22, 2013, related to their evaluation of government support in the ratings of U.S. bank holding companies. S&P currently rates the Bank's long-term debt as "A" and its short-term debt as "A-1". The current outlook on the ratings is "negative". Fitch currently rates the Bank's long-term debt as "A" and short-term debt as "F1". The current outlook on the ratings is "stable". Further information with respect to such ratings may be obtained from Moody's, S&P and Fitch, respectively. The rating agencies could make adjustments to the Bank's ratings at any time and they provide no assurances that the current ratings of the Bank's instruments will be maintained.

The Bank's principal executive offices are located in the Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255, United States of America.

¹⁰ Standard BANA disclosure provided in all offering memorandums.

¹¹ Information on credit ratings obtained from the Bank of America Investor Relations website at: <http://investor.bankofamerica.com>.

DESCRIPTION OF BANC OF AMERICA SECURITIES LIMITED

Banc of America Securities Limited ("**BASL**") is a private limited company incorporated in England and Wales (company number 1009248)¹² and is authorised¹³ by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. BASL was incorporated on 27 April, 1971 in the name of Bank of America Limited, the name changed to Bank of America International Limited on 16 August, 1974 and on 30 March, 2001 changed to Banc of America Securities Limited. The registered office of BASL is 2 King Edward Street, London EC1A 1HQ. BASL is a wholly owned subsidiary of Bank of America, N.A. ("**BANA**"); BANA is an indirect subsidiary of Bank of America Corporation. BASL and its subsidiaries offer a range of corporate financial services and banking activities.

¹² Information obtained from Companies House:
<http://wck2.companieshouse.gov.uk/wcframe?name=accessCompanyInfo>.

¹³ Information obtained from <http://www.fsa.gov.uk/register/firmBasicDetails.do?sid=77905>.

TAXATION

1. TAXATION IN IRELAND

General

The following is a general description of certain tax considerations in Ireland relating to the Securities.

It does not purport to be a complete analysis of all tax considerations relating to the Securities. Prospective Securityholders should consult their tax advisers as to the consequences of acquiring, holding and disposing of Securities and receiving payments of interest, principal and/or other amounts under the Securities under the tax laws of the country of which they are resident for tax purposes and the tax laws of Ireland.

This summary is based upon the law as in effect on the date of this Information Memorandum and is subject to any change in law that may take effect after such date.

Irish Taxation

The following is a summary of the principal Irish tax consequences of ownership of the Securities based on the laws and practices of the Irish Revenue Commissioners currently in force in Ireland. It deals with investors who beneficially own their Securities. Particular rules not discussed below may apply to certain classes of taxpayers holding Securities such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Securities should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Securities and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest which should include interest payable on the Securities. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Security where:

- (a) the Securities are Quoted Eurobonds i.e. securities which are issued by a company (such as the Issuer), which are listed on a recognised stock exchange (which would include the Irish Stock Exchanges and which carry a right to interest; and
- (b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:
 - (i) the Securities are held in a clearing system recognised by the Irish Revenue Commissioners; (DTC, Euroclear and Clearstream, Luxembourg are, amongst others, so recognised); or
 - (ii) the Securityholder is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form

So long as the Securities continue to be quoted on the Irish Stock Exchange, are held in DTC, Euroclear and/or Clearstream, Luxembourg, interest on the Securities can be paid by any paying agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Securities continue to be quoted but cease to be held in a recognised clearing system, interest on the Securities may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland.

Under legislation introduced in Finance Act 2011, it is possible that payments of interest on the Securities may be regarded as a distribution for Irish tax purposes if the beneficial owner of the interest is connected for certain purposes with the Issuer and the interest is not subject to tax in a relevant territory.

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any Security, where such interest is collected or realised by a bank or encashment agent in Ireland on behalf of any Securityholder. There is an exemption from encashment tax where the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank.

Taxation of Securityholders

Notwithstanding that a Securityholder may receive interest on the Securities free of withholding tax, the Securityholder may still be liable to pay Irish tax with respect to such interest. Securityholders resident

or ordinarily resident in Ireland who are individuals may be liable to pay Irish income tax, social insurance (PRSI) contributions and the universal social charge in respect of interest they receive on the Securities.

Interest paid on the Securities may have an Irish source and therefore may be within the charge to Irish income tax. In the case of Securityholders who are non-resident individuals such Securityholders may also be liable to pay the universal social charge in respect of interest they receive on the Securities. Ireland operates a self-assessment system in respect of tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

There are a number of exemptions from Irish income tax available to certain non-residents. Firstly, interest payments made by the Issuer are exempt from income tax so long as the Issuer is a qualifying company for the purposes of Section 110 of the Taxes Consolidation Act ("TCA"), the recipient is not resident in Ireland and is resident in a relevant territory (being a Member State of the European Union (other than Ireland) or a country with which Ireland has signed a double taxation agreement which has the force of law, or will on the completion of certain procedures have the force of law) and, the interest is paid out of the assets of the Issuer. Secondly, interest payments made by the Issuer in the ordinary course of its business are exempt from income tax provided the recipient is not resident in Ireland and is a company which is either resident in a relevant territory which imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory or, in respect of the interest is exempted from the charge to Irish income tax under the terms of a double taxation agreement which has the force of law, or will on the completion of certain procedures have the force of law. Thirdly, interest paid by the Issuer free of withholding tax under the quoted Eurobond exemption is exempt from income tax, where the recipient is a person not resident in Ireland and resident in a relevant territory. The Finance Act 2012 extended the quoted Eurobond exemption to companies which are under the control, whether directly or indirectly, of person(s) who by virtue of the law of a relevant territory are resident for the purposes of tax in a relevant territory and are not under the control of person(s) who are not so resident, and to 75% subsidiary companies of a company or companies the principal class of shares in which is substantially and regularly traded on a recognised stock exchange. For these purposes, residence is determined under the terms of the relevant double taxation agreement, or in any other case, the law of the country in which the recipient claims to be resident. Interest falling within the above exemptions is also exempt from the universal social charge.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Securities are held or attributed, may have a liability to Irish corporation tax on the interest.

Relief from Irish income tax may also be available under the specific provisions of a double tax treaty between Ireland and the country of residence of the recipient.

Interest on the Securities which does not fall within the above exemptions may be within the charge to income tax, and, in the case of Securityholders who are individuals, is subject to the universal social charge. In the past the Irish Revenue Commissioners have not pursued liability to income tax in respect of persons who are not regarded as being resident in Ireland except where such persons have a taxable presence of some sort in Ireland or seek to claim any relief or repayment in respect of Irish tax. However, there can be no assurance that the Irish Revenue Commissioners will apply this treatment in the case of any Securityholder.

Capital Gains Tax

Securityholders will not be subject to Irish tax on capital gains on a disposal of Securities unless such holder is either resident or ordinarily resident in Ireland or carries on a trade or business in Ireland through a branch or agency in respect of which the Securities were used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Securities will be within the charge to capital acquisitions tax (which subject to available exemptions and reliefs, will be levied at 33 per cent, if either (i) the donor or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the donor is domiciled in Ireland irrespective of his residence or that of the donee/successor) on the relevant date or (ii) if the Securities are regarded as property situate in Ireland (i.e. if the Securities are physically located in Ireland or if the register of the Securities is maintained in Ireland)).

EU Savings Directive

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Issuer to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Securityholder (including the Securityholder's name and address) to the Irish Revenue Commissioners who in turn are obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The Issuer shall be entitled to require Securityholders to provide any information regarding their tax status, identity or residency in order to satisfy the disclosure requirements in Directive 2003/48/EC and Securityholders will be deemed by their subscription for Securities to have authorised the automatic disclosure of such information by the Issuer or any other person to the relevant tax authorities.

Stamp Duty

No stamp duty or similar tax is imposed in Ireland (on the basis of an exemption provided for in Section 85(2)(c) of the Irish Stamp Duties Consolidation Act 1999 so long as the Issuer is a qualifying company for the purposes of Section 110 of the TCA and the proceeds of the Securities are used in the course of the Issuer's business), on the issue, transfer or redemption of the Securities.

2. UNITED STATES TAXATION

The relevant Supplemental Information Memorandum relating to any U.S. Series will set out information regarding the United States federal income tax treatment of any such Securities.

U.S. Persons considering the purchase of the Securities 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 Securities arising under the laws of any other taxing jurisdictions.

3. UNITED KINGDOM TAXATION

The following applies to persons who are the beneficial owners of the Securities and is a summary of the Issuer's understanding of current law and HM Revenue & Customs practice in the United Kingdom relating to the deduction of United Kingdom income tax from payments of interest on the Securities. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Securities. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective Securityholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

(a) Payment of interest on the Securities

Payments of interest on the Securities may be made without withholding or deduction for or on account of United Kingdom income tax unless such interest is regarded as having a United Kingdom source for United Kingdom tax purposes. This will depend on the terms of the relevant Securities and prospective Securityholders should therefore take legal advice on the question of whether any particular Securities carry a right to United Kingdom source interest.

In the case of interest on Securities which is regarded as having a United Kingdom source, no United Kingdom income tax will be required to be deducted from such interest in the following circumstances:

- (i) where the Securities are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Securities will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange.
- (ii) where interest on the Securities is paid by a company (such as the Issuer) and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on

the Securities is paid reasonably believes) that the person who is beneficially entitled to the interest on the Securities is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that the beneficial owner is not within the charge to United Kingdom corporation tax in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax;

- (iii) where the interest is payable on Securities which have a maturity of 364 days or less (and those Securities are not issued under arrangements the effect of which is to render such Securities part of a borrowing with a total term of a year or more).

In other cases where interest on the Securities has a United Kingdom source, an amount must generally be withheld from payments of interest on the Securities on account of United Kingdom income tax at the basic rate of (currently 20 per cent.), subject to any direction to the contrary by HM Revenue and Customs under an applicable double taxation treaty.

(b) **Provision of Information**

Securityholders may wish to note that, in certain circumstances, HM Revenue & Customs has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Securityholder, or who either pays amounts payable on the redemption of Securities to or receives such amounts for the benefit of another person. However, HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Securities when such amounts are paid on or before 5 April 2014. Information so obtained may, in certain circumstances, be exchanged by HM Revenue & Customs with the tax authorities of the jurisdiction in which the Securityholder is resident for tax purposes.

4. **EUROPEAN UNION DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

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

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

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

5. **FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service

("IRS") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **"Recalcitrant Holder"**). The Issuer may be classified as an FFI.

The new withholding regime will be phased in beginning 1 July 2014 for certain payments from sources within the United States and will apply to **"foreign passthru payments"** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the **"grandfathering date"**, which is the later of (a) 1 July 2014 and (b) the date that is six months after the date on which final U.S. Treasury regulations defining the term "foreign passthru payment" are filed with the Federal Register, or which are materially modified on or after the grandfathering date, and (ii) any Securities characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Securities are issued before the grandfathering date, and additional Securities of the same series are issued on or after that date, the additional Securities may not be treated as grandfathered, which may have negative consequences for the existing Securities, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an **"IGA"**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **"Reporting FI"** not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **"FATCA Withholding"**) from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary", "withholding foreign partnership" or "withholding foreign trust" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Ireland have entered into an agreement (the **"US-Ireland IGA"**) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Ireland IGA and does not expect to be subject to FATCA Withholding on payments it receives. There can be no assurance, however, that the Issuer will be treated as a Reporting FI and that such withholding will not be imposed against the Issuer. If the Issuer does not become a Participating FFI, Reporting FI, or is not treated as exempt from or in deemed compliance with FATCA, the Issuer may be subject to FATCA Withholding on payments received from U.S. sources and Participating FFIs. Any such withholding imposed on the Issuer may reduce the amounts available to the Issuer to make payments on the Securities.

The Issuer expects to be treated as a Reporting FI pursuant to the US-Ireland IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Securities are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Securities is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Securities, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Securities, be

required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Securities.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

United States

Unless otherwise specified in the relevant Supplemental Information Memorandum, the following selling restrictions shall apply:

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Consequently, the Securities forming part of a U.S. Series may not be offered, sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and the Securities forming part of a Non-U.S. Series may not be offered, sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). The Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Information Memorandum or any Supplemental Information Memorandum. Any representation to the contrary is a criminal offence in the United States. Prospective purchasers of Securities that are "qualified institutional buyers" (as defined in Rule 144A) ("**QIBs**") are hereby notified that the seller of such Securities may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A thereof. The minimum aggregate principal amount of Securities which may be purchased by a QIB pursuant to Rule 144A is U.S.\$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Securities and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

In addition, the Issuer has not been and will not be registered as an "investment company" under the 1940 Act. Accordingly, the Securities may only be sold in the United States or to, or for the account or benefit of, U.S. Persons in compliance with Section 3(c)(1) of the 1940 Act and the rules thereunder or to a person that is also a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act and the rules thereunder.

The Supplemental Information Memorandum applicable to any Series of Securities may modify, amend or supplement the restrictions set out herein.

Non-U.S. Series

Securities of a Non-U.S. Series will be subject to the following selling restrictions unless otherwise provided in the relevant Supplemental Information Memorandum. Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or, in the case of any bearer securities, deliver any such Securities (i) as part of their distribution at any time or (ii) otherwise, within the United States or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission), and it will give each dealer to which it sells Securities a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). Unless otherwise indicated, terms used in this paragraph have the meaning given to them by Regulation S. In addition, an offer or sale of the Securities within the United States by any dealer (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act. See "**Restrictions with respect to Securities in bearer form**" below for a discussion of certain U.S. tax law requirements with respect to Bearer Securities.

Beneficial interests in a Bearer Global Security may not be offered, sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). Such beneficial interest may only be transferred upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the transferee is not a U.S. Person and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Definitive Bearer Securities may not be sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S. Persons or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

U.S. Series

Securities of a U.S. Series (i) shall be issued in the form of Registered Securities only and (ii) shall be issued (a) outside the United States in offshore transactions to non-U.S. Persons in compliance with Regulation S and/or (b) pursuant to an exemption from the registration requirements of the Securities Act only to Eligible Investors (as defined below). The relevant Supplemental Information Memorandum will specify whether the Issuer is relying on the exception from the 1940 Act set out in Section 3(c)(1) or Section 3(c)(7). Where the Issuer is relying on the exception set out in Section 3(c)(7) of the 1940 Act, the Issue Terms will specify whether the Securities will be issued in the form of Individual Certificates and/or N-USD Rule 144A Global Certificates and N-USD Regulation S Global Certificates, in the case of N-USD Securities, or USD Rule 144A Global Certificates and USD Regulation S Global Certificates, in the case of USD Securities. The Securities of each U.S. Series offered in reliance on the Section 3(c)(1) exception of the 1940 Act will only be available in the form of Individual Certificates.

No sale of the Securities in the United States to a U.S. person will be for less than U.S.\$250,000 principal amount and integral multiples of U.S.\$1 in excess thereof, and no Security will be issued in connection with such sale in a smaller principal amount. If a purchaser of such Securities is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$250,000 principal amount of the Securities and integral multiples of U.S.\$1 in excess thereof.

Each Individual Certificate, each Rule 144A Global Certificate and each Regulation S Global Certificate representing Securities of a U.S. Series shall contain a legend in substantially the form set out in the relevant Supplemental Information Memorandum or Trust Instrument.

Until the first day following the expiry of 40 days after the later to occur of (i) the first date the Securities were offered to the public or (ii) the settlement date for the Securities (such period, the "**Distribution Compliance Period**"), beneficial interests in a Regulation S Global Certificate may not be offered or sold in the United States or to U.S. Persons unless the transferor delivers to the Registrar a duly completed Rule 144A Transfer Certificate and the transferee delivers a duly completed Investment Letter (each in the form incorporated into the Trust Instrument). In addition, in the event a person holding a beneficial interest in a Rule 144A Global Certificate makes a transfer at any time to a non-U.S. person in accordance with either Rule 903 or Rule 904 of Regulation S, the transferor will be required to deliver a Regulation S Transfer Certificate in the form incorporated into the Trust Instrument and the transferee will be required to deliver an Investment Letter certifying, among other things, its status as a non-U.S. person. The Issuer and the Trustee reserve the right prior to any sale or other transfer to require the delivery of such other certifications, legal opinions and other information as the Issuer or the Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the restrictions described herein.

Beneficial interests in the Rule 144A Global Certificates and the Regulation S Global Certificates will be shown in, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants (including Euroclear and Clearstream, Luxembourg) as described in the Registered Securities Conditions Module. Rule 144A Global Certificates and the Regulation S Global Certificates may not be exchanged for Securities in definitive certificated form except in the limited circumstances described under Condition 1.3 (*Exchange of Registered Securities*).

The initial purchase and any transfer to a subsequent transferee (each initial purchaser, together with each subsequent transferee, are referred to herein as the "**Purchaser**") of any Securities of a U.S. Series represented by Individual Certificates shall be subject to the prior written consent of the Issuer. Consent to any such purchase or transfer may only be withheld to ensure compliance with, or an exemption under, applicable law. Any such purchase or transfer requires the submission to the Registrar of an investment letter in the form to be set out in the relevant Supplemental Information Memorandum (an "**Investment Letter**") relating to any such Series, and any subsequent transfer also requires the submission to the Registrar and Transfer Agent of a duly completed certificate of transfer attached to the Individual Certificate. In addition, in connection with the initial purchase and any resale or other transfer of such Individual Certificates or any interest therein, the Issuer may require additional information including evidence that such purchase, sale or transfer does not cause the Issuer to become subject to registration or regulation under the 1940 Act.

Each initial purchaser of a Security of a U.S. Series represented by a Rule 144A Global Certificate or a Regulation S Global Certificate will be required to deliver an Investment Letter in the form to be set out in the

relevant Supplemental Information Memorandum, and each subsequent transferee will be deemed to have made the same representations and agreements.

The Investment Letters referred to above shall include the following representations and agreements (undefined terms used in this section that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (1) **Purchaser Requirements.** The Purchaser (I) (A) is an Eligible Investor, (B) will hold at least the minimum denomination of U.S.\$250,000, (C) will provide notice of applicable transfer restrictions to any subsequent transferee, and (D) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (A) through (D) and over which it exercises sole investment discretion, or (II) is not a U.S. person and is acquiring the Securities pursuant to Rule 903 or 904 of Regulation S. The Purchaser acknowledges that the Issuer and the Trustee reserve the right prior to any sale or other transfer to require the delivery of such certifications, legal opinions and other information as the Issuer or the Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions.
- (2) **Notice of Transfer Restrictions.** Each Purchaser acknowledges and agrees that (A) the Securities have not been and will not be registered under the Securities Act and the Issuer has not been registered as an "investment company" under the 1940 Act, (B) neither the Securities nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set out in paragraph (1) above and (C) the Purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Securities of such transfer restrictions.
- (3) **Mandatory Transfer/Redemption.** Each Purchaser acknowledges and agrees that in the event that at any time the Issuer determines or is notified by the Dealer acting on behalf of the Issuer that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set out in paragraph (1) above or otherwise determines that any transfer or other disposition of any Securities would, in the sole determination of the Issuer or the Dealer acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act, such purchase or other transfer will be void ab initio and will not be honoured by the Trustee. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Securityholder and the Issuer shall have the right, in accordance with the conditions of the Securities, to force the transfer of, transfer on behalf of the Securityholder or redeem, any such Securities.
- (4) **Rule 144A Information.** Each Purchaser of Securities offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Securities to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.
- (5) **ERISA.** If the Purchaser is a U.S. person purchasing an interest in an Individual Certificate or a Rule 144A Global Certificate, it is not a benefit plan investor, is not using the assets of a benefit plan investor to acquire such Securities and shall not at any time hold such Securities for a benefit plan investor (including assets that may be held in an insurance company's separate or general accounts where assets in such accounts may be deemed "**plan assets**" for purposes of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")). For the purposes hereof, the term "**benefit plan investor**" means (A) any employee benefit plan (as defined in section 3(3) of ERISA), which is subject to Title 1 of ERISA, (B) any plan subject to section 4975 of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101 as modified by Section 3(42) of ERISA).

If the Issue Terms specify that the Issuer is relying on the exception provided by Section 3(c)(7) of the 1940 Act and the Securities are represented by a Rule 144A Global Certificate or a Regulation S Global Certificate, the Investment Letter will also contain the following representations and agreements and each subsequent transferee will be deemed to have represented and agreed to the following:

- (6) **Legends on Global Certificates.** Each Purchaser acknowledges that each of the Rule 144A Global Certificate and the Regulation S Global Certificate will bear legends substantially to the effect set out in the relevant Supplemental Information Memorandum and that the Issuer has covenanted in the relevant Trust Instrument not to remove either such legend so long as it shall be necessary for the Issuer to rely on the exception to the 1940 Act set out in Section 3(c)(7) thereof.
- (7) **Regulation S Transfers During the Distribution Compliance Period.** If the Purchaser has acquired a portion of a Regulation S Global Certificate in a sale or other transfer being made in reliance upon Regulation S, the Purchaser agrees that during the Distribution Compliance Period it will not offer, resell, pledge or otherwise transfer such portion of such Regulation S Global Certificate to or for the account or benefit of any U.S. person other than to a person meeting the requirements set out in paragraph (1) above and in the legend set out on the Regulation S Global Certificate.

Any transfer or other disposition of any Securities of a U.S. Series that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the 1940 Act will be void ab initio, and such transfer or other disposition will not be recognised by the Issuer. If, at any time, (i) a Security of a U.S. Series is held by or on behalf of a U.S. person (as defined in Regulation S) who is not an Eligible Investor at the time it purchases such Security or (ii) the number of beneficial owners of the Issuer's securities would require the Issuer to register as an "investment company" under the 1940 Act, the Issuer may, in its discretion and at the expense and risk of such holder, (A) redeem such Securities, in whole or in part, to permit the Issuer to avoid registration under the 1940 Act or (B) require any such holder to transfer such Securities to an Eligible Investor (in the case of (i) above) or to a non-U.S. person outside the United States or cause such Securities to be transferred on behalf of the Securityholder. The determination of which Securities will be redeemed or sold in any particular case is in the discretion of the Issuer.

U.S. Series – Section 3(c)(1) Exception

When the Section 3(c)(1) exception is stated to apply in the Issue Terms, at no time may the Issuer's outstanding securities (other than short-term paper), including the Individual Certificates of such U.S. Series that are initially offered and sold in the United States or to, or for the account or benefit of, U.S. Persons, be owned beneficially by more than 100 U.S. Persons. Such number of owners may be further limited by the doctrine of integration under the 1940 Act, to the extent applicable. In order to ensure compliance with this limitation, the registration of any such Individual Certificate upon its issuance or the registration of the transfer of an Individual Certificate may be refused if, as a result of such issuance or transfer, the Issuer's outstanding securities would be owned beneficially by more than 100 U.S. Persons. Each prospective purchaser or transferee of the Securities will be required to deliver a completed and duly executed Investment Letter (as defined above) and make the representations and warranties set out therein. In addition, such purchaser or transferee will be required to represent and agree that, after giving effect to the contemplated purchase, no beneficial owner of the Securities or interest therein will (a) own 10% or more of all outstanding Securities of the Issuer and (b) itself fall within the definition of "investment company" under the 1940 Act or be excepted therefrom solely by reason of Section 3(c)(1) or Section 3(c)(7) of the 1940 Act. The relevant Supplemental Information Memorandum will set out additional selling and transfer restrictions applicable to any Series where the Issuer is relying on the Section 3(c)(1) exception.

For the purposes of the preceding paragraph, "**Eligible Investors**" are defined as (a) persons who constitute one beneficial owner for the purpose of Section 3(c)(1) of the 1940 Act and (b) either (x) institutions that qualify as "Accredited Investors" ("**IAIs**") as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D of the Securities Act or (y) Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) ("**QIBs**"), but excluding therefrom (i) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (ii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Securities, and (iii) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Securities.

U.S. Series – Section 3(c)(7) Exception

The Issue Terms for a U.S. Series may specify that the Issuer will be relying on the exception from the 1940 Act set out in Section 3(c)(7) thereof. In general, the Section 3(c)(7) exception excludes from the definition of an investment company any issuer whose outstanding securities are owned exclusively by persons who are **"Qualified Purchasers"** (as defined in Section 2(a)(51) of the 1940 Act and the rules and regulations of the U.S. Securities and Exchange Commission thereunder) and that has not made a public offering of its securities. Consequently, the Registered Securities of any such U.S. Series may only be offered, sold, resold, delivered or transferred (A) within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S), in a transaction made in compliance with Rule 144A under the Securities Act to persons that are Eligible Investors (as defined below) or (B) outside the United States to persons that are not U.S. Persons in offshore transactions in reliance on Rule 903 or 904 of Regulation S.

For the purposes of the preceding paragraph, **"Eligible Investors"** are defined as persons who are QIBs acting for their own account or for the account of other QIBs, but excluding therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than U.S.\$25 million in "securities" of unaffiliated issuers (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Securities, (unless each beneficial owner of such entity is a Qualified Purchaser), (iv) any investment company excepted from the 1940 Act solely pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to 30 April 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the 1940 Act and rules thereunder, and (v) any entity that will have invested more than 40 per cent. of its assets in securities of the Issuer subsequent to any purchase of the Securities.

Section 3(c)(7) Global Certificates

If the Issue Terms specify that (i) the Issuer will be relying on Section 3(c)(7) of the 1940 Act and (ii) the Securities are to be issued in the form of Rule 144A Global Certificates or Regulation S Global Certificates, then Securities to be offered and sold in the United States or to or for the account or benefit of U.S. Persons (as defined in Regulation S) will be represented by one or more registered global securities (each, a **"USD Rule 144A Global Certificate"**) which will be deposited with or on behalf of DTC and registered in the name of its nominee in the case of USD Securities and, in the case of N-USD Securities, one or more registered global securities (each, a **"N-USD Rule 144A Global Certificate"**) which will be deposited with a common depositary for and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg (together with the USD Rule 144A Global Certificate, the **"Rule 144A Global Certificates"**). Any Securities of such a U.S. Series to be offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S will be represented by a registered global security (a **"N-USD Regulation S Global Certificate"** in the case of N-USD Securities or a **"USD Regulation S Global Certificate"** in the case of USD Securities) (together, the **"Regulation S Global Certificates"**) deposited with or on behalf of DTC for the accounts of Euroclear and Clearstream, Luxembourg.

Section 3(c)(7) Individual Certificates

If the Issue Terms for a U.S. Series specify that (i) the Issuer will be relying on the exception set out in Section 3(c)(7) of the Investment Company Act and (ii) the Securities are to be issued in the form of Individual Certificates, then Securities to be offered and sold in the United States or to, or for the account or benefit of, U.S. Persons will be represented by Individual Certificates. Each Individual Certificate will be registered in the name of the registered owner thereof and will bear a restrictive legend in the form set out in the relevant Supplemental Information Memorandum. At no time may an Individual Certificate be beneficially owned in violation of such restrictive legend.

Each prospective purchaser or transferee of the Securities will be required to deliver a completed and duly executed Investment Letter (defined above) and make the representations and warranties set out therein.

Restrictions with respect to Securities in bearer form

Securities 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 Issue, each relevant Dealer understands that, under the C Rules, Securities 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, Securities in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Securities in bearer form, the relevant Dealer 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 Securities 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 represents and agrees that, except to the extent permitted under the D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, Securities 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 Securities 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 Securities in bearer form are aware that such Securities 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 Securities in bearer form for purposes of resale in connection with their original issuance and that if it retains Securities 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) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010).
- (d) Each relevant Dealer agrees that, with respect to each affiliate that acquires from it or from another Dealer Securities in bearer form for the purpose of offering or selling such Securities during the restricted period, it either (i) repeats and confirms the representations and agreements contained in subparagraphs (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)) (or any successor U.S. Treasury regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) that purchases any of the Securities in bearer form from one or more of the Dealers pursuant to a written contract with such Dealer (except a distributor who is an affiliate of such Dealer), for the benefit of the Issuer and such Dealer, the representations contained in and such distributor's 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 subparagraphs (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 Securities will be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree, as indicated in the relevant Supplemental Information Memorandum.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Issue Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities to the public in that Relevant Member State:

- (a) if the Issue Terms in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **"Non-exempt Offer"**) following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Issue Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Issue Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **"offer of Securities to the public"** in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **"Prospectus Directive"** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression **"2010 PD Amending Directive"** means Directive 2010/73/EU.

United Kingdom

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

- (a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Ireland

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

- (a) it will not underwrite the issue of, or place the Securities, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) and any codes of conduct or rules issued in connection therewith and any conditions, requirements or other enactments imposed or approved by the Central Bank, and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Securities, otherwise than in conformity with the provisions of the Companies Acts 1963-2012 (as amended), the Central Bank Acts 1942-2013 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Securities, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank pursuant thereto (including any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank).

General

Each Dealer and each further Dealer appointed under the Programme will agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Securities or possesses or distributes this Information Memorandum or any Supplemental Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer, the Trustee nor any Dealer represents that Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series of Securities, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the relevant Supplemental Information Memorandum.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Securities have been duly authorised by a resolution of the Board of Directors of the Issuer dated 2 March 2004. The updating of the Programme was duly authorised by a resolution of the Board of Directors dated 1 November 2013.

Listing of Securities

It is expected that each Series of Securities which is to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Security or Securities initially representing the Securities of such Series. The Information Memorandum has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank only approves this Information Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to trading on the regulated market of 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. Application will be made to the Irish Stock Exchange for the Securities to be admitted to the Official List and trading on its regulated market.

Securities may also be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuer and the Dealer may agree.

All material expenses relating to listing or to the approval of this Information Memorandum by the Central Bank as a base prospectus (for the purposes of the Prospectus Directive) will be paid by the Arranger.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Securities and is not itself seeking admission of the Securities to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

Documents On Display

For the period of 12 months following the date of this Information Memorandum, copies of the following documents (together with any other documents specified in the relevant Supplemental Information Memorandum) will, when published (to the extent applicable), be available in physical form during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) 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 Securities:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the Trust Instrument relating to such Securities (and the documents incorporated therein, including, *inter alia*, the Agency Agreement, the Charged Agreements and the Sale Agreement);
- (iii) a copy of this Information Memorandum and the Supplemental Information Memorandum relating to such Securities, together with any other document required or permitted to be published by the Irish Stock Exchange;
- (iv) any future information memoranda, prospectus, offering circulars and supplements including Issue Terms (save that, any Issue Terms relating to Securities which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer, Paying Agent, Registrar or Transfer Agent as to its holding of Securities and identity) to this Information Memorandum and any other documents incorporated therein by reference;
- (v) in the case of each issue of listed Securities subscribed pursuant to a subscription agreement, such subscription agreement (or equivalent document); and
- (vi) published annual audited financial statements of the Issuer for the periods ended 31 December 2011 and 31 December 2012, in each case together with the audit reports prepared in connection therewith.

Clearing Systems

The Securities (other than those in definitive form) will be accepted for clearance through Euroclear and Clearstream, Luxembourg and, as applicable, DTC (which are the entities in charge of keeping records) (unless otherwise specified in the relevant Supplemental Information Memorandum). The appropriate Common Code and ISIN for each Series allocated by Euroclear and Clearstream, Luxembourg and the appropriate CUSIP and CINS numbers for each Series allocated by DTC will be specified in the relevant Supplemental Information Memorandum. If the Securities are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Supplemental Information Memorandum.

The address for Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium. The address for Clearstream, Luxembourg is 42 Avenue J.F.Kennedy, L-1855 Luxembourg. The address for DTC is 55 Water Street, New York, N.Y. 10041, United States of America.

Significant or Material Change

Save as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Issuer since 31 December 2012 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2012.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Conditions for Determining Price

The price and amount of Securities to be issued under the Programme will be determined by the Issuer and the Dealer at the time of issue in accordance with prevailing market conditions.

Auditors

The auditors of the Issuer are Deloitte and Touche, Earlsfort Terrace, Dublin 2, Ireland who are chartered accountants qualified to practise in Ireland and members of the Institute of Chartered Accountants in Ireland, and who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Ireland for each of the two financial years ended on 31 December, 2011 and 31 December 2012. The auditors of the Issuer have no material interest in the Issuer.

Post-Issuance Information

Other than as set out in a Supplemental Information Memorandum, the Issuer does not intend to provide any post-issuance information in relation to any Series of Securities or Charged Assets.

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