



Citigroup Global Markets Funding Luxembourg S.C.A.
€374,200,000 0.50 per cent. Guaranteed Exchangeable Bonds due 2023
issued under the Citi U.S.\$30,000,000,000 Global Medium Term Note Programme

The €374,200,000 0.50 per cent. Guaranteed Exchangeable Bonds due 2023 (the “**Bonds**”) were issued on 4 August 2016 (the “**Closing Date**”) by Citigroup Global Markets Funding Luxembourg S.C.A. (the “**Issuer**”) as Series CGMFL0781 under its U.S.\$30,000,000,000 Global Medium Term Note Programme (the “**Programme**”). The guarantee of the Bonds was given by Citigroup Global Markets Limited (the “**Guarantor**”) on the terms contained in a deed of guarantee executed by the Guarantor dated 21 December 2015 (the “**Deed of Guarantee**”) (the “**Guarantee**”). The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer under the Bonds.

Subject as provided herein, the Bonds bear interest from (and including) the Closing Date at the rate of 0.50 per cent. per annum calculated by reference to the principal amount thereof and payable annually in arrear on 4 August in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 4 August 2017. The amount of interest payable on each Interest Payment Date will be €500 per €100,000 principal amount of the Bonds.

Unless previously exchanged or redeemed in accordance with Condition 7 (see “*Terms and Conditions of the Bonds – Exchange Right*”), the Bonds will be redeemed at their principal amount on 4 August 2023. The Bonds may be redeemed at the option of the Issuer in whole, but not in part at any time in certain limited circumstances, as more particularly described in “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at the Option of the Issuer*”. Following the occurrence of a Free Float Event (as defined herein), the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Put Date (as defined herein) at its principal amount, together with accrued and unpaid interest to such date.

Subject to the right of the Issuer to make a Cash Election (as defined herein), each holder of the Bonds shall have the right to exercise its option to exchange all or any of its Bonds for, a *pro rata* share of the Exchange Property as at the relevant Exchange Date. Such exchange of a Bond for a *pro rata* share of the Exchange Property (and/or, as the case may be, for payment of the Cash Alternative Amount (as defined herein)) is referred to herein as an “**exchange**” and the right of a holder of a Bond to exercise its option to require an exchange is herein referred to as the “**Exchange Right**”. As at the Closing Date, the Exchange Property initially comprised 51,878,553 fully paid ordinary shares of no par value in the capital of Telekom Austria A.G. (“**TKA**”) (the “**Shares**”), as more particularly described in “*Terms and Conditions of the Bonds – The Exchange Property*”. On the exercise of Exchange Rights, Bondholders will initially be entitled to receive 13,863 Shares for each €100,000 principal amount of Bonds (equivalent to an initial exchange price of €7.213 per Share), subject to adjustment pursuant to the Terms and Conditions of the Bonds.

The obligations of the Issuer under the Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (subject to any obligations preferred by any applicable law) equally with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Issuer, present and future. The obligations of the Guarantor under the Guarantee constitute direct, general, unconditional and unsecured obligations of the Guarantor and rank equally (subject to any obligation preferred by any applicable law) with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Guarantor (present and future).

All payments in respect of the Bonds and the Guarantee by or on behalf of the Issuer or the Guarantor shall be made subject to and after any withholding or deduction required by law for or on account of, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by, in the case of the Issuer, the Duchy of Luxembourg, or in the case of the Guarantor, the United Kingdom or in each case any political subdivision or any authority thereof or therein having power to tax. Neither the Issuer nor the Guarantor will be required to pay any additional or further amounts to holders of the Bonds in respect thereof.

Application has been made to the Irish Stock Exchange for the approval of these listing particulars (“**Listing Particulars**”) as a listing particulars and for the Bonds to be admitted to the Official List (the “**Official List**”) and to trading on the Global Exchange Market of the Irish Stock Exchange (the “**GEM**”), which is the exchange-regulated market of the Irish Stock Exchange. These Listing Particulars constitute listing particulars in respect of the admission of the Bonds to the Official List and to trading on the GEM. The GEM is not a regulated market for the purposes of Directive 2004/39/EC. Reference in these Listing Particulars to Bonds being “listed” shall mean that such Bonds have been admitted to the Official List and to trading on the GEM.

The Bonds and the Deed of Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, United States persons (as defined in Regulation S of the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act.

The Bonds were issued in registered form in principal amounts of €100,000 each, and were represented upon issue by a global bond (“**Global Bond**”). The Global Bond was deposited on the Closing Date with, and registered in the name of a nominee of, and held on behalf of, a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) (the “**Common Depository**”).

The Issuer has a long term/short term debt rating of “A”/“A-1” by Standard & Poor’s Financial Services LLC (“**Standard & Poor’s**”) based on the Deed of Guarantee and a long term/short term senior debt rating of “A”/“F1” by Fitch Ratings, Inc. (“**Fitch**”) based on the Deed of Guarantee. Standard & Poor’s is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). However, the Standard & Poor’s rating has been endorsed by Standard & Poor’s Credit Market Services Europe Ltd. Standard & Poor’s Credit Market Services Europe Ltd. is established in the European Union and registered under the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Standard & Poor’s Credit Market Services Europe Ltd. may be used in the European Union by the relevant market participants. Fitch is not established in the European Union and has not applied for registration under the CRA Regulation. However, the Fitch rating has been endorsed by Fitch Ratings Limited in accordance with the CRA Regulation. Fitch Ratings Limited is established in the European Union and registered under the CRA Regulation. ESMA has indicated that ratings issued in the United States of America which have been endorsed by Fitch Ratings Limited may be used in the European Union by the relevant market participants.

An investment in the Bonds involves certain risks. For a discussion of such risks, see the section headed “Risk Factors” in these Listing Particulars.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in these Listing Particulars. To the best of the knowledge and belief of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised by the Issuer or the Guarantor to give any information or to make any representation not contained in or not consistent with these Listing Particulars or any other information supplied in connection with the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Guarantor.

Neither these Listing Particulars nor any other information supplied in connection with the Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or the Guarantor that any recipient of these Listing Particulars or any other information supplied in connection with the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial and business condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor.

Neither these Listing Particulars nor any other information supplied in connection with the issue of any Bonds constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor to any person to subscribe for or to purchase any Bonds. Each of the Issuer and the Guarantor makes no representation to any investor in the Bonds regarding the legality of its investment under any applicable laws. Any investor in the Bonds should be able to bear the economic risk of an investment in the Bonds for an indefinite period of time.

Neither the delivery of these Listing Particulars nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer, the Guarantor or Citi (as defined herein) is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Bonds is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review all documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”) when reading these Listing Particulars.

The Bonds and the Deed of Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In connection with the original offering of the Bonds prior to the Closing Date, such Bonds were offered and sold outside of the United States in reliance on Regulation S of the Securities Act.

To the fullest extent permitted by law, none of the Registrar, Transfer Agent, Fiscal Agent, Calculation Agent or Paying and Exchange Agents accepts any responsibility whatsoever for the contents of these Listing Particulars or for any other statement made or purported to be made by the Registrar, the Transfer Agent, the Fiscal Agent, the Calculation Agent or the Paying and Exchange Agents on its behalf in connection with the Issuer and the Guarantor or the issue and offering of the Bonds. Each of the Registrar, the Transfer Agent, the Fiscal Agent, the Calculation Agent and the Paying and Exchange Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of these Listing Particulars or any such statement.

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in these Listing Particulars;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for any payments is different from the potential investor’s currency;

- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any share prices, relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments and such instruments would generally be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds would generally perform under changing conditions, the resulting effects on the value of such Bonds and the impact that this investment will have on the potential investor's overall investment portfolio.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND FINANCIAL ADVISER AS TO TAX, LEGAL, FINANCIAL AND RELATED MATTERS CONCERNING THE PURCHASE OF THE BONDS.

Except as described in these Listing Particulars, beneficial interests in the Global Bond will be represented through accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in Euroclear and Clearstream, Luxembourg. Except as described in these Listing Particulars, owners of beneficial interests in the Global Bond will not be entitled to have the Bonds registered in their names, will not receive or be entitled to receive physical delivery of individual Certificates evidencing the Bonds in definitive form (except in the very limited circumstances described in the Global Bond) and will not be considered holders of the Bonds under the Bonds or the Fiscal Agency Agreement.

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

In these Listing Particulars, unless otherwise specified or the context otherwise requires, 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 on the Functioning of the European Union, as amended.

In these Listing Particulars, references to websites or uniform resource locators (“URLs”) are inactive textual references. The contents of any such website or URL shall not form part of these Listing Particulars.

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RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect its ability to fulfil their obligations under the Bonds. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Bonds are also described below.

The Issuer and the Guarantor believe that the factors described below represent risks inherent in investing in the Bonds, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with the Bonds may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in these Listing Particulars (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

*Capitalised terms used herein shall, unless otherwise defined, have the same meanings as in the terms and conditions of the Bonds (the “**Conditions**”).*

Risks relating to the Issuer, the Guarantor and to Citi

The ability of each of the Issuer and the Guarantor to fulfil its obligations under the Bonds is dependent on the earnings of Citigroup Inc.'s subsidiaries.

Citigroup Inc. is a holding company that does not engage in any material amount of business activities that generate revenues. Citigroup Inc. services its obligations primarily with dividends and advances from its subsidiaries. Its subsidiaries that operate in the banking, insurance and securities businesses can only pay dividends if they are in compliance with applicable regulatory requirements imposed on them by federal and state regulatory authorities. Its subsidiaries may also be subject to credit agreements that also may restrict their ability to pay dividends.

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

A reduction of the Issuer's or the Guarantor's ratings may reduce the market value and liquidity of the Bonds.

The value of the Bonds is expected to be affected, in part, by investors' general appraisal of the Issuer's, the Guarantor's and/or their affiliates' creditworthiness. Such perceptions are generally influenced by the ratings accorded to the outstanding securities of the Issuer, the Guarantor and/or any of their affiliates by standard statistical rating services, such as Standard & Poor's and Fitch. A reduction in the rating, if any, accorded to outstanding debt securities (if any) of the Issuer, the Guarantor and/or the securities issued by any of their affiliates by one of these rating agencies could result in a reduction in the trading value of the Bonds.

Each rating agency may reduce, suspend or withdraw any such credit ratings of the Issuer and/or the Guarantor at any time in the future if, in its judgment, circumstances warrant a change. No rating agency is obligated to maintain its ratings at their current levels. If a rating agency reduces, suspends or withdraws its

rating of the Issuer and/or the Guarantor or any affiliate thereof, the liquidity and market value of the Bonds are likely to be adversely affected.

The credit rating agencies continuously review the ratings of Citigroup Inc. and its consolidated subsidiaries (“Citi”) and its subsidiaries, and reductions in Citi's and its subsidiaries' credit ratings could have a significant and immediate impact on Citi's funding and liquidity through cash obligations, reduced funding capacity and collateral triggers.

The Issuer has a long term/short term senior debt rating of A/A-1 by Standard & Poor's and A/F1 by Fitch based on the Deed of Guarantee.

Citi's long-term/short-term senior debt ratings are currently rated investment grade by Fitch and Standard & Poor's. The rating agencies continuously evaluate Citi and its subsidiaries, and their ratings of Citi's and its subsidiaries' long-term and short-term debt are based on a number of factors, including financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as conditions affecting the financial services industry generally.

Citi and its subsidiaries may not be able to maintain their current respective ratings. Ratings downgrades by Fitch or Standard & Poor's could have a significant and immediate impact on Citi's funding and liquidity through cash obligations, reduced funding capacity and derivative triggers and additional margin requirements. Ratings downgrades could also have a negative impact on other funding sources, such as secured financing and other margin requirements, for which there are no explicit triggers. Some entities may also have ratings limitations as to their permissible counterparties, of which Citi may or may not be aware. A reduction in Citi's or its subsidiaries' credit ratings could also widen Citi's credit spreads or otherwise increase its borrowing costs and limit its access to the capital markets.

Credit Ratings - Rating Agencies of the Issuer and the Guarantor

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

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

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks, UK building societies, UK investment firms and UK recognised central counterparties which are considered to be at risk of failing. The exercise of any of these actions in relation to the Guarantor could materially adversely affect the value of the Bonds

Under the Banking Act 2009 (the “**Banking Act**”), substantial powers are granted to HM Treasury, the Bank of England, the Financial Conduct Authority and the Prudential Regulation Authority (each, an “**Authority**”, and together, the “**Authorities**”) as part of a special resolution regime (the “**SRR**”). These powers can be exercised, as applicable, by the Authorities in respect of a UK bank, UK building society, UK investment firm (such as the Guarantor) or UK recognised central counterparty (each a “**relevant entity**”) in circumstances in which the Authorities consider its failure has become likely and if certain other conditions are satisfied (depending on the relevant power) for example, to protect and enhance the stability of the financial system of the UK.

The SRR consists of five stabilisation options and two special insolvency procedures (bank administration and bank insolvency) which may be commenced by HM Treasury, the Bank of England, the Prudential Regulation Authority or Secretary of State, as the case may be. The stabilisation options provide for: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a bridge bank wholly owned by the Bank of England; (iii) transfer of all or part of the business of the relevant entity to an asset management vehicle owned and controlled by the Bank of England; (iv) writing down certain claims of unsecured creditors of the relevant entity and/or converting certain unsecured debt claims to equity, (the “**bail-in option**”), which equity could also be subject to any future cancellation, transfer or dilution; and (v) temporary public ownership (nationalisation) of all or part of the relevant entity or any UK holding company. In each case, the Authorities have wide powers under the Banking Act including powers to modify contractual arrangements in certain circumstances and powers for HM Treasury to disapply or modify laws (with possible retroactive effect) to enable the stabilisation powers under the Banking Act to be used effectively.

The paragraphs below set out some of the possible consequences of the exercise of the powers under the SRR.

The SRR may be triggered prior to insolvency of the Guarantor

The purpose of the stabilising options is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the relevant stabilisation options may be exercised if (a) the relevant Authority is satisfied that a relevant entity (such as the Guarantor) is failing, or is likely to fail, (b) following consultation with the other Authorities, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will result in the condition referred to in (a) ceasing to be met and (c) the Authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors). It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

The terms of the Deed of Guarantee may be modified without the consent of the holders of the Bonds

If the stabilisation options were exercised under the SRR in respect of the Guarantor, HM Treasury or the Bank of England may exercise extensive powers including, share transfer powers (applying to a wide range of securities), property transfer powers (including powers for partial transfers of property, rights and liabilities subject to certain protections in respect of the Guarantor) and resolution instrument powers (including powers to make special bail-in provisions). Exercise of these powers could involve taking various actions in relation

to the Deed of Guarantee without the consent of the holders of the Bonds, including (among other things) modifying or disapplying the terms of the Deed of Guarantee.

The taking of any such actions could adversely affect the rights of holders of the Bonds, the price or value of their investment in the Bonds and/or the ability of the Guarantor to satisfy its obligations under the Deed of Guarantee. In such circumstances, holders of the Bonds may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that such holders would thereby recover compensation promptly or equal to any loss actually incurred.

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

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

As at the date of these Listing Particulars, the relevant Authorities have not made an instrument or order under the Banking Act in respect of the Guarantor and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that holders of the Bonds will not be adversely affected by any such order or instrument if made.

The Council of the European Union has adopted a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The implementation of the directive under Luxembourg law or the taking of any action under it could materially affect the value of the Bonds

On 2 July 2014, Directive 2014/59/EU providing for the establishment of a European Union-wide framework for the recovery and resolution of credit institutions and investment firms (the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

Implementation of BRRD in Luxembourg

The BRRD was implemented by the Luxembourg act dated 18 December 2015 (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Commission de surveillance du secteur financier (the “**CSSF**”) and the resolution authority is the CSSF acting as resolution council (conseil de résolution) (the “**Resolution Council**”).

The BRR Act 2015 contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

In particular, the BRR Act 2015 provides for certain resolution measures, including the power to impose in certain circumstances a suspension of activities. Any suspension of activities can, to the extent determined by the CSSF, result in the partial or complete suspension of the performance of agreements entered into by a Luxembourg in-scope firm (such as the Issuer). The BRR Act 2015 also grants the power to the Resolution Council to take a number of resolution measures including (i) a forced sale of a Luxembourg in-scope firm (sale of business), which enables the Resolution Council to direct the sale of the Luxembourg incorporated in-scope firm or all or part of its business on commercial terms, (ii) the establishment of a bridge institution, which may limit the capacity of a Luxembourg incorporated in-scope firm to meet its repayment obligations or, (iii) the forced transfer of all or part of the assets, rights or obligations of a Luxembourg incorporated credit institution or investment firm (asset separation), which enables the Resolution Council to transfer (impaired or problem) assets, rights or liabilities to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only) and (iv) the application of the general bail-in tool, which gives the Resolution Council the power, among others, to write down certain claims of unsecured creditors of a failing Luxembourg incorporated in-scope firm (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including Bonds issued by the Issuer) to equity or other instruments of ownership, which equity or other instruments could also be subject to any future cancellation, transfer or dilution. The powers set out in the BRR Act 2015 will impact how credit institutions, investment firms or relevant financial institutions (such as the Issuer) established in Luxembourg, are managed as well as, in certain circumstances, the rights of creditors.

If the general bail-in tool and the statutory write-down and conversion power become applicable to the Issuer, Bonds issued by the Issuer may be subject to write-down or conversion into equity (ordinary shares or other instrument of ownership for the purpose of stabilisation and loss absorption) on any application of the bail-in tool, which may result in holders of such Bonds losing some or all of their investment (notably, the amount of the relevant outstanding Bonds may be reduced, including to zero). Subject to certain conditions, the terms of the obligations owed under the Bonds may also be varied by the Resolution Council (e.g. as to maturity, interest and interest payment dates) and the payments may be suspended for a certain period. The exercise of any power under the BRR Act 2015 or any suggestion of such exercise could materially adversely affect the rights of the holders of Bonds issued by the Issuer, the price or value of their investment in any such Bonds and/or the ability of the Issuer to satisfy its obligations under any such Bonds.

Any application of the general bail-in tool under the BRR Act 2015 shall be in accordance with the hierarchy of claims in normal insolvency proceedings. Accordingly, the impact of such application on a holder of Bonds issued by the Issuer will depend on the holder's ranking in accordance with such hierarchy, including any priority given to other creditors such as depositors (if any).

To the extent any resulting treatment of holders of Bonds issued by the Issuer pursuant to the exercise of the general bail-in tool is less favourable than would have been the case under such hierarchy in normal insolvency proceedings, a holder of Bonds has a right to compensation under the BRR Act 2015 based on an independent valuation of the Luxembourg incorporated in-scope firm (which is referred to as the "no creditor worse off" safeguard under the BRRD). There is likely to be a considerable delay in the recovery of such compensation. Compensation payments (if any) are also likely to be made considerably later than when amounts may otherwise have been due under such Bonds.

Regulation (EU) no. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of significant credit institutions and financial groups, in the framework of a Single Resolution Mechanism and a Single Resolution Fund, established a centralised power of resolution and entrusted to a Single Resolution Board and to the national resolution authorities of participating European Union Member States (each a "**Member State**") ((including Luxembourg and the CSSF through the Resolution Council). Since 1 January 2015, the Single Resolution Board works in close cooperation with the Resolution Council, in particular in relation to the elaboration of resolution planning, and has assumed full resolution powers since 1 January 2016.

OECD base erosion and profit shifting

In May 2013, the Organisation for Economic Co-operation and Development ("**OECD**") Council at Ministerial Level adopted a declaration on base erosion and profit shifting urging the OECD's Committee on Fiscal Affairs to develop an action plan to address base erosion and profit shifting in a comprehensive manner and in July 2013 the OECD launched an Action Plan on Base Erosion and Profit Shifting, identifying 15 specific actions to achieve this (the "**BEPS Project**"). These action points relate to, amongst other things, restricting the deductibility of interest payments (Action 4), preventing the granting of tax treaty benefits in inappropriate circumstances (Action 6) and preventing the artificial avoidance of permanent establishment status (Action 7).

All of the action points have been subject to public consultation and on 5 October 2015 the OECD Secretariat published 13 final reports and an explanatory statement outlining consensus actions. The BEPS Project is expected to generate changes to tax policy and systems in numerous jurisdictions. The BEPS Project is expected to generate changes to tax policy and systems in numerous jurisdictions. While some aspects of the BEPS Project have been provided for in some jurisdictions (such as in the European Union by Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market laying down rules against tax avoidance, which is to be implemented in the national laws of European Union Member States by no later than 1 January 2019), it remains unclear the extent to which actions will be implemented and which countries will implement them, is not yet known. It is not possible to assess at this stage whether there would be any impact to the tax payable by Citi or other adverse tax consequences, any of which could reduce amounts available for distribution to holders of the Bonds.

Regulatory Risks

Citi's inability to enhance its 2015 resolution plan submission could subject it to more stringent capital, leverage or liquidity requirements, or restrictions on its growth, activities or operations, and could eventually require Citi to divest assets or operations

Title I of the Dodd-Frank Act Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) requires Citi to annually prepare and submit a plan to the Federal Reserve Board and the Federal Deposit Insurance Corporation (“**FDIC**”) for the orderly resolution of Citigroup Inc. (the bank holding company), and its significant legal entities, under the U.S. Bankruptcy Code (the “**Bankruptcy Code**”) or other applicable insolvency law in the event of future material financial distress or failure (the “**Title I Resolution Plan**”). The Title I Resolution Plan requires significant effort, time and cost across all of Citi’s businesses and geographies, and is subject to review by the Federal Reserve Board and the FDIC.

Under Title I, if the Federal Reserve Board and the FDIC jointly determine that Citi’s 2015 Title I Resolution Plan is not “credible” (which, although not defined, is generally believed to mean the regulators do not believe the plan is feasible or would otherwise allow the regulators to resolve Citi in a way that protects systemically important functions without severe systemic disruption), or would not facilitate an orderly resolution of Citi under the Bankruptcy Code, and Citi fails to resubmit a resolution plan that remedies any identified deficiencies, Citi could be subjected to more stringent capital, leverage or liquidity requirements, or restrictions on its growth, activities or operations. If within two years from the imposition of any requirements or restrictions Citi has still not remediated any identified deficiencies, then Citi could eventually be required to divest certain assets or operations. Any such restrictions or actions would negatively impact Citi’s reputation, market and investor perception, operations and strategy.

In August 2014, the Federal Reserve Board and the FDIC announced the completion of reviews of the 2013 Title I Resolution Plans submitted by Citi and 10 other financial institutions. The agencies identified shortcomings with the firms’ 2013 Title I Resolution Plans, including Citi’s. These shortcomings generally included (i) assumptions that the agencies regarded as unrealistic or inadequately supported, such as assumptions about the likely behaviour of customers, counterparties, investors, central clearing facilities and regulators; and (ii) the failure to make, or identify, the kinds of changes in firm structure and practices that would be necessary to enhance the prospects for orderly resolution. Significantly, the FDIC determined that the 2013 Title I Resolution Plans submitted by the 11 institutions, including Citi, were “not credible” and did not facilitate an orderly resolution under the Bankruptcy Code. The Federal Reserve Board determined that the plans of the 11 institutions were required to take immediate action to improve their resolvability and reflect those improvements in their 2015 plans. At the same time, the Federal Reserve Board and FDIC indicated that if the identified shortcomings were not addressed in the 2015 Title I Resolution Plan submissions, the agencies expected to use their authority under Title I, as discussed above. Like other similarly-situated institutions, Citi submitted its 2015 Title I Resolution Plan on July 1, 2015 and the industry has not yet received a formal response from the regulators.

Citi's ability to return capital to shareholders substantially depends on the Comprehensive Capital Analysis and Review (“CCAR”) process and the results of regulatory stress tests

In addition to Board of Directors’ approval, any decision by Citi to return capital to shareholders, whether through an increase in its common stock dividend or through a share repurchase program, substantially depends on regulatory approval, including through the CCAR process required by the Federal Reserve Board and the supervisory stress tests required under the Dodd-Frank Act. In March 2014, the Federal Reserve Board announced that it objected to the capital plan submitted by Citi as part of the 2014 CCAR process, meaning Citi was not able to increase its return of capital to shareholders as it had requested. Restrictions on

Citi's ability to return capital to shareholders as a result of the 2014 CCAR process negatively impacted market and investor perceptions of Citi, and continued restrictions could do so in the future.

Citi's ability to accurately predict or explain to stakeholders the outcome of the CCAR process, and thus address any such market or investor perceptions, is difficult as the Federal Reserve Board's assessment of Citi is conducted not only by using the Board's proprietary stress test models, but also a number of qualitative factors, including a detailed assessment of Citi's "capital adequacy process," as defined by the Federal Reserve Board. These qualitative factors were cited by the Federal Reserve Board in its objection to Citi's 2014 capital plan, and the Board has stated that it expects leading capital adequacy practices will continue to evolve and will likely be determined by the Board each year as a result of its cross-firm review of capital plan submissions.

Similarly, the Federal Reserve Board has indicated that, as part of its stated goal to continually evolve its annual stress testing requirements, several parameters of the annual stress testing process may be altered from time to time, including the severity of the stress test scenario, Federal Reserve Board modelling of Citi's balance sheet and the addition of components deemed important by the Federal Reserve Board (e.g., a counterparty failure). In addition, the Federal Reserve Board indicated that it may consider that some or all of Citi's Global Systematically Important Bank ("GSIB") surcharge be integrated into its post-stress test minimum capital requirements. These parameter and other alterations could further increase the level of capital Citi must meet as part of the stress tests, thus potentially impacting the level of capital returns to shareholders.

Further, because it is not clear how the Federal Reserve Board's proprietary stress test models may differ from the modelling techniques employed by Citi, it is possible that Citi's stress test results (using its own models, estimation methodologies and processes) may not be consistent with those disclosed by the Federal Reserve Board, thus potentially leading to additional confusion and impacts to Citi's perception in the market.

Citi, its management and businesses must continually review, analyze and successfully adapt to ongoing regulatory changes and uncertainties in the U.S. and globally

Despite the adoption of final regulations in numerous areas impacting Citi and its businesses over the past several years, including final U.S. Basel III capital rules ("**Basel III**"), certain derivatives reforms and restrictions on proprietary trading under the Volcker Rule, Citi, its management and businesses continually face ongoing regulatory changes and uncertainties, both in the U.S. and globally.

While the areas of ongoing regulatory changes and uncertainties facing Citi are too numerous to list completely, various examples include, but are not limited to: (i) limits on the level of credit risk Citi may have against certain counterparties; (ii) potential changes to various aspects of the regulatory capital framework applicable to Citi; (iii) financial transaction taxes and/or other types of increased fees on financial institutions; (iv) international versions of the Volcker Rule and bank structural reforms; (v) whether and to what extent the European Union and the U.S. Community Futures Trading Commission ("**CFTC**") will render any "equivalency" determinations or regulatory acknowledgment of the equivalency of derivatives regimes; (vi) U.S. and international requirements relating to sanctions against Russia, Iran and other countries; and (vii) the U.S. banking agencies' rules relating to the net stable funding ratio, or Net Stable Funding Ratio. There may also be regulatory changes not yet contemplated, or changes that have been proposed which could take a dramatically different form upon finalization.

Moreover, certain recent regulatory changes, while final, remain in the implementation period, and it remains uncertain what ultimate impact such changes will have on Citi's businesses, results of operations or financial condition. For example, in October and December 2015, the U.S. banking regulators and CFTC, respectively, adopted final rules relating to margin requirements for uncleared swaps. The final rules, which have a three-year phase-in period beginning on September 1, 2016, will require Citi to both collect and post margin to

counterparties, as well as collect and post margin to certain of its affiliates, in connection with any uncleared swap, with the initial margin required to be held by unaffiliated third-party custodians. While Citi continues to work through the implications of the final rules, it is likely these requirements will significantly increase the cost to Citi and its counterparties of conducting uncleared swaps and impact its current inter-affiliate swap practices (e.g., require clearing of more inter-affiliate swaps and/or enter into risk management swaps with third parties).

Ongoing regulatory changes and uncertainties make Citi's and its management's long-term business, balance sheet and budget planning difficult or subject to change, and can negatively impact Citi's results of operations, financial condition and, potentially, its strategy or organizational structure. In addition, in many cases, business planning is required to be based on possible or proposed rules, requirements or outcomes and is further complicated by management's continual need to review and evaluate the impact on Citi's businesses of ongoing rule proposals, final rules and implementation guidance from numerous regulatory bodies worldwide, which such guidance can change. Moreover, in many instances U.S. and international regulatory initiatives have not been undertaken or implemented on a coordinated basis, and areas of divergence have developed with respect to the scope, interpretation, timing, structure or approach, leading to inconsistent or even conflicting regulations, including within a single jurisdiction. Regulatory changes have also significantly increased Citi's compliance risks and costs (see "Compliance, Conduct and Legal Risks" below).

Credit and Market Risks

Citi's results of operations could be negatively impacted as its revolving home equity lines of credit continue to "reset"

As of December 31, 2015, Citi's home equity loan portfolio included approximately \$12.3 billion of home equity lines of credit that were still within their revolving period and had not commenced amortization, or "reset" ("**Revolving HELOCs**"). Of these Revolving HELOCs, approximately 66% will commence amortization during 2016 and 2017.

Before commencing amortization, Revolving HELOC borrowers are required to pay only interest on their loans. Upon amortization, these borrowers are required to pay both interest, usually at a variable rate, and principal that typically amortizes over 20 years, rather than the typical 30-year amortization. As a result, Citi's customers with Revolving HELOCs that reset could experience "payment shock" due to the higher required payments on the loans. Increases in interest rates could further increase these payments, given the variable nature of the interest rates on these loans post-reset.

Citi has experienced a higher 30+ days past due delinquency rate on its amortizing home equity loans as compared to its total outstanding home equity loan portfolio (amortizing and non-amortizing). Moreover, resets to date have generally occurred during a period of historically low interest rates, which Citi believes has likely reduced the overall payment shock to borrowers. While Citi continues to monitor this reset risk closely and will continue to consider any potential impact in determining its allowance for loan loss reserves, as well as review and take additional actions to offset potential reset risk, increasing interest rates, stricter lending criteria and high borrower loan-to-value positions could limit Citi's ability to reduce or mitigate this reset risk going forward. Accordingly, as these loans further reset during 2016 and 2017, Citi could continue to experience higher delinquency rates as well as increased loan loss reserves and net credit losses in future periods, which could negatively impact its results of operations.

Macroeconomic and geopolitical challenges globally could have a negative impact on Citi's businesses and results of operations

Citi has experienced, and could experience in the future, negative impacts to its businesses and results of operations as a result of macroeconomic and geopolitical challenges, uncertainties and volatility.

Energy and other commodity prices significantly deteriorated during the second half of 2015 and into 2016, which has impacted various financial markets, countries and industries. Global economic growth remains uneven and uncertain. Various regions or countries, including certain emerging markets, have experienced slower or no growth and volatility, whether due to macroeconomic conditions or geopolitical tensions, governmental or regulatory policies or economic conditions within the particular region or country. For example, the economic and fiscal situations of several European countries remain fragile, and geopolitical tensions throughout the region, including in Russia and the Middle East, have added to the uncertainties. While concerns relating to sovereign defaults or a partial or complete break-up of the European Monetary Union (“EMU”), including potential accompanying redenomination risks and uncertainties, seemed to have abated somewhat in recent years, concerns and uncertainties have surfaced in Europe over the potential exit of the United Kingdom from the European Union in 2016. In addition, governmental fiscal and monetary actions, or expected actions, have impacted the volatilities of global financial markets and foreign exchange rates.

These and other global macroeconomic and geopolitical challenges, uncertainties and volatilities have impacted, and could continue to negatively impact, Citi’s businesses, results of operations and financial condition, including its credit costs, revenues in its *Markets and securities services* and other businesses, and accumulated other comprehensive income (“AOCI”) (which can in turn negatively impact Citi’s book and tangible book value). Further, if the economic situation in a non-U.S. jurisdiction where Citi operates were to deteriorate below a certain level, U.S. regulators can and have imposed mandatory loan loss and other reserve requirements on Citi, which could negatively impact its cost of credit and earnings, perhaps significantly.

Citi’s significant presence in the emerging markets subjects it to various risks as well as increased compliance and regulatory risks and costs

During 2015, emerging markets revenues accounted for approximately 41% of Citi’s total revenues.

Citi’s significant presence in the emerging markets subjects it to a number of risks, including sovereign volatility, political events, foreign exchange controls, limitations on foreign investment, sociopolitical instability (including from hyper-inflation), fraud, nationalization or loss of licenses, business restrictions, sanctions or asset freezes, potential criminal charges, closure of branches or subsidiaries and confiscation of assets. For example, Citi operates in several countries that have, or have had in the recent past, strict foreign exchange controls, such as Argentina and Venezuela, that limit its ability to convert local currency into U.S. dollars and/or transfer funds outside the country. Citi has also previously discovered fraud in certain emerging markets in which it operates in prior years. Political turmoil and other instability have occurred in certain countries, such as in Russia, Ukraine and the Middle East, which have required management time and attention (e.g., monitoring the impact of sanctions on the Russian economy as well as Citi’s businesses and results of operations).

Citi’s emerging markets presence also increases its compliance and regulatory risks and costs. For example, Citi’s operations in emerging markets, including facilitating cross-border transactions on behalf of its clients, subject it to higher compliance risks under U.S. regulations primarily focused on various aspects of global corporate activities, such as anti-money-laundering regulations and the Foreign Corrupt Practices Act. These risks can be more acute in less developed markets and thus require substantial investment in compliance infrastructure or could result in a reduction in certain of Citi’s business activities. Any failure by Citi to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which it operates as a result of its global footprint, could result in fines, penalties, injunctions or other similar restrictions, any of which could negatively impact Citi’s results of operations and its reputation.

Concentrations of risk can increase the potential for Citi to incur significant losses

Concentrations of risk, particularly credit and market risk, can increase Citi's risk of significant losses. As of December 31, 2015, Citi's most significant concentration of credit risk was with the U.S. government and its agencies, which primarily results from trading assets and investments issued by the U.S. government and its agencies. Citi also routinely executes a high volume of securities, trading, derivative and foreign exchange transactions with counterparties in the financial services industry, including banks, insurance companies, investment banks, government and central banks and other financial institutions. To the extent regulatory or market developments lead to increased centralization of trading activity through particular clearing houses, central agents or exchanges, this could also increase Citi's concentration of risk in this industry. Concentrations of risk can limit, and have limited, the effectiveness of Citi's hedging strategies and have caused Citi to incur significant losses, and they may do so again in the future.

Liquidity Risks

The Federal Reserve Board's total loss-absorbing capacity proposal includes uncertainties and potential operational difficulties that could have a negative impact on Citi's funding and liquidity, costs of funds and results of operations

Title II of the Dodd-Frank Act grants the FDIC the authority, under certain circumstances, to resolve systemically important financial institutions, including Citi. The FDIC has released a notice describing its preferred "single point of entry strategy" for such resolution, pursuant to which, generally, a bank holding company would be placed in receivership, the unsecured long-term debt of the holding company would bear losses and the operating subsidiaries would be recapitalized.

Consistent with this strategy, in November 2015, the Federal Reserve Board issued a notice of proposed rulemaking to require GSIBs, including Citi, to (i) issue and maintain minimum levels of external "total loss-absorbing capacity" ("TLAC") and long-term debt ("LTD"), and (ii) adhere to various "clean holding company" requirements at the bank holding company level, including a prohibition on third-party short-term borrowings, derivatives and other qualified financial contracts and certain guarantees, as well as a limit on other non-TLAC eligible liabilities, such as structured notes and other operating liabilities. While not included in its proposed requirements, the Federal Reserve Board also indicated it was considering additional domestic internal TLAC requirements for U.S. GSIBs which could require, among other things, the "pre-positioning" of specified amounts of TLAC to certain material subsidiaries of the bank holding company.

There are significant uncertainties and interpretive issues arising from the Federal Reserve Board's proposal. With respect to the minimum external LTD and TLAC requirements, the proposal would disqualify from eligible LTD securities that permit acceleration for reasons other than insolvency or non-payment of principal or interest as well as securities not governed by U.S. law. Consistent with industry standards, the vast majority of Citi's otherwise eligible outstanding LTD provides for acceleration in circumstances other than those permitted by the proposal. Additionally, Citi has outstanding a significant amount of LTD not governed by U.S. law but which would otherwise be eligible to count towards the minimum external LTD requirement. Accordingly, if the requirements are adopted as proposed, and no "grandfathering" of existing outstanding LTD is provided, Citi could be required to refinance or issue significant amounts of additional debt, simultaneously with other GSIBs impacted by the requirements. Further, such ineligible debt securities would count against the limit imposed on non-TLAC liabilities imposed under the clean holding company requirements of the proposal, likely resulting in the need to repurchase significant amounts of Citi's outstanding debt in order not to be in breach of such limitations. Any of these actions could negatively and significantly impact Citi's funding and liquidity management and planning, operations and costs of funds.

The clean holding company requirements pose additional operational challenges and uncertainties. Citi, like many bank holding companies, often guarantees the obligations of its subsidiaries, which guarantees include a default right linked to the insolvency of Citi (i.e., downstream guarantees with cross-default provisions). With no grandfathering of such guarantees contemplated by the proposal, restructuring, revising or replacing the extensive number of guarantees outstanding in order to meet the clean holding company requirements could be costly and expose Citi to legal risk. Further, the potential consequences of breaching the proposed clean holding company requirements, as well as the consequences of not meeting many of the other requirements in the Federal Reserve Board's proposal, are not clear, including what would be required to cure and the timeframe to do so.

In addition, any requirement to pre-position TLAC-eligible instruments with material subsidiaries could result in additional funding inefficiencies, increase Citi's overall minimum TLAC requirements by reducing the fungibility of its funding sources and require certain of Citi's subsidiaries to replace lower cost funding with other higher cost funding, which would further impede Citi's funding and liquidity management and planning, costs of funds and results of operations.

The maintenance of adequate liquidity and funding depends on numerous factors, including those outside of Citi's control, such as market disruptions and increases in Citi's credit spreads

As a global financial institution, adequate liquidity and sources of funding are essential to Citi's businesses. Citi's liquidity and sources of funding can be significantly and negatively impacted by factors it cannot control, such as general disruptions in the financial markets, governmental fiscal and monetary policies, regulatory changes or negative investor perceptions of Citi's creditworthiness.

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

As a holding company, Citi relies on dividends, distributions and other payments from its subsidiaries to fund dividends as well as to satisfy its debt and other obligations. Several of Citi's U.S. and non-U.S. subsidiaries are or may be subject to capital adequacy or other regulatory or contractual restrictions on their ability to provide such payments, including any local regulatory stress test requirements or potential domestic internal TLAC requirements (as discussed above). Limitations on the payments that Citi receives from its subsidiaries could also impact its liquidity.

The credit rating agencies continuously review the credit ratings of Citi and certain of its subsidiaries, and ratings downgrades could have a negative impact on Citi's funding and liquidity due to reduced funding capacity and increased funding costs, including derivatives triggers that could require cash obligations or collateral requirements

The credit rating agencies, such as Fitch and Standard & Poor's, continuously evaluate Citi and certain of its subsidiaries, and their ratings of Citi and its more significant subsidiaries' long-term/senior debt and short-term/commercial paper, as applicable, are based on a number of factors, including standalone financial strength, as well as factors not entirely within the control of Citi and its subsidiaries, such as the agencies'

proprietary rating agency methodologies and assumptions and conditions affecting the financial services industry and markets generally.

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

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

Operational Risks

Citi has co-branding and private label credit card relationships with various retailers and merchants and the failure to maintain these relationships or the renewal of these relationships on less favorable terms could have a negative impact on Citi's results of operations or financial condition

Through its Citi-branded cards and Citi retail services credit card businesses, Citi has co-branding and private label relationships with various retailers and merchants globally in the ordinary course of business whereby Citi issues credit cards to customers of the retailers or merchants. Citi's co-branding and private label agreements provide for shared economics between the parties and generally have a fixed term. The five largest relationships constituted an aggregate of approximately 10% of Citi's revenues for the year ended December 31, 2015.

Competition among card issuers, including Citi, for these relationships is significant. As a result, Citi may not be able to renew these relationships, or the relationships may be renewed on terms substantially less favorable to Citi's credit card businesses. These relationships could also be negatively impacted due to, among other things, operational difficulties of the retailer or merchant, termination due to a breach by Citi, the retailer or merchant of its responsibilities, or external factors, including bankruptcies, liquidations, restructurings, consolidations and other similar events. While various mitigating factors could be available to Citi if any of these events were to occur - such as by replacing the retailer or merchant or offering new card products - such events could negatively impact Citi's results of operations or financial condition.

Citi's operational systems and networks have been, and will continue to be, subject to an increasing risk of continually evolving cybersecurity or other technological risks which could result in the theft, loss, misuse or disclosure of confidential client or customer information, damage to Citi's reputation, additional costs to Citi, regulatory penalties, legal exposure and financial losses

A significant portion of Citi's operations relies heavily on the secure processing, storage and transmission of confidential and other information as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. For example, through its *Global Consumer Banking*, credit card and securities

services businesses, Citi obtains and stores an extensive amount of personal and client-specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. With the evolving proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, large, global financial institutions such as Citi have been, and will continue to be, subject to an increasing risk of cyber incidents from these activities.

Citi's computer systems, software and networks are subject to ongoing cyber incidents such as unauthorized access; loss or destruction of data (including confidential client information); account takeovers; unavailability of service; computer viruses or other malicious code; cyber attacks; and other events. These threats arise from numerous sources, not all of which are in Citi's control, including among others human error, fraud or malice on the part of employees or third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to Citi's property or assets, natural disasters or severe weather conditions, health emergencies or pandemics, or outbreaks of hostilities or terrorist acts.

Additional challenges are posed by external parties, including extremist parties and certain foreign state actors that engage in cyber activities as a means to promote political ends. As further evidence of the increasing and potentially significant impact of cyber incidents, during 2015, the U.S. government as well as several multinational companies reported cyber incidents affecting their computer systems that resulted in the data of millions of customers and employees being compromised. In addition, in recent years several U.S. retailers and financial institutions and other multinational companies reported cyber incidents that compromised customer data.

While Citi has not been materially impacted by these reported or other cyber incidents, Citi has been subject to other intentional cyber incidents from external sources over the last several years, including (i) denial of service attacks, which attempted to interrupt service to clients and customers; (ii) data breaches, which obtained unauthorized access to customer account data; and (iii) malicious software attacks on client systems, which attempted to allow unauthorized entrance to Citi's systems under the guise of a client and the extraction of client data. While Citi's monitoring and protection services were able to detect and respond to the incidents targeting its systems before they became significant, they still resulted in limited losses in some instances as well as increases in expenditures to monitor against the threat of similar future cyber incidents. There can be no assurance that such cyber incidents will not occur again, and they could occur more frequently and on a more significant scale.

Although Citi devotes significant resources to implement, maintain, monitor and regularly upgrade its systems and networks with measures such as intrusion detection and prevention and firewalls to safeguard critical business applications, there is no guarantee that these measures or any other measures can provide absolute security. In addition, because the methods used to cause cyber attacks change frequently or, in some cases, are not recognized until launched, Citi may be unable to implement effective preventive measures or proactively address these methods until they are discovered.

If Citi were to be subject to a cyber incident, it could result in the disclosure of personal, confidential or proprietary client information, damage to Citi's reputation with its clients and the market, customer dissatisfaction, additional costs to Citi (such as repairing systems, replacing customer payment cards or adding new personnel or protection technologies), regulatory penalties, exposure to litigation and other financial losses to both Citi and its clients and customers. Such events could also cause interruptions or malfunctions in the operations of Citi (such as the lack of availability of Citi's online banking system or mobile banking platform), as well as the operations of its clients, customers or other third parties. Given Citi's global footprint and the high volume of transactions processed by Citi, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

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

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

Citi's ability to utilize its Deferred Tax Assets ("DTAs"), and thus reduce the negative impact of the DTAs on Citi's regulatory capital, will be driven by its ability to generate U.S. taxable income

At December 31, 2015, Citi's net DTAs were approximately \$47.8 billion, of which approximately \$31.0 billion was excluded from Citi's Common Equity Tier 1 Capital, on a fully implemented basis, under Basel III. In addition, of the net DTAs as of year-end 2015, approximately \$15.9 billion related to foreign tax credit carry-forwards ("FTCs"). The carry-forward utilization period for FTCs is 10 years and represents the most time-sensitive component of Citi's DTAs. Of the FTCs at year-end 2015, approximately \$4.8 billion expire in 2018 and the remaining \$11.1 billion expire over the period of 2019-2025. Citi must utilize any FTCs generated in the then-current year tax return prior to utilizing any carry-forward FTCs.

The accounting treatment for realization of DTAs, including FTCs, is complex and requires significant judgment and estimates regarding future taxable earnings in the jurisdictions in which the DTAs arise and available tax planning strategies. Citi's ability to utilize its DTAs, including the FTC components, and thus use the capital supporting the DTAs for more productive purposes, will be dependent upon Citi's ability to generate U.S. taxable income in the relevant tax carry-forward periods. Failure to realize any portion of the DTAs would also have a corresponding negative impact on Citi's net income.

In addition, with regard to FTCs, utilization will be influenced by actions to optimize U.S. taxable earnings for the purpose of consuming the FTC carry-forward component of the DTAs prior to expiration. These FTC actions, however, may serve to increase the DTAs for other less time sensitive components. Moreover, tax return limitations on FTCs and general business credits that cause Citi to incur current tax expense, notwithstanding its tax carry-forward position, could impact the rate of overall DTA utilization. DTA utilization will also continue to be driven by movements in Citi's AOCI, which can be impacted by changes in interest rates and foreign exchange rates.

Citi's interpretation or application of the extensive tax laws to which it is subject could differ from those of the relevant governmental authorities, which could result in the payment of additional taxes, penalties or interest

Citi is subject to the various tax laws of the U.S. and its states and municipalities, as well as the numerous foreign jurisdictions in which it operates. These tax laws are inherently complex and Citi must make judgments and interpretations about the application of these laws to its entities, operations and businesses. Citi's interpretations and application of the tax laws, including with respect to withholding tax obligations and stamp and other transactional taxes, could differ from that of the relevant governmental taxing authority, which could result in the potential for the payment of additional taxes, penalties or interest, which could be material.

The value of Citi's DTAs could be significantly reduced if corporate tax rates in the U.S. or certain state, local or foreign jurisdictions decline or as a result of other changes in the U.S. corporate tax system

There have been discussions regarding decreasing the U.S. federal corporate tax rate. Similar discussions have taken place in certain local, state and foreign jurisdictions. While Citi may benefit in some respects from any decrease in corporate tax rates, a reduction in the U.S. federal, or state, local or foreign corporate tax rates could result in a decrease, perhaps significant, in the value of Citi's DTAs, which would result in a reduction to Citi's net income during the period in which the change is enacted. There have also been recent discussions of more sweeping changes to the U.S. tax system. It is uncertain whether or when any such tax reform proposals will be enacted into law, and whether or how they will affect Citi's DTAs.

If Citi's risk models are ineffective or require modification or enhancement, Citi could incur significant losses or its regulatory capital and capital ratios could be negatively impacted

Citi utilizes models extensively as part of its risk management and mitigation strategies, including in analyzing and monitoring the various risks Citi assumes in conducting its activities. For example, Citi uses models as part of its various stress testing initiatives across the firm. Management of these risks is made even more challenging within a global financial institution such as Citi, particularly given the complex, diverse and rapidly changing financial markets and conditions in which Citi operates.

These models and strategies are inherently limited because they involve techniques, including the use of historical data in many circumstances, and judgments that cannot anticipate every economic and financial outcome in the markets in which Citi operates, nor can they anticipate the specifics and timing of such outcomes. Citi could incur significant losses if its risk management models or strategies are ineffective in properly anticipating or managing these risks.

Moreover, Citi's Basel III regulatory capital models, including its credit, market and operational risk models, continue to be subject to ongoing regulatory review and approval, which may result in refinements, modifications or enhancements (required or otherwise) to these models. Modifications or requirements resulting from these ongoing reviews, as well as any future changes or guidance provided by the U.S. banking agencies regarding the regulatory capital framework applicable to Citi, have resulted in, and could continue to result in, significant changes to Citi's risk-weighted assets, total leverage exposure or other components of Citi's capital ratios. These changes can negatively impact Citi's capital ratios and its ability to achieve its regulatory capital requirements as it projects or as required.

Citi must continually pursue expense management and its investments in its businesses may not be as successful as Citi projects or expects

Citi continues to pursue its disciplined expense management strategy, including ongoing repositioning and efficiency targets. However, there is no guarantee that Citi will be able to maintain or reduce its level of expenses as a result of its repositioning actions, efficiency initiatives or otherwise. Moreover, Citi's ability to

maintain or reduce its expenses in part depends on factors which it cannot control, such as ongoing regulatory changes, continued higher regulatory and compliance costs, legal and regulatory proceedings and inquiries and macroeconomic conditions, among others. In addition, investments Citi has made, or may make, in its businesses or operations, such as those in technology systems or in its U.S. credit card businesses, may not be as productive or effective as Citi expects or at all.

Citi's ability to continue to wind-down Citi Holdings largely depends on factors outside its control

While Citi made significant progress in continuing to wind-down Citi Holdings in 2015, and Citi expects to maintain Citi Holdings at or above “break even” in 2016, as of December 31, 2015, the remaining assets in Citi Holdings largely consisted of North America legacy consumer mortgages, of which approximately 50% consisted of home equity loans for which a market for sales has not yet developed. Accordingly, sales of the remaining mortgage assets will largely continue to be subject to ongoing run-off, market appetite and/or opportunistic sales. As a result, the remaining assets in Citi Holdings will not likely decrease as significantly as in prior years and could continue to have a negative impact on Citi's risk-weighted assets.

Citi's performance and the performance of its individual businesses could be negatively impacted if Citi is not able to hire and retain highly qualified employees for any reason

Citi's performance and the performance of its individual businesses is largely dependent on the talents and efforts of highly skilled employees. Specifically, Citi's continued ability to compete in its businesses, to manage its businesses effectively and to continue to execute its overall global strategy depends on its ability to attract new employees and to retain and motivate its existing employees. If Citi is unable to continue to attract and retain the most highly qualified employees for any reason, Citi's performance, including its competitive position, the successful execution of its overall strategy and its results of operations could be negatively impacted.

Citi's ability to attract and retain employees depends on numerous factors, some of which are outside of its control. For example, given the heightened regulatory and political environment in which Citi operates relative to competitors for talent both within and outside of the financial services area, it may be more difficult for Citi to hire or retain highly qualified employees in the future. Other factors that impact Citi's ability to attract and retain employees include its culture, compensation, the management and leadership of the company as well as its individual businesses, Citi's presence in the particular market or region at issue and the professional opportunities it offers. Generally, the banking industry is subject to more stringent regulation of executive and employee compensation than other industries, including deferral and clawback requirements for incentive compensation and other limitations. Citi often competes in the market for talent with entities that are not subject to such significant regulatory restrictions on the structure of incentive compensation.

Incorrect assumptions or estimates in Citi's financial statements could cause significant unexpected losses in the future, and changes to financial accounting and reporting standards or interpretations could have a material impact on how Citi records and reports its financial condition and results of operations

Citi is required to use certain assumptions and estimates in preparing its financial statements under U.S. Generally Accepted Accounting Principles (“U.S. GAAP”), including determining credit loss reserves, reserves related to litigation and regulatory exposures, valuation of DTAs and the fair values of certain assets and liabilities, among other items. If Citi's assumptions or estimates underlying its financial statements are incorrect or differ from actual future events, Citi could experience unexpected losses, some of which could be significant.

Moreover, the Financial Accounting Standards Board (“FASB”) is currently reviewing, or has proposed or issued, changes to several financial accounting and reporting standards that govern key aspects of Citi's financial statements or interpretations thereof, including those areas where Citi is required to make

assumptions or estimates. For example, the FASB has proposed a new accounting model intended to require earlier recognition of credit losses on financial instruments. The proposed accounting model would require that lifetime “expected credit losses” on financial assets not recorded at fair value through net income, such as loans and held-to-maturity securities, be recorded at inception of the financial asset, replacing the multiple existing impairment models under U.S. GAAP which generally require that a loss be “incurred” before it is recognized.

Changes to financial accounting or reporting standards or interpretations, whether promulgated or required by the FASB or other regulators, could present operational challenges and could require Citi to change certain of the assumptions or estimates it previously used in preparing its financial statements, which could negatively impact how it records and reports its financial condition and results of operations generally and/or with respect to particular businesses.

Compliance, Conduct and Legal Risks

Ongoing implementation and interpretation of regulatory changes and requirements in the U.S. and globally have increased Citi’s compliance risks and costs

As referenced above, over the past several years, Citi has been required to implement a significant number of regulatory changes across all of its businesses and functions, and these changes continue. In some cases, Citi’s implementation of a regulatory requirement is occurring simultaneously with changing or conflicting regulatory guidance, legal challenges or legislative action to modify or repeal final rules. Moreover, in many cases, these are entirely new regulatory requirements or regimes, resulting in much uncertainty regarding regulatory expectations as to what is definitely required in order to be in compliance with the requirements. Accompanying this compliance uncertainty is heightened regulatory scrutiny and expectations in the U.S. and globally for the financial services industry with respect to governance and risk management practices, including its compliance and regulatory risks. All of these factors have resulted in increased compliance risks and costs for Citi.

Examples of regulatory changes that have resulted in increased compliance risks and costs include:

- (a) The Volcker Rule required Citi to develop an extensive global compliance regime, including developing and maintaining detailed trading and permitted activity mandates for businesses, submitting extensive trading information to regulatory agencies, conducting independent testing and audit, training, recordkeeping and similar requirements and governance, including an annual CEO attestation, beginning on March 31, 2016, with respect to the global processes Citi has in place to achieve compliance with the rules.
- (b) Numerous aspects of the U.S. derivatives reform regime require extensive compliance systems and processes to be maintained by Citi on a global basis, including electronic recordkeeping, real-time public transaction reporting and external business conduct requirements (e.g., required swap counterparty disclosures).
- (c) A proliferation of data protection and “onshoring” requirements adopted by various non-U.S. jurisdictions, such as in Russia, South Korea, Vietnam and Indonesia, require Citi to take measures to ensure client data is stored or processed within national borders. These requirements could conflict with anti-money laundering and other requirements in other jurisdictions.

Extensive compliance requirements can result in increased reputational and legal risks, as failure to comply with regulations and requirements, or failure to comply as expected, can result in enforcement and/or regulatory proceedings. In addition, increased and ongoing compliance requirements and uncertainties have resulted in higher costs for Citi. For example, Citi employed approximately 30,000 regulatory and compliance

staff as of year-end 2015, out of a total employee population of 231,000, compared to approximately 14,000 as of year-end 2008 with a total employee population of 323,000. These higher regulatory and compliance costs also offset Citi's ongoing cost reduction initiatives. For example, data protection and "onshoring" requirements often require redundant investments in local data storage and security and thus impede or potentially reverse Citi's centralization or standardization efforts, which provide expense efficiencies. Higher compliance costs may also require management to reallocate resources, including potentially away from ongoing business investment initiatives.

Citi is subject to extensive legal and regulatory proceedings, investigations and inquiries that could result in significant penalties and other negative impacts on Citi, its businesses and results of operations

At any given time, Citi is defending a significant number of legal and regulatory proceedings and is subject to numerous governmental and regulatory examinations, investigations and other inquiries. The frequency with which such proceedings, investigations and inquiries are initiated have increased substantially over the last few years, and the global judicial, regulatory and political environment generally remains hostile to large financial institutions. For example, under recent guidance by the U.S. Department of Justice ("DOJ"), a corporation (such as Citi) is required to identify all individuals involved in or responsible for perceived misconduct at issue and provide all related facts and circumstances in order to qualify for any cooperation credit in civil and criminal investigations of corporate wrongdoing. The complexity of the federal and state regulatory and enforcement regimes in the U.S., coupled with the global scope of Citi's operations, also means that a single event or issue may give rise to a large number of overlapping investigations and regulatory proceedings, either by multiple federal and state agencies in the U.S. or by multiple regulators and other governmental entities in different jurisdictions.

Moreover, U.S. and non-U.S. regulators have been increasingly focused on "conduct risk," a term that is used to describe the risks associated with behavior by employees and agents, including third-party vendors utilized by Citi, that could harm consumers, investors or the markets, such as failures to safeguard consumers' and investors' personal information, failures to identify and manage conflicts of interest and improperly creating, selling and marketing products and services. In addition to increasing Citi's compliance risks, this focus on conduct risk could lead to more regulatory or other enforcement proceedings and litigation, including for practices which historically were acceptable but are now receiving greater scrutiny. Further, while Citi takes numerous steps to prevent and detect conduct by employees and agents that could potentially harm customers, investors or the markets, such behavior may not always be deterred or prevented. Banking regulators have also focused on the overall culture of financial services firms, including Citi. In addition to regulatory restrictions or structural changes that could result from perceived deficiencies in Citi's culture, such focus could also lead to additional regulatory proceedings.

Further, the severity of the remedies sought in legal and regulatory proceedings to which Citi is subject has increased substantially in recent years. U.S. and certain international governmental entities have increasingly brought criminal actions against, or have sought criminal convictions from, financial institutions, and criminal prosecutors in the U.S. have increasingly sought and obtained criminal guilty pleas or deferred prosecution agreements against corporate entities and other criminal sanctions from those institutions. As previously disclosed, in May 2015 an affiliate of Citi entered into a settlement with the DOJ whereby the affiliate pleaded guilty to an antitrust violation and paid a substantial fine to resolve the DOJ's investigations into Citi's foreign exchange business practices. These types of actions by U.S. and international governmental entities may, in the future, have significant collateral consequences for a financial institution, including loss of customers and business, and the inability to offer certain products or services and/or operate certain businesses. Citi may be required to accept or be subject to similar types of criminal remedies, consent orders, substantial fines and penalties or other requirements in the future, including for matters or practices not yet known to Citi, any of which could materially and negatively affect Citi's businesses, business practices,

financial condition or results of operations, require material changes in Citi's operations or cause Citi reputational harm.

Further, many large claims asserted against Citi are highly complex, slow to develop and may involve novel or untested legal theories. The outcome of such proceedings is difficult to predict or estimate until late in the proceedings. Although Citi establishes accruals for its legal and regulatory matters according to accounting requirements, Citi's estimates of, and changes to, these accruals, involve significant judgment and may be subject to significant uncertainty and the amount of loss ultimately incurred in relation to those matters may be substantially higher than the amounts accrued. In addition, certain settlements are subject to court approval and may not be approved.

Uncertainties arising as a result of the vote in the UK to withdraw from the European Union could negatively impact Citi's businesses, results of operations or financial condition.

As a result of a referendum held in June 2016, the UK has elected to withdraw from the European Union. The result of the referendum has raised numerous uncertainties, including as to when the UK may begin the official process of withdrawal (despite indications this may occur by the end of March 2017) and the commencement of negotiations with the European Union regarding the withdrawal as well as the terms of the withdrawal. Additional areas of uncertainty that could impact Citi include, among others: (i) whether Citi will need to make changes to its legal entity and booking model strategy and/or structure in both the UK and the European Union based on the outcome of negotiations relating to the regulation of financial services; (ii) the potential impact of the withdrawal to the UK economy as well as more broadly throughout Europe; (iii) the potential impact to Citi's exposures to counterparties as a result of any macroeconomic slowdown; (iv) the impact of the referendum on U.S. monetary policy, such as changes to interest rates; and (v) the potential impact to foreign exchange rates, particularly the Euro and the pound sterling, and the resulting impacts to Citi's results of operations or financial condition. These or other uncertainties arising from the UK's decision to withdraw from the European Union could negatively impact Citi's businesses, results of operations or financial condition.

Risks relating to the Bonds

Risks relating to the exercise of Exchange Rights

Investors should be aware that the Bonds, which, subject to the Conditions and the Issuer's right to make a Cash Election following the occurrence of an Impossibility Event, are exchangeable for a *pro rata* share of the Exchange Property as at the relevant Exchange Date, bear certain additional risks to vanilla debt securities. At any point when the Bonds are outstanding, depending on the performance of the underlying Shares (or any other Relevant Securities or assets comprising the Exchange Property from time to time), the value of the Exchange Property may be substantially lower than when the Bonds were initially purchased. In addition, because there will be a delay between when Exchange Rights are exercised and when Exchange Property or the Cash Alternative Amount, as the case may be, is delivered, the value of the Exchange Property or the Cash Alternative Amount to be delivered may vary substantially between the date on which Exchange Rights are exercised and the date on which such Exchange Property or Cash Alternative Amount is delivered.

Cash settlement upon failure to deliver Exchange Property

If, upon the exercise of Exchange Rights by a Bondholder, the Issuer fails to deliver all or part of the *pro rata* share of the Exchange Property which would otherwise fall to be delivered to such Bondholder on the relevant Settlement Date, the Issuer shall make payment to the relevant Bondholder of the Cash Alternative Amount, together with any other amounts payable by the Issuer to such Bondholder pursuant to the Conditions in respect of, or relating to, the relevant exercise of Exchange Rights. Provided that the Cash

Alternative Amount, together with any other amounts as aforesaid are so paid, then the failure to deliver the Exchange Property shall not constitute an Event of Default.

There is a limited period during which the Bondholders may exchange their Bonds

Subject as provided in the Conditions, Exchange Rights under the Conditions may only be exercised in certain circumstances (subject to any applicable fiscal or other laws or regulations and as further provided in the Conditions) from and including 14 September 2016 until the earlier of (a) the close of business on the date falling 14 days prior to the Final Maturity Date; or (b) if the Bonds shall have been called for redemption by the Issuer before the Final Maturity Date, the close of business on the 14th day prior to the date fixed for redemption. If the Exchange Rights are not exercised by Bondholders during the Exchange Period, the Bonds will be redeemed at their principal amount on the Final Maturity Date unless the Bonds are previously purchased and cancelled or redeemed in accordance with the Conditions.

A Bondholder exercising Exchange Rights must pay certain prescribed stamp, stamp duty reserve, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on exchange. See “*Terms and Conditions of the Bonds – Exchange Right – Procedure for exercise of Exchange Rights*”.

Maintenance of Exchange Property

Exchange Rights are not exercisable in respect of any property comprising Exchange Property from time to time and no Exchange Property has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Issuer’s obligations in respect of the Exchange Rights. At any time the Issuer or the Guarantor may or may not be the owner of the whole or any part of the property comprising Exchange Property from time to time and neither the Issuer nor the Guarantor is under any obligation to hold any Exchange Property and may sell or otherwise dispose of the same or take any action or exercise any rights or options in respect of the same at any time. The composition of the Exchange Property may change as a result of the operation of the Conditions.

The arrangements described in the Conditions in relation to the Exchange Property do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds or to secure performance of the Exchange Rights thereunder.

Accordingly, if the Issuer or the Guarantor at any time holds any property comprising Exchange Property from time to time and the Issuer or the Guarantor is or becomes insolvent, bankrupt or in liquidation, such Exchange Property will form part of the assets of the Issuer or the Guarantor, as the case may be, available on a *pari passu* basis to all its unsecured creditors.

Bondholders have limited anti-dilution protection

The composition of the Exchange Property will be adjusted in the event that there is a sub-division, consolidation, reclassification, redenomination, rights issue, bonus issue, capital distribution, reorganisation or the making of certain payments, which affects the Shares, but only in the circumstances and to the extent provided in Condition 7. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Exchange Property. In particular, in the case of a rights issue where the rights are not capable of being publicly traded under applicable law and/or the terms of the rights issue, the relevant rights shall not form part of the Exchange Property and no adjustment shall be made to the Exchange Property in respect thereof. Events in respect of which no adjustment is made may adversely affect the value of the Exchange Property and, therefore, adversely affect the value of the Bonds.

General Offers with respect to Equity Shares and other securities comprised in the Exchange Property

In the event of an Offer for any Equity Shares of a class comprised in the Exchange Property, the Issuer shall, subject to certain limitations further described in Condition 8(a), have absolute discretion to accept such Offer (and as to any alternative consideration) or reject such Offer. In addition, save as otherwise provided in Condition 8(a), the Issuer shall at all times be entitled at its discretion, in relation to any shares or other securities owned or controlled by it or in respect of which it is entitled to exercise voting rights, to participate in (or in any such case refrain from doing so) any scheme of arrangement, reorganisation, amalgamation, merger, demerger or reconstruction of any company or companies or other entity or entities (whether or not involving liquidation or dissolution) as it thinks fit.

In accepting or rejecting any Offer or electing for any alternative consideration or in exercising its rights in respect of, or otherwise participating in, any scheme of arrangement, compromise, reorganisation, amalgamation, merger, demerger or reconstruction, the Issuer is not obliged to take account of the interests of the Bondholders and accordingly the Issuer may act in a manner which is contrary to the best interests of the Bondholders.

The Bonds may be redeemed prior to maturity

The Conditions provide that the Bonds are redeemable at the Issuer's option in certain limited circumstances. During any period when the Issuer may elect to redeem the Bonds, the market value of the Bonds generally may not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

If the Bonds are redeemed, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer and the Guarantor may not be able to fund repayments of the Bonds in full upon early redemption

Bondholders may require the early repayment of the Bonds upon the occurrence of an Event of Default or a Free Float Event. Should Bondholders require the early repayment of the Bonds in such scenario, there can be no assurance that the Issuer or the Guarantor will be able to fund the repayment of the full amount of Bonds presented for redemption. The Issuer's or the Guarantor's ability to fund the repayment of the Bonds will depend on its financial situation on the relevant repayment date and may be restricted by applicable laws or by the terms of its indebtedness or other agreements in force at this time, which may replace, supplement or amend its existing or future indebtedness.

Bondholders bear the risk of fluctuation in the price of the Shares and other securities or assets comprising the Exchange Property from time to time

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Relevant Securities and it is impossible to predict whether the price of the Relevant Securities will rise or fall. The share price of companies, including those admitted to the Vienna Stock Exchange can be highly volatile and their shares may have limited liquidity. Investors may be unable to recover their original investment. In addition, equity market conditions may affect the price and market liquidity for Relevant Securities regardless of the performance of TKA or any Relevant Company, as the case may be. Equity market conditions are affected by many factors, such as the general economic, political or regulatory outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital. Trading in the Relevant

Securities by other investors, such as large purchases or sales of Relevant Securities may also affect the share price. Accordingly, the market price of Relevant Securities may not reflect the underlying value of the Relevant Company's investments and the price at which investors may dispose of their Relevant Securities at any point in time may be influenced by a number of factors, only some of which may pertain to the Relevant Company while others may be outside the Relevant Company's control. Investors should not expect that they will necessarily be able to realise, within a period that they would otherwise regard as reasonable, their investment in Relevant Securities delivered on exchange of the Bonds. The results and prospects from time to time of TKA or the Relevant Company, may be below the expectations of market analysts and investors. Any decline in the market price of the Relevant Securities from time to time, is likely to have an adverse effect on the market price of the Bonds.

In addition, the future issue of further shares by TKA or the Relevant Company or the disposal of Relevant Securities by any substantial shareholders of the Relevant Company or the perception that such issues or sales may occur may significantly affect the trading price of the Bonds and the Relevant Securities. There is no restriction on TKA's or any Relevant Company's ability to issue further shares, and there can be no assurance that TKA or the Relevant Company from time to time will not issue further shares or that any substantial shareholder will not dispose of, encumber, or pledge its Relevant Securities or related securities.

Bondholders have no shareholder rights before exchange

Bondholders will neither be holders of the Shares nor of other Relevant Securities included in the Exchange Property from time to time. Bondholders will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the Shares or other Relevant Securities until such time, if any, as Exchange Rights are exercised and (to the extent applicable) such Bondholder becomes registered as the holder of the Shares or other Relevant Securities. The return on such Bonds may thus not reflect any dividends or other distributions which would be paid to investors that have made a direct investment in the relevant shares. Consequently, the return on the Bonds may be less than the return from a direct investment in the Shares or the Relevant Securities.

The Issuer or the Guarantor is entitled to exercise voting rights in respect of any Shares and other Relevant Securities that may held by it and to make any election to which it may be entitled in respect of any such Shares and other Relevant Securities, and in so doing, is not obliged to take account of the interests of the Bondholders and accordingly the Issuer or the Guarantor may act in a manner in connection therewith which is contrary to the interests of the Bondholders.

Risks relating to the Bonds generally

Modification and waivers

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Conditions likewise allow Bondholders to take action on those matters by way of written resolutions. The Conditions also provide that the Issuer and the Guarantor shall permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

Change of law

The Conditions, the Fiscal Agency Agreement and the Deed of Guarantee are based on English law in effect as at the Closing Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Bonds.

No obligation on the part of TKA or any other Relevant Company with respect to the Bonds

Neither TKA nor any other Relevant Company has any obligations with respect to the Bonds or amounts to be paid to the Bondholders, including any obligation to take into consideration the needs of the Issuer, the Guarantor or the Bondholders, for any reason. Accordingly, a Bondholder can look only to the Issuer, or failing whom, the Guarantor, as the case may be, for repayment of the Bonds, payment of amounts thereunder and (in the case of the Issuer only) the exercise of Exchange Rights, and Bondholders will have no recourse against TKA or any other Relevant Company in respect of the Bonds.

Determinations

The Conditions confer on the Issuer, the Calculation Agent and certain other persons some discretion in making determinations and calculations in relation to, *inter alia*, adjustments with respect to the Exchange Property and the occurrence of various events. Each of the Issuer, the Calculation Agent or such other persons will act in good faith and in its sole and absolute discretion or in good faith and in a commercially reasonable manner (as specified in the Conditions), but there can be no assurance that the exercise of any such discretion will not affect the value of the Bonds or the occurrence of an early repayment.

Risks relating to the market

The secondary market generally

The Bonds had no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid and may be sensitive to changes in financial markets and an investor may not be able to find a timely and/or suitable counterpart. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market or at prices higher than the relevant investor's initial investment. Investors seeking to liquidate/sell positions in the Bonds prior to the Final Maturity Date may receive substantially less than their original purchase price. Therefore, in establishing their investment strategy, investors should ensure that the term of the Bonds is in line with their future liquidity requirements. Illiquidity may have a severely adverse effect on the market value of the Bonds. The liquidity of the Bonds is also influenced by the type of investor to whom the Bonds are sold. To the extent that the Bonds become illiquid, investors may have to hold their Bonds until maturity before they are able to realise value.

Each of the Issuer, the Guarantor or any of their respective subsidiaries may, but is not obliged to, at any time purchase the Bonds at any price in the open market or otherwise. Any Bonds so purchased may be held, reissued (in the case of the Issuer) or sold or cancelled. If any Bonds are redeemed in part, then the number of Bonds outstanding will decrease, which will reduce liquidity for the outstanding Bonds. Any such activities may have an adverse effect on the price of the Bonds in the secondary market and/or the existence of a secondary market.

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

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

Consequently, there may be no market for the Bonds and investors should not assume that such a market will exist. Accordingly an investor must be prepared to hold the Bonds until the Final Maturity Date.

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

If it is possible to sell the Bonds, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including the performance and share price of TKA, prevailing interest rates at the time of sale, the time remaining to the Final Maturity Date, the creditworthiness of the Issuer and/or the Guarantor and factors affecting the capital markets generally. The introduction of additional or competing products in the market may also have a negative effect on the price of the Bonds. It is therefore possible that an investor selling Bonds in the secondary market may receive substantially less than their original purchase price.

The Global Bond will be held by or on behalf of Euroclear and Clearstream, Luxembourg

The Global Bond will be deposited with the Common Depositary. Except in certain circumstances described in the Global Bond, investors will not be entitled to receive Bonds in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the relevant Global Bond. While the Bonds are represented by a Global Bond, investors will be able to trade their beneficial interests in such Global Bond only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Bonds by making payments to the Common Depositary for Euroclear and Clearstream, Luxembourg for distribution to their accountholders. A holder of a beneficial interest in a Global Bond must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under its Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Bond.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Bonds in euros and the Guarantor will make any payments under the Guarantee in euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Fixed interest rate risks

Investment in fixed rate securities, such as the Bonds, involves the risk that if market interest rates subsequently increase above the rate paid on the Bonds, this will adversely affect the value of the Bonds.

Legal investment considerations may restrict certain investments

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

Changes in any applicable tax law or practice may have an adverse effect on a Bondholder

Any relevant tax law or practice applicable as at the Issue Date may change at any time. Any such change may have an adverse effect on a Bondholder, including that the liquidity of the Bonds may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Bondholder may be less than otherwise expected by such Bondholder.

The proposed financial transactions tax (“FTT”)

On 14 February 2013 the European Commission issued proposals, including a draft Directive (the “**Commission’s proposal**”) for a financial transaction tax (“**FTT**”) to be adopted in certain participating Member States (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, although Estonia has since stated that it will not participate). If the Commission’s proposal was adopted, the FTT would be a tax primarily on “financial institutions” (which could 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 Commission’s proposal the FTT could apply in certain circumstances 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 is issued in a participating Member State.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if it is adopted based on the Commission’s proposal. Examples of such transactions are the conclusion of a derivative contract in the context of the Issuer’s hedging arrangements or the purchase or sale of securities or the exercise/settlement of a warrant. The Issuer is, in certain circumstances, able to pass on any such tax liabilities to holders of the Bonds and/or any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Bonds and, in either case, may result in holders of the Bonds receiving less than expected in respect of the Bonds. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Bonds (including secondary market transactions) if conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission’s proposal. Primary market transactions referred to in Article 5(c) of the Regulation EC No 1287/2006 are expected to be exempt. There is however some uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate. Prospective holders of Bonds are advised to seek their own professional advice in relation to the FTT.

Potential conflicts of interest

As the Calculation Agent is an affiliate of the Issuer, potential conflicts of interest may exist between the Calculation Agent and Bondholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Bonds that may influence the amount receivable or specified assets deliverable in respect of the Bonds.

Any of the Issuer, the Guarantor and/or any of their affiliates may also from time to time engage in transactions involving TKA, the Shares, any other Relevant Company and/or any other Relevant Securities for their proprietary accounts or for other accounts under their management, subject to requirements of all applicable laws and regulations. Any of the Issuer, the Guarantor and/or their affiliates may also issue other derivative instruments in respect of TKA, any Relevant Company or any of their securities (including the Shares). Any of the Issuer, the Guarantor and/or their affiliates may also act as underwriter in connection with future offerings of Shares or other Relevant Securities included in the Exchange Property from time to time or may act as financial adviser or in a commercial banking capacity for TKA or any other Relevant Company. These activities may have a positive or negative effect on the value of the Shares and the Relevant Securities and consequently upon the value of the Exchange Property and the Bonds.

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

DOCUMENTS INCORPORATED BY REFERENCE

These Listing Particulars are to be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with these Listing Particulars and that have been filed with the Irish Stock Exchange:

- (a) the description of the Issuer, set out on pages 162-168 of the Offering Circular dated 15 December 2016 (the “**Offering Circular**”) relating to the Citi U.S.\$30,000,000,000 Global Medium Term Note Programme, except (i) the second paragraph of the description; and (ii) the sections entitled ‘Share Capital’, ‘Legal proceedings’ and ‘Significant change and material adverse change’;
- (b) the description of the Guarantor, set out on pages 169-171 of the Offering Circular, except the sections entitled ‘Significant or Material Adverse Change’ and ‘Litigation’;
- (c) the annual report of the Issuer containing its audited non-consolidated financial statements for the period ended 31 December 2014 (the “**Issuer 2014 Annual Report**”);
- (d) the annual report of the Issuer containing its audited non-consolidated financial statements for the period ended 31 December 2015 (the “**Issuer 2015 Annual Report**”);
- (e) the interim financial report of the Issuer containing its unaudited non-consolidated interim financial statements as of and for the six-month period ended 30 June 2016 (the “**Issuer 2016 Interim Financial Report**”);
- (f) the annual report and audited financial statements of the Guarantor for the years ended 31 December 2014 and 31 December 2013 (the “**Guarantor 2014 Annual Report**”);
- (g) the annual report and audited financial statements of the Guarantor for the years ended 31 December 2015 and 31 December 2014 (the “**Guarantor 2015 Annual Report**”);
- (h) the interim financial report of the Guarantor containing its unaudited non-consolidated interim financial statements as of and for the six-month period ended 30 June 2016 (the “**Guarantor 2016 Interim Financial Report**”);
- (i) the Annual Report of Citigroup Inc. on Form 10-K for the year ended 31 December 2015 filed with the SEC on 26 February 2016 (the “**Citigroup Inc. 2015 Form 10-K**”);
- (j) the Quarterly Report of Citigroup Inc. on Form 10-Q for the three months ended 31 March 2016 filed with the SEC on 2 May 2016 (the “**Citigroup Inc. 2016 Q1 Form 10-Q**”);
- (k) the Current Report of Citigroup Inc. on Form 8-K filed with the SEC on 17 June 2016 (the “**Citigroup Inc. 17 June 2016 Form 8-K**”) in connection with certain reclassifications, including a realignment of certain businesses, made to prior periods’ financial statements of Citigroup Inc. to conform to the presentation of the Citigroup Inc. 2016 Q1 Form 10-Q;
- (l) the Quarterly Report of Citigroup Inc. on Form 10-Q for the three and six months ended 30 June 2016 filed with the SEC on 1 August 2016 (the “**Citigroup Inc. 2016 Q2 Form 10-Q**”);
- (m) the Quarterly Report of Citigroup Inc. on Form 10-Q for the three and nine months ended 30 September 2016 filed with the SEC on 31 October 2016 (the “**Citigroup Inc. 2016 Q3 Form 10-Q**”) ;
and
- (n) the deed of guarantee executed by the Guarantor dated 21 December 2015 (the “**Deed of Guarantee**”) relating to the Citi U.S.\$30,000,000,000 Global Medium Term Note Programme.

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

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

1 *Audited historical non-consolidated financial information of the Issuer in respect of the period ended 31 December 2014, as set out in the Issuer's 2014 Annual Report:*

	Page(s)
A. Statement of Comprehensive Income	1
B. Statement of Financial Position	2
C. Statement of Changes in Equity	3
D. Cash Flow Statement	4
E. Notes to Financial Statements	5-30

2 *Audited historical non-consolidated financial information of the Issuer in respect of the period ended 31 December 2015, as set out in the Issuer's 2015 Annual Report:*

	Page(s)
A. Statement of Profit or Loss and other Comprehensive Income	1
B. Statement of Financial Position	2
C. Statements of Changes in Equity	3
D. Cash Flow Statement	4
E. Notes to Financial Statements	5 – 32
F. Report on the financial statements by KPMG Luxembourg Société cooperative	Tenth and eleventh pages of the Issuer's published 2015 Annual Report

3 *Unaudited non-consolidated interim financial information of the Issuer in respect of the six months ended 30 June 2016, as set out in the Issuer's 2016 Interim Financial Report:*

	Page(s)
A. Condensed Interim Statement of Comprehensive Income	6
B. Condensed Interim Balance Sheet	7
C. Condensed Interim Statements of Changes in Equity	8
D. Condensed Interim Cash Flow Statement	9
E. Notes to the Condensed Interim Financial Statements	10-14

4 *Audited historical financial information of the Guarantor in respect of the years ended 31 December 2014 and 2013, as set out in the Guarantor's 2014 Annual Report:*

	Page(s)
A. Profit and Loss Account	15
B. Statement of Total Recognised Gains and Losses	16

C.	Reconciliation of Movements in Shareholder's Funds	16
D.	Balance Sheet	17
E.	Notes to the Financial Statements	18-69
F.	Independent Auditor's Report to the members of the Guarantor	14
5	<i>Audited historical financial information of the Guarantor in respect of the years ended 31 December 2015 and 2014, as set out in the Guarantor's 2015 Annual Report:</i>	
		Page(s)
A.	Income Statement	18
B.	Statement of Comprehensive Income	19
C.	Statement of Changes in Equity	19
D.	Balance Sheet	20
E.	Notes to the Financial Statements	21-83
F.	Independent Auditor's Report to the members of the Guarantor	17
6	<i>The unaudited interim financial information of the Guarantor in respect of the six-month period ended 30 June 2016, as set out in the Guarantor's 2016 Interim Financial Report:</i>	
		Page(s)
A.	Interim Income Statement	6
B.	Interim Statement of Comprehensive Income	7
C.	Interim Statement of Changes in Equity	7
D.	Interim Balance Sheet	8
E.	Notes to the Interim Financial Statements	9-16
7	<i>Audited consolidated financial statements of Citigroup Inc. as of 31 December 2015 and 2014 and for the years ended 31 December 2015, 2014 and 2013, as set out in the Citigroup Inc. 2015 Form 10-K:</i>	
		Page(s)
A.	Consolidated Statement of Income	129-131
B.	Consolidated Balance Sheet	132-133
C.	Consolidated Statement of Changes in Stockholders' Equity	134-135
D.	Consolidated Statement of Cash Flow	136-137
E.	Notes and Accounting Policies	138-307
F.	Report of the Independent Registered Accounting Firm – Consolidated Financial Statements of Citigroup Inc. as of 31 December 2015 and 2014 and for the years ended 31 December 2015, 2014 and 2013	127
8	<i>Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2015 Form 10-K:</i>	
		Page(s)
A.	Description of the principal activities of Citigroup Inc.	2-30
B.	Description of the principal markets in which Citigroup Inc. competes	13-30
C.	Description of the principal investments of Citigroup Inc.	186-197

D.	Description of trends and events affecting Citigroup Inc.	5-7,33-52, 54-63, 78, 120-122, 286-296, 307, 309-312
E.	Description of litigation involving Citigroup Inc.	286-296
F.	Risk Management	65-119
9	<i>Unaudited interim financial information of Citigroup Inc. in respect of the three months ended 31 March 2016, as set out in the Citigroup Inc. 2016 Q1 Form 10-Q:</i>	
		Page(s)
A.	Consolidated Statements of Income and Comprehensive Income	90-92
B.	Consolidated Balance Sheet	93-94
C.	Consolidated Statement of Changes in Stockholders' Equity	95-96
D.	Consolidated Statement of Cash Flows	97-98
E.	Notes and Accounting Policies	99-217
10	<i>Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2016 Q1 Form 10-Q:</i>	
		Page(s)
A.	Description of the principal activities of Citigroup Inc.	2-27
B.	Description of the principal markets in which Citigroup Inc. competes	12-27
C.	Description of the principal investments of Citigroup Inc.	117-127
D.	Description of trends and events affecting Citigroup Inc.	4-6, 29-44, 87-88, 209-210, 218
E.	Description of litigation involving Citigroup Inc.	209-210
F.	Risk Management	46-84
11	<i>Announcement relating to Citigroup Inc., as set out in the Citigroup Inc. 17 June 2016 Form 8-K:</i>	
		Page(s)
A.	Segment and Business Income (loss) and Revenues of Citigroup Inc. for the three years ended 31 December 2015	Exhibit Number 99.01 on pages 5-6 of the Citigroup Inc. Form 8-K
B.	Report of Independent Registered Public Accounting Firm dated 26 February 2016, except as to Notes 3, 15, 16, 17 and 22 which are as of 17 June 2016	Exhibit Number 99.02 on page 1 of such Exhibit
C.	Historical Audited Consolidated Financial Statements of Citigroup Inc. as of 31 December 2015 and 2014 and for the three years ended 31 December 2015, reflecting the above-referenced reclassifications	Exhibit Number 99.02 on pages 2-182 of such Exhibit
12	<i>Unaudited interim financial information of Citigroup Inc. in respect of the three and six months ended 30 June 2016, as set out in the Citigroup Inc. 2016 Q2 Form 10-Q:</i>	
		Page(s)
A.	Consolidated Statements of Income and Comprehensive Income	98-100
B.	Consolidated Balance Sheet	101-102
C.	Consolidated Statement of Changes in Stockholders' Equity	103-104

D.	Consolidated Statement of Cash Flows	105-106
E.	Notes and Accounting Policies	107-240
13	<i>Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2016 Q2 Form 10-Q:</i>	
		Page(s)
A.	Description of the principal activities of Citigroup Inc.	2-30, 110
B.	Description of the principal markets in which Citigroup Inc. competes	14-30
C.	Description of the principal investments of Citigroup Inc.	126-137
D.	Description of trends and events affecting Citigroup Inc.	2-30, 31-48, 94-95, 107-108
E.	Description of litigation involving Citigroup Inc.	229-231
F.	Risk Management	50-91
14	<i>Unaudited interim financial information of Citigroup Inc. in respect of the three and nine months ended 30 September 2016, as set out in the Citigroup Inc. 2016 Q3 Form 10-Q:</i>	
		Page(s)
A.	Consolidated Statements of Income and Comprehensive Income	95-96
B.	Consolidated Balance Sheet	97-98
C.	Consolidated Statement of Changes in Stockholders' Equity	99-100
D.	Consolidated Statement of Cash Flows	101-102
E.	Notes to Consolidated Financial Statements	103-208
15	<i>Other information relating to Citigroup Inc., as set out in the Citigroup Inc. 2016 Q3 Form 10-Q:</i>	
		Page(s)
A.	Description of the principal activities of Citigroup Inc.	2-27
B.	Description of the principal markets in which Citigroup Inc. competes	4-27
C.	Description of the principal investments of Citigroup Inc.	118-127
D.	Description of trends and events affecting Citigroup Inc.	4-6, 29-45, 89, 91-92, 198-200, 209
E.	Description of litigation involving Citigroup Inc.	198-200
F.	Risk Management	47-88

Any information not listed in the cross-reference list above but included in the above mentioned documents is additional information given for information purposes only.

Such documents shall be incorporated in, and form part of, these Listing Particulars, save that (i) any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purposes of these Listing Particulars to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise) and (ii) any documents which are incorporated by reference therein shall not constitute a part of these Listing Particulars. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of these Listing Particulars.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in these Listing Particulars.

Copies of documents incorporated by reference in these Listing Particulars will be available for physical inspection as described in the section headed “General Information – Documents available for inspection” below.

TERMS AND CONDITIONS OF THE BONDS

The following, other than the paragraphs in italics, are the terms and conditions of the Bonds, substantially as they will appear on the reverse of the Bonds in definitive form (if issued):

The issue of the €374,200,000 0.50 per cent. Guaranteed Exchangeable Bonds due 2023 (the “**Bonds**”) of Citigroup Global Markets Funding Luxembourg S.C.A. (the “**Issuer**”) pursuant to the Citi U.S.\$30,000,000,000 Global Medium Term Note Programme (the “**Programme**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 28 July 2016. The guarantee of the Bonds is given by Citigroup Global Markets Limited (the “**Guarantor**”) on the terms contained in a deed of guarantee executed by the Guarantor dated 21 December 2015 (the “**Deed of Guarantee**”). The Issuer and the Guarantor have entered into a supplemental fiscal agency agreement dated 4 August 2016 with respect to the Bonds, which supplements the fiscal agency agreement dated 21 December 2015 related to the Programme, as supplemented by a supplemental fiscal agency agreement dated 4 February 2016 (together, the “**Fiscal Agency Agreement**”) with Citigroup Global Markets Deutschland AG as registrar and transfer agent, Citibank N.A., London Branch as fiscal agent, Citigroup Global Markets Limited as calculation agent and the other paying and exchange agents named therein. The registrar, the transfer agent, the fiscal agent, the calculation agent and the other paying, and exchange agents for the time being are referred to below, respectively, as the “**Registrar**”, the “**Transfer Agent**”, the “**Fiscal Agent**”, the “**Calculation Agent**” and the “**Paying and Exchange Agents**” (which expression shall include the Fiscal Agent).

Copies of the Fiscal Agency Agreement and the Deed of Guarantee and these terms and conditions (the “**Conditions**”) are available for inspection by Bondholders the specified office of each of the Paying and Exchange Agents and the Registrar. The Bondholders are deemed to have notice of all the provisions of the Fiscal Agency Agreement which are applicable to them. The Fiscal Agency Agreement includes the form of the Bonds. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement.

Capitalised terms used but not defined in these Conditions shall have the meanings attributable to them in the Fiscal Agency Agreement unless the context otherwise requires or unless otherwise stated.

1 **Form, Denomination, Title and Status of the Bonds**

(a) ***Form and Denomination***

The Bonds are in registered form in the denomination of €100,000 each (the “**authorised denomination**”).

(b) ***Title***

Title to the Bonds passes by transfer and registration as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, or theft or loss of it or that of the related certificate, as applicable, or anything written on it or the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

*The Bonds will on issue be represented by a global bond in registered form (the “**Global Bond**”), which will be registered in the name of the common depositary (or its nominee) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). The Global Bond will be held by a depositary for Euroclear and Clearstream, Luxembourg. Interests of participants in Euroclear and Clearstream, Luxembourg in the Bonds will be represented by book*

entries in the records of Euroclear and Clearstream, Luxembourg. Individual Bonds in respect of book-entry interests in any Bonds will not be issued in exchange for an interest in a Global Bond, except in the very limited circumstances described in the Global Bonds.

Title to book-entry interests in the Bonds represented by the Global Bonds will pass by book-entry registration of the transfer in the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg.

(c) Status of the Bonds

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (subject to any obligations preferred by any applicable law) equally with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Issuer, present and future.

2 Guarantee

The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer under the Bonds. The obligations of the Guarantor under the Guarantee constitute direct, general, unconditional and unsecured obligations of the Guarantor and rank equally (subject to any obligation preferred by any applicable law) with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Guarantor (present and future).

References in the Deed of Guarantee to “Notes” shall be deemed to include the Bonds such that all of the Guarantor’s obligations thereunder in respect of such “Notes” shall include its obligations in respect of the Bonds and the Guarantee under these Conditions.

3 Registration and Transfer of Bonds

(a) Registration

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar outside the United Kingdom on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of Bonds.

Each time the relevant Register is amended or updated, the Registrar shall send a copy of the Register to the Issuer who will keep an updated copy of the Register at its registered office (the “**Duplicate Register**”). In the event of inconsistency between the Register and the Duplicate Register, the Duplicate Register shall, for purposes of Luxembourg law, prevail. Each Bond certificate will be numbered serially with an identifying number which will be recorded in the Register. “**Holder**” means the person in whose name such Bond is for the time being registered in the Register or the Duplicate Register if different from the Register (or, in the case of a joint holding, the first named thereof) and “**Bondholder**” shall be construed accordingly. The ownership of the registered Bonds shall be construed accordingly. The ownership of the Bonds shall be established by an entry in the Duplicate Register.

(b) *Transfer*

Bonds may, subject to the terms of the Fiscal Agency Agreement and to Conditions 4(c) and 4(d), be transferred in an authorised denomination by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or the Transfer Agent.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will within seven business days, in the place of the specified office of the Registrar, of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new Bond to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Bond 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 the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor may request.

(c) *Formalities Free of Charge*

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Registrar (and as initially set out in the Fiscal Agency Agreement).

(d) *Closed Periods*

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 10(b); (ii) in respect of which an Exchange Notice has been delivered in accordance with Condition 6(b); (iii) in respect of which the holder has exercised its right to require redemption pursuant to Condition 10(c) or (iv) during the period of 15 days ending on (and including) any Record Date in respect of any payment of interest on the Bonds.

4 Definitions

For the purpose of these Conditions, the following words and phrases shall have the following meanings:

“**Additional Exchange Property**” has the meaning set out in Condition 6(b)(ii);

“**Austrian Takeover Act**” means the Austrian Takeover Akt (*Bundesgesetz betreffend Übernahmeangebote*) as amended;

“**Bondholder**” and “**holder**” means the person in whose name a Bond is registered in the Register (as defined in Condition 3(a));

“**business day**” means, in relation to any place, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments generally in such place;

“**Capital Distribution**” means:

- (a) any Non-Cash Dividend; or

(b) any Cash Dividend (the “**Relevant Cash Dividend**”) paid or made in any Relevant Year (as specified below) in respect of any Unit of Equity Shares if and to the extent that the sum of (as determined by the Calculation Agent):

- (i) the Fair Market Value of the Relevant Cash Dividend; and
- (ii) the aggregate of the Fair Market Value of any other Cash Dividend paid or made in such Relevant Year in respect of any Unit of Equity Shares at any time in such Relevant Year (disregarding for such purpose all or any part of any such Cash Dividend or Cash Dividends which shall previously have been determined to be a Capital Distribution in respect of such Relevant Year),

(and, where at any time a Unit of Equity Shares would comprise a fraction of an Equity Share, taking into account the *pro rata* proportion of any such Cash Dividend in respect of any such Equity Share) such sum being the “**Current Year Dividends**”, exceeds the Reference Amount in respect of such Relevant Year (as specified below), and in such case the amount of the relevant Capital Distribution (rounded down, if necessary, to two decimal places) shall be the lesser of:

- (i) the amount by which the Current Year Dividends exceeds the Reference Amount; and
- (ii) the Fair Market Value of the Relevant Cash Dividend.

For the purposes of the above, Fair Market Value in respect of any Relevant Cash Dividend or any such other Cash Dividend shall (subject as otherwise provided in paragraph (a) of the definition of “**Dividend**”) be determined as at the Effective Date in respect of such Relevant Cash Dividend or such other Cash Dividend, as the case may be, and “**Unit of Equity Shares**” means at any time the Shares or any other Equity Shares comprised in the *pro rata* share of the Exchange Property in respect of the Bond in the principal amount of €100,000, including for this purpose any fraction of an Equity Share.

“**Relevant Year**” means each successive period of 12 months from and including 4 August of each year, commencing with the 12 month period from and including the Closing Date; and

“**Reference Amount**” means €0.20.

“**Cash Alternative Amount**” has the meaning set out in Condition (c);

“**Cash Dividend**” means (i) any Dividend which is to be paid in cash (in whatever currency), but other than falling within paragraph (b) of the definition of “**Spin-Off**” and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (a) or (b) of the definition of “**Dividend**”;

“**Cash Election**” has the meaning set out in Condition 6(c);

“**Cash Election Date**” has the meaning provided in Condition 6(c);

“**Cash Settled Exchange Property**” has the meaning provided in Condition 6(c);

“**Closing Date**” means 4 August 2016;

“**Closing Price**” means, in respect of any Trading Day:

- (i) in the case of Shares, the closing price of a Share on the Relevant Stock Exchange published by or derived from Bloomberg page TKA AV Equity HP (or any successor page) (setting Last Price, or any other successor setting and using values not adjusted for any event occurring after such Trading Day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such Trading Day; and

- (ii) in the case of any other Relevant Securities, Spin-Off Securities, shares, options, warrants or other rights or assets, the closing price of such Relevant Security, Spin-Off Security, share, option, warrant or other right or asset as published by or derived from the equivalent Bloomberg page in respect of the Relevant Exchange on such Trading Day or, if not able to be so determined, the closing price on the Relevant Exchange as obtained or derived from such other source (if any) as shall be determined to be appropriate by an Independent Adviser on such Trading Day,

provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Closing Price of a Share or, as the case may be, any other Relevant Security, Spin-Off Security, share, option, warrant or other right in respect of such Trading Day shall be the Closing Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined, all as calculated by the Calculation Agent, or, if such price cannot be so calculated as aforesaid, calculated by an Independent Adviser in such manner as it might otherwise determine in good faith to be appropriate;

“Dividend” means any dividend or distribution to holders of Relevant Securities (including a Spin-Off), whether of cash, assets or other property, and whenever paid or made and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to shareholders upon or in connection with a reduction of capital, a reduction in the par value or nominal value of any Relevant Securities comprised in the Exchange Property or otherwise (and for these purposes a distribution of assets includes, without limitation, an issue of shares or other securities credited as fully or partly paid up) provided that:

- (a) where a Dividend is announced which may be satisfied (at the election of a holder or holders of Relevant Securities) by the payment of cash or the issue or delivery of Relevant Securities or other property or assets, or where a capitalisation of profits or reserves is announced which may at the election of a holder or holders of Relevant Securities be, satisfied by the payment of cash, then (regardless of whether or not the Issuer does or does not make any election in respect of any Shares or other Relevant Securities held by it) the Dividend or capitalisation in question shall be treated as a Cash Dividend of an amount equal to whichever is the greater of (i) the Fair Market Value of such cash amount and (ii) the Fair Market Value of such Relevant Securities or other property or assets, in any such case as at the Effective Date in respect of the relevant Dividend or capitalisation (or, if later, the date on which the number of Relevant Securities (or amount of other property or assets, as the case may be) is determined);
- (b) where there shall be (i) any issue of Relevant Securities by way of capitalisation of profits or reserves or otherwise (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a Dividend (whether or not a cash dividend equivalent or amount is announced or a Dividend in cash is announced that is to be satisfied by the issue or delivery of Relevant Securities or other property or assets, or (ii) any issue of Relevant Securities by way of capitalisation of profits or reserves or otherwise (including any share premium account or capital redemption reserve) that is to be satisfied by the payment of cash, in each case other than in the circumstances the subject to paragraph (a) above, then, in the case of (i), the capitalisation or Dividend in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such Relevant Securities as at the Effective Date in respect of the relevant capitalisation or, if later, the date on which the number of Relevant Securities to be issued is determined and, in the case of (ii), the capitalisation in question shall be treated as a Cash Dividend of an amount equal to the Fair Market Value of such cash amount;
- (c) any issue of Relevant Securities falling within Condition 7(b)(i) or 7(b)(iii)(A) shall be disregarded;

- (d) any offer by a Relevant Company of Relevant Securities or other securities or options, warrants or rights to subscribe or purchase further Relevant Securities (or any of them) or other securities falling within Condition 7(b)(ii) shall be disregarded;
- (e) a repurchase or redemption of Equity Shares by or on behalf of a Relevant Company shall be disregarded;
- (f) where a Dividend is paid to holders of any Equity Shares pursuant to any plan implemented by the issuer of such Equity Shares for the purpose of enabling holders of the Equity Shares to elect, or which may require such holders, to receive Dividends in respect of such Equity Shares held by them from a person other than, or in addition to, the Relevant Company, such Dividend shall for the purposes of these Conditions be treated as a Dividend paid to holders of the Equity Shares by the issuer of such Equity Shares, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly; and
- (g) a Dividend that is a Spin-Off shall be deemed to be a Non-Cash Dividend;

and any such determination shall be made by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

“Effective Date” means the first date on which the Shares or, as the case may be, the relevant Equity Share Capital, are traded ex- the relevant Dividend or capitalisation on the Relevant Exchange or, in the case of a Spin-Off, on the first date on which the Shares or, as the case may be, the relevant Equity Share Capital are traded ex- the relevant Spin-Off on the Relevant Exchange;

“Equity Share Capital” means, in relation to any entity, its issued share capital (or equivalent) excluding any part of that capital (or equivalent) which, neither in respect of dividends nor in respect of capital, carries any right to participate beyond a specific amount in a distribution, and **“Equity Share”** shall be construed accordingly;

“Equivalent Amount” has the meaning set out in Condition 6(b)(iii)(a);

“Exchange Date” has the meaning set out in Condition 6(b)(i);

“Exchange Expenses” has the meaning set out in Condition 6(b)(i);

“Exchange Notice” has the meaning set out in Condition 6(b)(i);

“Exchange Period” has the meaning set out in Condition 6(a)(iv);

“Exchange Property” has the meaning set out in Condition 7(a);

“Exchange Right” has the meaning set out in Condition 6(a)(i);

“Extraordinary Resolution” has the meaning set out in the Fiscal Agency Agreement;

“Fair Market Value” means, on any date:

- (i) in the case of a Cash Dividend paid or to be paid per Share or other Equity Share, the amount of such Cash Dividend per Share or other Equity Share (determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit);

- (ii) in the case of any other cash amount, the amount of such cash (determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit);
- (iii) in the case of Relevant Securities, Spin-Off Securities, shares, options, warrants or other securities or rights or assets which are publicly traded on a Relevant Exchange of adequate liquidity (as determined by the Calculation Agent), the arithmetic mean of:
 - (a) in the case of Relevant Securities or Spin-Off Securities (in each case to the extent constituting Equity Share Capital) or shares, the daily Volume Weighted Average Prices of such Relevant Securities, Spin-Off Securities or shares; and
 - (b) in the case of Relevant Securities or Spin-Off Securities (in each case to the extent not constituting Equity Share Capital), shares, options, warrants or other securities or rights or assets, the daily Closing Prices of such Relevant Securities, Spin-Off Securities, shares, options, warrants or other securities or rights or assets,

in the case of each of (a) and (b), during the period of 5 Trading Days on the Relevant Exchange commencing on such date (or, if later, on the first such Trading Day such Relevant Securities, Spin-Off Securities, shares, options, warrants or other rights or assets which are publicly traded) or such shorter period as such Relevant Securities, Spin-Off Securities, shares, options, warrants or other securities or rights or assets are publicly traded, all as determined by the Calculation Agent; and

- (iv) in the case of Spin-Off Securities, shares, options, warrants or other securities or rights or assets which are not publicly traded on a Relevant Exchange of adequate liquidity (as aforesaid), an amount equal to the fair market value thereof shall be determined by an Independent Adviser on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per share, the dividend yield of a share, volatility, prevailing interest rates and the terms of such Spin-Off Securities, shares, options, warrants or other securities or rights or assets,

in each case converted by the Calculation Agent into euro at the Prevailing Rate on such date (or, in the case of (iii), at the arithmetic average of the Prevailing Rates on each Trading Day in the relevant period);

“Final Date” means, in relation to any Offer, the date the Offer becomes or is declared unconditional in all respects;

“Final Maturity Date” means 4 August 2023;

“First Call Date” has the meaning provided in Condition 10(b)(iii);

“Free Float” means the aggregate number of Shares held by (i) investment trusts or funds, collective investment schemes, trusts or funds or pension funds; and (ii) persons that own (together with any other person or persons with whom they act in concert, as defined in the Austrian Takeover Act) Shares representing less than 10 per cent. of the total number of issued and outstanding Shares, as determined by an Independent Adviser acting reasonably and in good faith, in consultation with the Issuer. For these purposes (a) references to “Shares” shall include Shares represented by depositary or other receipts or certificates representing Shares; (b) Shares held by or on behalf of a depositary or custodian or similar person in respect of any such depositary or other receipts of certificates representing Shares from time to time shall be treated as being held by the holder of the relevant depositary or other receipts or certificates and not by such depositary, custodian or similar person; and (c) Shares held by or on behalf of TKA or any subsidiary of TKA shall be treated as not constituting part of the Free Float;

a **“Free Float Event”** shall occur if (for so long as Shares are comprised in the Exchange Property) for any period of at least 30 consecutive days the number of Shares comprising the Free Float (as determined by an Independent Adviser) is equal to or less than 10 per cent. of the total number of issued and outstanding Shares;

“Free Float Event Notice” has the meaning provided in Condition 9(e);

“Guarantee” has the meaning provided in Condition 2;

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise, which may be (without limitation) the Calculation Agent, appointed by the Issuer and the Guarantor at their own expense;

“Interest Payment Date” has the meaning set out in Condition 5(a);

“Interest Period” has the meaning set out in Condition 5(a);

“Non-Cash Dividend” means any Dividend which is not a Cash Dividend;

“OeKB” means OeKB CSD GmbH;

“Offer” has the meaning provided in Condition 8(g);

“Offer Consideration” has the meaning provided in Condition 8(b);

“Optional Redemption Date” has the meaning provided in Condition 10(b);

“Predominant Exchange Security” means, if at any time there is more than one type or series of Relevant Securities in the Exchange Property, such type or series of Relevant Securities which in the determination of an Independent Adviser represents the largest proportion or weighting by value in the Exchange Property at such time;

“Prevailing Rate” means in respect of any pair of currencies on any calendar day, the spot rate of exchange between the relevant currencies prevailing as at 5 p.m. (London time) on that date as appearing on or derived from the Relevant Page. If such a rate cannot be determined at such time as aforesaid, the Prevailing Rate shall be determined *mutatis mutandis* but with respect to the immediately preceding day on which such rate can be so determined all as determined by the Calculation Agent, or if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Adviser shall consider in good faith appropriate;

“pro rata share” means, for each Bond at any time, a fraction of the Exchange Property the numerator of which shall be the principal amount of such Bond and the denominator of which shall be the aggregate principal amount of all the Bonds (including the Bond to which the *pro rata* share relates) which are outstanding at such time (excluding for this purpose the principal amount of any Bonds in respect of which Exchange Rights have been exercised by a Bondholder but the Exchange Property and/or the relevant Cash Alternative Amount, as the case may be, has not yet been delivered and/or paid and excluding from the Exchange Property such *pro rata* share of the Exchange Property in relation to such Bonds);

“Put Date” has the meaning provided in Condition 10(c);

“Put Exercise Notice” has the meaning provided in Condition 10(c);

“Put Period” means the period commencing on the occurrence of a Free Float Event and ending 30 days thereafter or, if later, 30 days following the date on which a Free Float Event Notice is given to Bondholders as required by Condition 10(c);

“Realisation Proceeds” means the proceeds of sale (after the deduction of costs and expenses of such sale) of the relevant Exchange Property (in the case of Condition 6(b)(ii)) carried out by an independent broker or investment bank selected by the Issuer, on an arm’s length basis (converted if necessary into euro at the Prevailing Rate by the Calculation Agent on the date of receipt of such proceeds);

“Record Date” has the meaning provided in Condition 11;

“Register” has the meaning provided in Condition 3(a);

“Registered Securities” has the meaning set out in Condition 6(b)(ii);

“Registration Date” means, in respect of any Registered Securities comprised in the Exchange Property to be delivered to a Bondholder upon exercise of Exchange Rights, the date on which the relevant Bondholder is registered as the holder of such Registered Securities;

“Regulation S” has the meaning set out in Condition 6(b)(i);

“Relevant Bond” has the meaning set out in Condition 5(c);

“Relevant Company” means TKA, and any corporation or company derived from or resulting or surviving from the merger, consolidation, amalgamation, reconstruction or acquisition of TKA with, into or by such other corporation or company, and any other entity, all or part of the share capital of which is, or all or some of the securities of which are, at the relevant time included in the Exchange Property;

“Relevant Date” means, in respect of any Bond, whichever is the later of:

- (a) the date on which payment in respect of it first becomes due; and
- (b) if any payment is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days following the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 16 that such payment will be made, provided that such payment is in fact made as provided in these Conditions;

“Relevant Event” has the meaning set out in Condition 7(b)(iii);

“Relevant Exchange” means:

- (i) in the case of the Shares, the Vienna Stock Exchange or, if the Shares are no longer admitted to trading on the Vienna Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed, admitted to trading or quoted or dealt in; or
- (ii) in the case of any other Equity Shares or Relevant Securities or any other shares, or options, warrants or other rights, the principal stock exchange or securities market on which such Equity Shares or Relevant Securities or any other shares, or options, warrants or other rights are then listed, admitted to trading or quoted or dealt in;

“Relevant Page” means the relevant page on Bloomberg or such other information service provider that displays the relevant information;

“Relevant Securities” means any securities which at the relevant time are included in the Exchange Property;

“Rights Issue” has the meaning set out in Condition 7(b)(ii);

“securities” means shares or other securities (including without limitation any options, warrants, convertible bonds, evidence of indebtedness or rights to subscribe or purchase shares or other securities);

“Settlement Date” means in the case of the exercise of Exchange Rights, the date falling seven Trading Days after the relevant Exchange Date;

“Shares” means fully paid ordinary shares of no par value in the capital of TKA (ISIN: AT0000720008) and all other (if any) shares or stock resulting from any sub-division, consolidation or reclassification of those shares which, as between themselves, have no preference in respect of dividends or amounts payable in the event of any voluntary or involuntary liquidation or winding-up of TKA;

“Spin-Off” means:

- (a) a distribution of Spin-Off Securities by TKA to holders of Shares as a class or, as the case may be, by any Relevant Company to the holders of its Equity Share Capital as a class; or
- (b) any issue, transfer or delivery of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than TKA or, as the case may be, the Relevant Company) to holders of Shares as a class or, as the case may be, by any Relevant Company to the holders of its Equity Share Capital as a class pursuant to any arrangements with TKA or any of its Subsidiaries or, as the case may be, with the Relevant Company or any of its Subsidiaries;

“Spin-Off Securities” means Equity Share Capital of an entity other than TKA, or as the case may be, the Relevant Company or options, warrants or other rights to subscribe for or purchase Equity Share Capital of an entity other than TKA, or as the case may be, the Relevant Company;

“Sub-division, Consolidation or Redenomination” has the meaning set out in Condition 7(b)(i);

“TARGET Business Day” means a day (other than a Saturday or Sunday) on which the TARGET System is operating;

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system which was launched on 19 November 2007 or any successor thereto;

“TKA” means Telekom Austria A.G.;

“Trading Day” means in respect of Shares or any Relevant Security, Spin-Off Securities or other shares or options, warrants or other rights or assets, a day on which the Relevant Exchange is open for business, other than, in any such case, a day on which the Relevant Exchange is scheduled to or does close prior to its regular closing time, provided that for the purposes of determining the Cash Alternative Calculation Period or any date on which payment of any amount or delivery of any Exchange Property is to be made, “Trading Day” will be the Trading Day applicable to the Predominant Exchange Security;

the **“Value”** of any Exchange Property on any day means the aggregate of:

- (a) the value of publicly traded securities included in such Exchange Property which shall be deemed to be the Volume Weighted Average Price of such securities on such day, provided that if such day is not a Trading Day, then the value of such publicly traded securities shall be the Volume Weighted Average Price on the Trading Day immediately preceding such day, converted (if necessary) into euro at the Relevant Rate on such day, all as determined by the Calculation Agent;
- (b) the value of all other assets (other than cash) and of publicly traded securities for which a value cannot be determined pursuant to (a) above included in such Exchange Property which shall be deemed to be the value on such day (converted (if necessary) into euro as aforesaid) as certified by an Independent Adviser; and
- (c) the value of cash shall be deemed to be the amount thereof (converted (if necessary) into euro as aforesaid),

provided that, if on any day:

- (A) any such publicly traded securities the value of which is to be determined pursuant to (a) above are quoted on the Relevant Exchange cum any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (b) above have the benefit of, or are entitled to, or carry the right to, any dividend or other entitlement, in any such case which a Bondholder would not be entitled to pursuant to these Conditions (including in respect thereof pursuant to Condition 6(b)(iii) or Condition 6(b)(ii) in the absence of a Cash Election) in respect of the relevant exercise of Exchange Rights (disregarding for this purpose any Cash Election), then the value of any such publicly traded securities or assets on such day shall be reduced by an amount equal to the Fair Market Value of any such dividend or other entitlement as at the Effective Date in respect thereof; and
- (B) any such publicly traded securities the value of which is to be determined pursuant to (a) above are quoted or traded on the Relevant Exchange ex any dividend or other entitlement, or any publicly traded securities or assets the value of which is to be determined pursuant to (b) above do not have the benefit of, or are not entitled to, or do not carry the right to, any dividend or other entitlement, in any such case which a Bondholder would be entitled to pursuant to these Conditions (or in respect of which the relevant Bondholder would have been entitled to receive any amount pursuant to Condition 6(b)(iii) or which would have been taken into account for the purposes of Condition 6(b)(ii) in the absence of a Cash Election) in respect of the relevant exercise of Exchange Rights (disregarding for this purpose any Cash Election), then the value of any such publicly traded securities or assets on such day shall be increased by an amount equal to the Fair Market Value of any entitlement or dividend or other entitlement as at the Effective Date in respect thereof;

“Vienna Stock Exchange” means Wiener Börse AG;

“Volume Weighted Average Price” means, in respect of any Trading Day:

- (i) in the case of Shares, the order book volume weighted average price of a Share on the Relevant Exchange published by or derived from Bloomberg page TKA AV Equity HP (or any successor page) (setting Weighted Average Line, or any other successor setting and using values not adjusted for any event occurring after such Trading Day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such Trading Day; and
- (ii) in the case of any other Relevant Securities, Spin-Off Securities, shares, options, warrants or other rights or assets, the order book volume weighted average price of such Relevant Security, Spin-Off Security, share, option, warrant or other right or asset as published by or derived from the equivalent Bloomberg page in respect of the Relevant Exchange on such Trading Day or, if not able to be so determined, the volume weighted average price on the Relevant Exchange as obtained or derived from such other pricing source (if any) as shall be determined to be appropriate by an Independent Adviser on such Trading Day,

provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share or, as the case may be, any other Relevant Security, Spin-Off Security, share, option, warrant or other right in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined, all as calculated by the Calculation Agent, or, if such price cannot be so calculated as aforesaid, calculated by an Independent Adviser in such manner as it might otherwise determine in good faith to be appropriate; and

“€”, “euro” and “EUR” means 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.

References to any offer “by way of rights” shall be taken to be references to an offer or grant to all or substantially all holders of the Relevant Securities in question, other than holders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such offer or grant.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

5 Interest

(a) Interest Rate

The Bonds bear interest from (and including) the Closing Date at the rate of 0.50 per cent. per annum calculated by reference to the principal amount thereof and payable annually in arrear on 4 August in each year (each an “**Interest Payment Date**”), commencing with the Interest Payment Date falling on 4 August 2017, and the amount of interest payable on each Interest Payment Date will be €500 per €100,000 principal amount of the Bonds.

The period beginning on (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an “**Interest Period**”.

The amount of interest payable in respect of any period which is shorter than an Interest Period shall be calculated on the basis of the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period.

(b) Accrual of Interest

Each Bond will cease to bear interest (i) where the Exchange Right shall have been exercised in respect thereof, from, and including, the Interest Payment Date immediately preceding the relevant Exchange Date or, if none, the Closing Date (subject in any such case as provided in Condition 5(c)) or (ii) where such Bond is redeemed or repaid pursuant to Condition 10 or Condition 13, from, and including, the due date for redemption or repayment unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused.

(c) Interest upon Exchange prior to Early Redemption

If:

- (i) any notice requiring the redemption of any Bonds is given pursuant to Condition 10(b) on or after (or within 15 days before) the record date or other due date for the establishment of entitlement in respect of any dividend, distribution or interest payable in respect of the Shares (or other Relevant Securities comprising on such date more than one-quarter by Value of the Exchange Property);
- (ii) such notice specifies a date for redemption falling on or before (or within 14 days after) the Interest Payment Date nextwing such record date; and
- (iii) the Exchange Date in respect of any Bond which is the subject of any such notice (a “**Relevant Bond**”) falls after such record date or other due date for the establishment of entitlement in respect of any such dividend, distribution or interest and on or before the Interest Payment Date next following such record date or other due date for the establishment of entitlement in respect of any such dividend, distribution or interest,

then interest shall accrue on each Relevant Bond from, and including, the preceding Interest Payment Date (or, if the relevant Exchange Date falls on or before the first Interest Payment Date, from, and including, the Closing Date) to, but excluding, the relevant Exchange Date.

Any such interest shall be paid by the Issuer not later than 14 days after the relevant Exchange Date by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions given by the relevant Bondholder in the relevant Exchange Notice.

6 Exchange Right

(a) *Exchange Period, Exchange Rights and Cash Election*

- (i) Subject to the right of the Issuer to make a Cash Election, each Bondholder shall have the right to exercise its option to exchange all or any of its Bonds for, a *pro rata* share of the Exchange Property as at the relevant Exchange Date. Such exchange of a Bond for a *pro rata* share of the Exchange Property (and/or, as the case may be, for payment of the Cash Alternative Amount) is referred to herein as an “**exchange**” and the right of a Bondholder to exercise its option to require an exchange is herein referred to as the “**Exchange Right**”. Upon exercise of Exchange Rights, the Issuer shall (subject to its right to make a Cash Election) deliver or procure the delivery of the relevant *pro rata* share of the Exchange Property as provided in this Condition.
- (ii) Subject to applicable law and as provided in Condition 6(a)(iii) and save as provided in these Conditions, the Exchange Right relating to any Bond may be exercised by the holder thereof, at any time during the period from (and including) 14 September 2016 up to (and including) the close of business (at the place where the Bond is deposited for exchange) on the date which falls 14 days prior to the Final Maturity Date or if such Bond is to be redeemed pursuant to Condition 10(b) prior to the Final Maturity Date, then up to (and including) the close of business (at the place aforesaid) on the date which falls 14 days prior to the date fixed for redemption thereof, unless there shall be default in making payment in respect of such Bond on such date fixed for redemption, in which event the Exchange Right shall extend (the “**Extension Period**”) up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment has been received by Fiscal Agent and notice thereof has been duly given to the Bondholders accordance with Condition 16 or, if earlier, the Final Maturity Date, provided that, in each case, if such final date for the exercise of Exchange Rights is not a business day at the place aforesaid, then the period for exercise of Exchange Rights by Bondholders shall end on the immediately preceding business day at the place aforesaid.

Exchange Rights may not be exercised in respect of a Bond where the holder shall have exercised its right to require redemption pursuant to Condition 10(c) unless there is default by the Issuer in redeeming the relevant Bonds. In such circumstances Exchange Rights in respect of such Bond shall extend for the Extension Period in the manner *mutatis mutandis* prescribed in this Condition 6(a)(ii).

- (iii) Exchange Rights may not be exercised following the Bonds becoming immediately due and repayable pursuant to Condition 13.
- (iv) Save where a notice of redemption is given by the Issuer in circumstances provided in Condition 5(c), Exchange Rights may not be exercised by a Bondholder in circumstances where the relevant Exchange Date would fall during the period commencing on the Record Date in respect of any payment of interest on the Bonds and ending on the relevant Interest Payment Date (both days inclusive).
- (v) The period during which Bondholders shall be entitled to exercise Exchange Rights pursuant to these Conditions is referred to as the “**Exchange Period**”.
- (vi) Other than where a Cash Election is made by the Issuer and in respect of the Cash Settled Exchange Property, upon a due exercise of Exchange Rights, the relevant Bondholder shall be entitled to receive a *pro rata* share of the Exchange Property calculated by the Calculation Agent as at the relevant Exchange Date.
- (vii) No fraction of a Relevant Security or any other property comprised in the Exchange Property which is not divisible shall be delivered on exercise of the Exchange Rights and neither the Issuer nor the Guarantor shall not be under any obligation to make any payment to Bondholders in respect of any such fraction and any such fraction will be rounded down to the nearest whole multiple of a Relevant Security or unit of any such other property.
- (viii) If more than one Bond is to be exchanged by a Bondholder pursuant to any one Exchange Notice, the Exchange Property to be delivered and any sum payable to that Bondholder (including, where applicable, any Cash Alternative Amount) shall be calculated by the Calculation Agent on the basis of the aggregate principal amount of such Bonds.

(b) Procedure for exercise of Exchange Rights

- (i) Exchange Rights may be exercised by a Bondholder during the Exchange Period by delivering the relevant Bond to the specified office of any Paying and Exchange Agent, during its usual business hours, accompanied by a duly completed and signed notice of exchange (an “**Exchange Notice**”) in the form (for the time being current) obtainable from any Paying and Exchange Agent.

Exchange Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Paying and Exchange Agent to whom the relevant Exchange Notice is delivered is located.

If such delivery is made later than 4.00 pm (local time) on any day or on a day which is not a business day in the place at the specified office of the relevant Paying and Exchange Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

An Exchange Notice, once delivered, shall be irrevocable.

Any determination as to whether any Exchange Notice has been duly completed and properly delivered shall be made by the relevant Paying and Exchange Agent (following consultation with the Issuer) and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Paying and Exchange Agents and the relevant Bondholder.

A Bondholder exercising Exchange Rights will be required to certify in the relevant Exchange Notice (a “**U.S. Certification**”) that such exchange is being made outside of the United States (as such term is defined in Regulation S (“**Regulation S**”) under the United States Securities Act of 1933) and that it and any person for whom it is acquiring Exchange Property is not a U.S. person (as such term is defined in Regulation S) and it is not acting as agent for, or on behalf of, a U.S. person. If such U.S. Certification is not provided, the relevant Exchange Notice shall be void.

Exchange Rights may only be exercised in respect of an authorised denomination. Where Exchange Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Exchange Date deliver such new Bond to the relevant Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

The exchange date in respect of a Bond (the “**Exchange Date**”) in respect of which the Exchange Right shall have been exercised by a Bondholder will be the London business day immediately following the date of the delivery of the Exchange Notice and the relevant Bond as provided in this Condition 6(b).

The relevant Bondholder shall be responsible for the payment of, and shall, in the relevant Exchange Notice, indemnify the Issuer and the Guarantor in respect of, all stamp, stamp duty reserve, registration, documentary, transfer and other similar taxes or duties (including penalties) arising on the transfer or delivery of any Exchange Property to the relevant Bondholder upon an exercise of Exchange Rights (whether payable by a transfer or transferee), including any Austrian stamp duty (“**Exchange Expenses**”).

Under Austrian tax law on the Closing Date, there are no stamp duties or transfer taxes payable on transfer of the Shares.

Neither the Fiscal Agent nor the Calculation Agent shall be responsible for determining whether any Exchange Expenses are payable or the amount thereof.

In addition, each Bondholder must pay all, if any, taxes (including penalties and interest) imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Exchange Rights by it.

- (ii) Other than where a Cash Election is made by the Issuer and in respect of the Cash Settled Exchange Property, the Issuer shall, as soon as practicable, and in any event not later than the Settlement Date:
 - (1) in respect of Shares (or other securities which are for the time being cleared through OeKB (or its successor)) comprising the relevant *pro rata* share of the Exchange

Property, effect delivery of such Shares (or other securities) through OeKB to the person designated for the purpose in the relevant Exchange Notice;

- (2) procure that Relevant Securities (other than Shares or other securities which are for the time being cleared through OeKB (or its successor)) comprising the relevant *pro rata* share of the Exchange Property to be delivered on exercise of Exchange Rights are transferred into such name as the Bondholder shall direct pursuant to the Exchange Notice and shall procure that forms of transfer and certificates (if certificates for the Relevant Securities are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of such Relevant Securities will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto), to such address, subject to applicable securities laws, as the Bondholder may request (as specified in the relevant Exchange Notice); and
- (3) procure that such documents of title and evidence of ownership of any other Exchange Property to be delivered on exercise of Exchange Rights shall be despatched and that payment of any part of the Exchange Property comprising cash to be delivered on exercise of Exchange Rights (converted if necessary into euro at the Prevailing Rate on the relevant Exchange Date) shall be made, in each case in accordance with directions given by the relevant Bondholder in the Exchange Notice.

Notwithstanding the above, if OeKB (or, where the Exchange Property is comprised of Relevant Securities other than Shares and certificates for such Relevant Securities are not then generally being issued, the clearing system through which the transfer of such Relevant Securities is required to be effected) has been closed for a continuous period of two or more days (excluding Saturdays and Sundays and save by reason of holidays, statutory or otherwise) in the period from (and including) the Exchange Date to (but excluding) the Settlement Date, then the Issuer will notify the relevant Bondholder in accordance with Condition 16 or at the address of the Bondholder specified in the relevant Exchange Notice (as the Issuer may determine) and the date for such delivery shall be the later of the Settlement Date and the earliest practicable date on which the relevant Exchange Property may be delivered by or through OeKB or, as the case may be, the relevant clearing system.

Neither the Issuer nor the Guarantor shall be responsible or liable to any person for any delay in the delivery of any property comprising Exchange Property following exercise of Exchange Rights arising as a result of a failure by the relevant Bondholder to supply all information and details as required by the relevant Exchange Notice.

Notwithstanding the above, if, after the relevant Exchange Date, the Exchange Property has changed in whole or in part as a result of an Offer or as a result of the compulsory acquisition of any Equity Share Capital, in each case as provided in Condition 8, then the Issuer will notify the relevant Bondholder in accordance with Condition 16 or at the address of the Bondholder specified in the relevant Exchange Notice (as the Issuer may determine) and the time for such delivery shall be the longer of such period set out above and the day falling 10 London business days after the Offer Consideration Date.

If, at any time when the transfer or delivery of any Exchange Property (other than cash) to a Bondholder is required, such transfer or delivery would be unlawful under the laws of any applicable jurisdiction or contrary to any official declaration, order, directive or regulation in any applicable jurisdiction, the Issuer will make a cash payment to the relevant Bondholder

equal to the aggregate of the Realisation Proceeds of the Exchange Property. The Issuer will pay any such amount to the relevant Bondholders not later than 10 TARGET Business Days after the relevant Settlement Date.

Without prejudice to Condition 6(c), if:

- (A) the Exchange Date in respect of any Bond shall be on or after the date of any public announcement affecting the composition of any part of the Exchange Property (other than Shares or other securities in registered form (“**Registered Securities**”) in circumstances where the relevant entitlement is determined by reference to a record date in respect thereof), but before the date on which such change is effective; or
- (B) the Exchange Date in respect of any Bond shall be on or after the record date or other due date for the establishment of the relevant entitlement in respect of any Rights Issue or any Sub-division, Consolidation or Redenomination or Relevant Event in respect of any Registered Securities comprising Exchange Property but before the date on which any resulting adjustment of the Exchange Property becomes effective in accordance with Condition 7(b); or
- (C) the Exchange Date in respect of any Bond shall be on or before the record date or other due date for the establishment of the relevant entitlement in respect of any Rights Issue or any Sub-division, Consolidation or Redenomination or Relevant Event in respect of any Registered Securities comprising Exchange Property in circumstances where the Registration Date in respect of such Registered Securities is after such record date or other due date for the establishment of the relevant entitlement and the relevant Bondholder would not otherwise receive the relevant entitlement but the Issuer has received or is entitled to receive such entitlement,

then the relevant Bondholder (other than where a Cash Election applies to the relevant exercise of Exchange Rights and in respect of the Cash Settled Exchange Property, in which case the provisions of Condition 6(c)(ii) shall apply, and), subject as provided in Condition 6(b)(iv), shall be entitled to receive, in respect of the exercise of the relevant Exchange Rights, such *pro rata* amount or, as the case may be, further *pro rata* amount of the Exchange Property (“**Additional Exchange Property**”) as would have been receivable had the relevant Exchange Date occurred immediately after the date on which such change in the composition of the Exchange Property became effective or, as the case may be, had the relevant Registration Date in respect of such Registered Securities been immediately before such record date, all as determined by the Calculation Agent, and such Additional Exchange Property shall be delivered to the relevant Bondholder in accordance with instructions contained in the relevant Exchange Notice as soon as practicable following the relevant adjustment to the Exchange Property or the receipt by the Issuer of the relevant Additional Exchange Property.

- (iii) Unless a Cash Election is made by the Issuer and in respect of the Cash Settled Exchange Property, the relevant Bondholder (or the person designated in the relevant Exchange Notice) will be the owner of the *pro rata* share of the Exchange Property to be delivered upon exchange with effect from (and including) the relevant Exchange Date and will, subject as provided herein, be entitled to all rights, distributions or payments in respect of such Exchange Property from (and including) such Exchange Date and, in respect of any related Additional Exchange Property, will be entitled to all rights, distributions or payments in respect of such Additional Exchange Property from (and including) such Exchange Date.

Subject as provided herein, Exchange Property delivered on exercise of Exchange Rights shall not include any dividends, interest or other income payments and distributions and rights thereon or in respect thereof declared, paid, made or granted by reference to a record date or other due date for the establishment of the relevant entitlement falling prior to the relevant Exchange Date.

Exchange Property (and, where appropriate, any Additional Exchange Property) delivered or transferred or to be delivered or transferred upon exchange shall rank for and be entitled to all dividends, interest and other income, payments and distributions and rights thereon or in respect thereof declared, paid, made or granted by reference to a record date or other due date for the establishment of entitlement falling on or after the relevant Exchange Date.

If the record date or other due date for the establishment of the relevant entitlement for or in respect of any dividend, interest or other income, payment or distribution or rights on or in respect of such Exchange Property falls on or after the Exchange Date but before the relevant Settlement Date (or any other date from which the relevant Bondholder is treated as the owner of, or entitled to all rights and entitlement to, such Exchange Property) with the effect that the relevant Bondholder is not entitled to such dividend, interest or other income, payment or distribution of rights, the Issuer, failing whom the Guarantor, will (unless it is able to confer on or deliver to the relevant Bondholder an entitlement to receive such dividend, interest or other income, payment or distribution or rights or unless and to the extent that the same is taken into account for the purposes of Condition 6(b)(ii) relating to entitlement to Additional Exchange Property):

- (a) (in the case of dividends, interest or other income, payment or distributions or rights to be paid or made in cash) pay, or procure the payment to, the exchanging Bondholder in lieu of such dividend, interest or other income or distribution or rights, an amount equal to the gross amount thereof, all as determined by the Calculation Agent, converted if necessary by the Calculation Agent into euro at the Prevailing Rate on the date of receipt thereof by the Issuer (the “**Equivalent Amount**”). The Issuer, failing whom the Guarantor, will pay the Equivalent Amount, or procure that it is paid, to the relevant Bondholder by whichever is the later of (i) 10 TARGET Business Days after the date of payment of such dividend, interest or other income, payment or distribution or rights and (ii) the relevant Settlement Date; and
- (b) (in the case of dividends, or other income or distributions or rights to be satisfied or made otherwise than in cash) deliver, or procure the delivery of, the same to the relevant Bondholder by whichever is the later of (i) 10 TARGET Business Days after such dividend or other income or distribution or rights is made and (ii) the Settlement Date.

For the purposes of the above, if there is an option to receive the relevant entitlement in the form of a cash amount or otherwise than in cash, the entitlement shall be treated as being paid or made in cash, and accordingly the provision of (a) above shall apply.

- (iv) Upon exercise of Exchange Rights, a Bondholder shall, in the relevant Exchange Notice, specify a euro account with a bank in a city in which banks have access to the TARGET system to which any cash amount payable on or in respect of the exercise of Exchange Rights by that Bondholder shall be credited and the Issuer, failing whom the Guarantor, shall pay such sum to the relevant Bondholder in accordance with any such directions.

(c) **Cash Settlement**

(i) *Cash Election following an Impossibility Event*

If, in respect of the exercise of Exchange Rights by a Bondholder, whether before, on or after such exercise in the Issuer's opinion any event (a "**Disruption Event**") has occurred and is continuing (including, but not limited to, any market disruption event, hedging counterparty default or otherwise) such that it is, or will be on the relevant Settlement Date, impossible, impracticable, unduly onerous or unduly burdensome to deliver all or part of the *pro rata* share of the Exchange Property to such holder on the relevant Settlement Date which would otherwise fall to be delivered to such Bondholder on such Settlement Date (such Exchange Property being referred to as the "**Cash Settled Exchange Property**"), the Issuer may make an election (a "**Cash Election**") by giving notice (a "**Cash Election Notice**") to the relevant Bondholder by not later than the date (the "**Cash Election Exercise Date**") falling three London business days following the relevant Exchange Date, to the address (or, if a fax number or email address is provided in the relevant Exchange Notice, that fax number or email address) specified for that purpose in the relevant Exchange Notice, with a copy to the Fiscal Agent, to satisfy the exercise of the Exchange Right in respect of the Cash Settled Exchange Property, by making payment, or procuring that payment is made, to the relevant Bondholder of the Cash Alternative Amount, together with any other amounts payable by the Issuer to such Bondholder pursuant to these Conditions in respect of, or relating to, the relevant exercise of Exchange Rights, including any interest payable pursuant to Condition 5(c).

The relevant Cash Election Notice shall specify (i) the general nature of the Disruption Event and (ii) the Cash Settled Exchange Property.

A Cash Election shall be irrevocable.

(ii) *Cash Settlement upon failure to deliver Exchange Property*

If, upon the exercise of Exchange Rights by a Bondholder, the Issuer fails to deliver all or part of the *pro rata* share of the Exchange Property which would otherwise fall to be delivered to such Bondholder on such Settlement Date (such Exchange Property being referred to as the "**Defaulted Exchange Property**"), the Issuer shall make payment, or procure that payment is made, to the relevant Bondholder of the Cash Alternative Amount, together with any other amounts payable by the Issuer to such Bondholder pursuant to these Conditions in respect of, or relating to, the relevant exercise of Exchange Rights, including any interest payable pursuant to Condition 5(c) and provided that the Cash Alternative Amount, together with any other amounts as aforesaid are so paid, then the failure to deliver the Exchange Property shall not constitute an Event of Default or a Potential Event of Default (as defined in the Fiscal Agency Agreement).

(iii) *Payment of Cash Alternative Amount*

The Issuer will pay the Cash Alternative Amount (whether payable pursuant to a Cash Election or following its failure to deliver Exchange Property), together with any other amount as aforesaid, by not later than the Cash Alternative Payment Date by transfer to a euro account maintained in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Exchange Notice.

(iv) *Definitions*

For the purpose of these Conditions:

“Cash Alternative Amount” means a sum in euro equal to the average of the Value on each Trading Day in the Cash Alternative Calculation Period of:

- (A) (for the purposes of Condition 6(c)(i)) the Cash Settled Exchange Property; or
 - (B) (for the purposes of Condition 6(c)(ii)) the Defaulted Exchange Property,
- all as determined by the Calculation Agent;

“Cash Alternative Calculation Period” means:

- (A) (for the purposes of Condition 6(c)(i)) the period of 20 consecutive Trading Days commencing on the third Trading Day after the Cash Election Exercise Date; or
- (B) (for the purposes of Condition 6(c)(ii)) the period of 20 consecutive Trading Days commencing on the third Trading Day after such Settlement Date; and

“Cash Alternative Payment Date” means the date falling 5 TARGET Business Days after the last day of the Cash Alternative Calculation Period.

- (v) If a Bondholder would otherwise have been entitled to receive, in respect of the exercise of Exchange Rights, any Additional Exchange Property pursuant to Condition 6(b)(ii) in circumstances where a Cash Election is made in respect of the relevant exercise of Exchange Rights or the Issuer fails to deliver all or part of the *pro rata* share of the Exchange Property which falls to be delivered on the relevant Settlement Date, the Issuer shall, in lieu of delivering such Additional Exchange Property, pay to the relevant Bondholder an amount (the **“Further Amount”**) equal to the Value of such Additional Exchange Property as at the date on which the relevant change in the composition of the Exchange Property is or would be effective (the **“Change Date”**), all as determined by the Calculation Agent or an Independent Adviser and such Further Amount shall be paid by transfer to a euro account maintained in a city in which banks have access to the TARGET System in accordance with the instructions given by the Bondholder in the relevant Exchange Notice by not later than the latest of (a) the date falling five Trading Days after the Change Date (or if that is not a TARGET Business Day, the next following TARGET Business Day) and (b) the relevant Cash Alternative Payment Date in accordance with the instructions given by the relevant Bondholder in the relevant Exchange Notice.

7 The Exchange Property

(a) Initial Exchange Property

The **“Exchange Property”** shall initially comprise 51,878,553 Shares and shall include such other Relevant Securities and other property as may be deemed or required to comprise all or part of the Exchange Property pursuant to these Conditions, but excluding any such property as may be deemed to have ceased to form part of the Exchange Property and excluding any Cash Dividend other than to the extent comprising a Capital Distribution and excluding any other income and other benefits, rights and entitlements derived from the Exchange Property except to the extent forming or to form part of or giving rise to an adjustment to the Exchange Property pursuant to these Conditions.

On the exercise of Exchange Rights, Bondholders will initially be entitled to receive 13,863 Shares for each €100,000 principal amount of Bonds (equivalent to an initial exchange price of €7.213 per Share) subject to adjustment pursuant to these Conditions.

All Exchange Property transferred or delivered upon exercise of Exchange Rights shall be transferred or delivered with full title guarantee and free from any and all security interests or other adverse interests.

(b) *Adjustments to the Exchange Property*

If at any time any event occurs which may result in any change in composition of the Exchange Property pursuant to paragraphs (i) to (iii) below the Issuer shall consult with the Calculation Agent, and the Calculation Agent shall in good faith determine, on behalf of and at the expense of the Issuer (failing whom the Guarantor), the appropriate adjustment (if any) to be made to the Exchange Property in accordance with the provisions of paragraphs (i) to (iii) below.

(i) *Sub-division, Consolidation or Redenomination*

If any Relevant Securities comprising the Exchange Property shall be sub-divided or consolidated, re-classified or re-denominated or in any other manner have their par value changed (“**Sub-division, Consolidation or Redenomination**”) then the securities resulting from such Consolidation, Sub-division or Redenomination so far as attributable to the Exchange Property, shall be included in the Exchange Property upon receipt by the Guarantor of such securities.

(ii) *Rights Issues*

If further Relevant Securities or other securities, or options, warrants or rights to subscribe or purchase further Relevant Securities (or any of them) or other securities, shall be offered by way of rights to holders of Relevant Securities (or any of them) (a “**Rights Issue**”), then (provided that such rights are capable of being publicly traded under applicable law and/or the terms of the Rights Issue), such adjustment (if any) shall be made to the Exchange Property as determined by the Issuer acting in good faith (following consultation with an Independent Adviser) by way of an addition of further Relevant Securities of the class in respect of which the relevant Rights Issue is made in an amount corresponding to the value of the relevant rights that is capable of being monetised, taking into account such factors and parameters as the Issuer may determine to be fair and appropriate to compensate Bondholders for the dilutive effect of such rights issue, including volatility, liquidity and trading prices of the relevant rights and the Relevant Securities. The relevant addition to the Exchange Property shall be effective on such date as shall be determined by the Issuer to be appropriate.

If such rights are not capable of being publicly traded under applicable law and/or the terms of the Rights Issue, the relevant rights shall not form part of the Exchange Property and no adjustment shall be made to the Exchange Property in respect thereof.

(iii) *Bonus Issues, Capital Distributions, Reorganisations and Payments*

If any of the following events occurs (each a “**Relevant Event**”):

- (A) Relevant Securities or other securities (other than rights issued to holders of Relevant Securities pursuant to paragraph (ii) above) are issued credited as fully paid to holders of Relevant Securities comprised in the Exchange Property by way of capitalisation of profits or reserves or otherwise by virtue of being holders of Relevant Securities; or
- (B) any Capital Distribution is paid or made in respect of any Shares or Equity Share Capital comprised in the Exchange Property; or

- (C) subject to Condition 7(g)(B) a Relevant Company (or any person on behalf of or at the direction or request of a Relevant Company) purchases or redeems any Relevant Securities of a class comprised in the Exchange Property; or
- (D) pursuant to any scheme of arrangement, reorganisation, amalgamation, reconstruction, merger, demerger or any like or similar event of any company or companies (whether or not involving liquidation or dissolution), any further Relevant Securities or other securities, property or assets (including cash) are issued, distributed or otherwise made available to holders of Relevant Securities or other securities of a class comprised in the Exchange Property, or
- (E) any cash amount is paid or distributed in whatever manner (including by way of payment of interest, distribution, dividend, repayment of principal or capital or redemption monies) or any securities or other property is distributed, issued, transferred or delivered in whatever manner, in each case in respect of any Relevant Securities or other property or assets (other than Shares or Equity Share Capital) comprised in the Exchange Property,

then (other than where the Relevant Event is determined to constitute a Cash Dividend pursuant to paragraph (a) or (b) of the definition of “Dividend”) the further Relevant Securities, securities or other property or assets (including cash amounts) received in relation to the Relevant Event, so far as attributable to the Exchange Property or, as the case may be, the relevant Capital Distribution in respect of the Shares or Equity Share Capital comprised in the Exchange Property, shall be included as part of the Exchange Property at such time as such Relevant Securities, securities or other property or assets would in the ordinary course be received by a holder of such Relevant Securities.

(c) *Notice of Change in Exchange Property*

The Issuer shall give notice to the Bondholders in accordance with Condition 16 and to the Fiscal Agent of any change in composition of the Exchange Property as soon as reasonably practicable following such change, and such notice shall include details of the Exchange Property to which the holder of €100,000 principal amount of Bonds would be entitled upon exercise of the Exchange Right in respect of such Bond following such change.

(d) *Reduction of the Exchange Property*

Upon delivery of Exchange Property to the relevant Bondholder and/or payment of the Cash Alternative Amount or upon redemption of the Bonds, the *pro rata* share of the Exchange Property or the relevant part thereof attributable to each relevant Bond shall cease to be part of the Exchange Property and the Exchange Property shall be reduced accordingly.

(e) *Purchase of Equity Share Capital etc.*

If at any time Equity Share Capital is comprised in the Exchange Property and any cash amount or securities or other property is comprised in or is to be added to and form part of the Exchange Property pursuant to these Conditions (other than (i) any Equity Share Capital or (ii) as included in the Offer Consideration under Condition 8) before the Exchange Rights lapse, then (i) such cash amount shall be applied, and, following consultation with the Calculation Agent, such securities or other property shall be sold in good faith on an arm’s length basis by a reputable independent broker or investment bank with appropriate expertise selected by the Issuer and the proceeds of such sale (net of any costs and expenses incurred in connection with such sale and of any applicable stamp, transfer, registration or

similar taxes or duties) shall be applied, by the Issuer as soon as reasonably practicable and to the extent possible in purchasing additional Equity Share Capital of the class then comprised in the Exchange Property (and where at the relevant time the Exchange Property comprises more than one class of Equity Share Capital, in purchasing, on a *pro rata* basis further Equity Share Capital of each such class), provided that (ii) if such purchase is not made within 10 London business days following receipt of the relevant cash amount or securities or other property as aforesaid, then there shall be deemed to be added to and form part of the Exchange Property such additional Equity Share Capital of the class or classes then comprised in the Exchange Property as aforesaid as is determined by the Calculation Agent by dividing (x) the Fair Market Value of such cash amount or other property as at the Trading Day immediately following the date on which the relevant cash amount or securities or other property would otherwise be added to the Exchange Property pursuant to these Conditions by (y) the Fair Market Value of the relevant Equity Share Capital as at the first Trading Day immediately following the first day on which the Fair Market Value of such cash amount or securities or other property can be determined as aforesaid. Any such additional Equity Share Capital shall be added to and form part of the Exchange Property.

If any cash amount is to be added to and form part of the Exchange Property in circumstances where the Exchange Property comprises solely cash, such cash amount (converted, if necessary, into euro at the Prevailing Rate prevailing on the date of receipt of such cash amount) shall be or as the case may be, shall be added to the Exchange Property and thereafter the Exchange Property shall comprise and remain solely cash. No interest shall accrue on or in respect of any such cash amount.

(f) Voting Rights etc.

Bondholders shall have no voting rights in respect of the Shares or any other part of the Exchange Property prior to their delivery or transfer to the relevant Bondholder (or as it may direct) upon exercise of Exchange Rights.

The Issuer or the Guarantor is entitled to exercise voting rights in respect of any Shares and other Relevant Securities that may held by it and to make any election to which it may be entitled in respect of any such Shares and other Relevant Securities, and in so doing, is not obliged to take account of the interests of the Bondholders and accordingly the Issuer or the Guarantor may act in a manner in connection therewith which is contrary to the interests of the Bondholders.

(g) Maintenance of Exchange Property

Exchange Rights are not exercisable in respect of any property comprising Exchange Property from time to time and no Exchange Property has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Issuer's obligations in respect of the Exchange Rights. At any time the Issuer or the Guarantor may or may not be the owner of the whole or any part of the property comprising Exchange Property from time to time and neither the Issuer nor the Guarantor is under any obligation to hold any Exchange Property and may sell or otherwise dispose of the same or take any action or exercise any rights or options in respect of the same at any time. The composition of the Exchange Property may change as a result of the operation of the Conditions.

The arrangements described herein in relation to the Exchange Property do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds or to secure performance of the Exchange Rights thereunder.

Accordingly, if the Issuer or the Guarantor at any time holds any property comprising Exchange Property from time to time and the Issuer or the Guarantor is or becomes insolvent, bankrupt or in

liquidation, such Exchange Property will form part of the assets of the Issuer or the Guarantor, as the case may be, available on a pari passu basis to all its unsecured creditors.

- (A) *Ownership of Exchange Property:* At any particular time, the Issuer or the Guarantor may or may not hold or be the beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. However, these Conditions shall be read and construed as though at all times the Issuer were the holder and beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. Accordingly (whether or not the Issuer or the Guarantor shall hold or be the beneficial owner of any Exchange Property), subject as provided in (B), for the purposes of determining whether and to what extent any adjustment should be made to the Exchange Property at any time, for the purposes of these Conditions, the Issuer shall be deemed to be entitled to receive such further or other Relevant Securities, securities, property or assets including cash and/or consideration on the date the Issuer would have been entitled to receive the same, and to make any relevant elections in respect thereof or relating thereto, as it would have been entitled to receive and or make had it at all relevant times been the holder and beneficial owner of sufficient Exchange Property to satisfy exercise of Exchange Rights or otherwise required to be delivered pursuant to these Conditions in respect of all outstanding Bonds, and references in these Conditions to the Exchange Property being adjusted shall be construed accordingly. In particular (and without limitation):
- (i) *Realisation Proceeds:* If at any time when the Realisation Proceeds of any property are to be determined, such determination shall be made as if (whether or not such is the case) the Issuer had at the relevant time been the holder and beneficial owner of sufficient Exchange Property and in any such case had sold the relevant property as provided in these Conditions;
 - (ii) *Time or date of receipt:* any reference in the Fiscal Agency Agreement or these Conditions to the time or date of receipt by the Issuer of any property or assets shall be construed as a reference to the time at, or date on, which the Issuer receives or, if it does not hold the relevant Exchange Property at the relevant time, would otherwise have received or would have first been entitled to receive the same had it been the holder of the relevant Exchange Property; and
 - (iii) *Offers:* for the purposes of Condition 8, the Issuer shall be entitled to elect to be treated as accepting (including as to any alternative consideration) or (unless the Relevant Securities are subject to compulsory acquisition) rejecting such Offer in respect of the Relevant Securities the subject of such Offer and subject to the provisions of Condition 8 (whether or not it accepts or rejects such Offer or accepts the same alternative consideration in respect of any Relevant Securities held by it).
- (B) *Purchase or Redemption of Relevant Securities:* Condition 7(b)(iii)(C) shall be disregarded unless after the occurrence of the Relevant Event the total outstanding Relevant Securities are less than the number required to be comprised in the Exchange Property, in which case to the extent of such shortfall, the Issuer shall be treated as if it were the holder and beneficial owner of such Relevant Securities and the provisions of Condition 7(b)(iii)(C) shall apply accordingly in respect of the number of Relevant Securities representing such shortfall.

(h) *Other Adjustments to the Exchange Property and Contemporaneous Events*

If, having first consulted with the Calculation Agent, the Issuer determines that:

- (i) an adjustment should be made to the Exchange Property as a result of one or more events or circumstances not referred to in Condition 7(b)(i), 7(b)(ii) or 7(b)(iii), even if the relevant event is or circumstances are specifically excluded from the operation of Condition 7(b)(i), 7(b)(ii) or 7(b)(iii); or
- (ii) more than one event which gives rise or may give rise to an adjustment to the Exchange Property has occurred or will occur within such a short period of time that a modification to the operation of the adjustment provisions is required in order to give the intended result; or
- (iii) one event which gives rise or may give rise to more than one adjustment to the Exchange Property has occurred or will occur such that a modification to the operation of the adjustment provisions is required in order to give the intended result,

the Issuer shall, at its own expense, request an Independent Adviser to determine as soon as practicable what adjustment (if any) to the Exchange Property is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination the Issuer shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination provided that such adjustment shall result in an increase to the Exchange Property.

(i) *Decision of an Independent Adviser or the Calculation Agent*

Any calculation or determination performed or matter or (in the case of the Independent Adviser) opinion considered, by the Calculation Agent or an Independent Adviser, as the case may be, for the purposes of these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Guarantor, the Bondholders and the Paying and Exchange Agents. The Calculation Agent may consult, at the expense of the Issuer (failing whom the Guarantor), on any matter, obtain the advice or engage the services of any lawyers, accountants, investment banks or other experts whose advice or services the Calculation Agent may, acting properly, deem necessary, and the Calculation Agent shall be able to rely upon, and shall not be liable and shall incur no liability as against the Issuer, the Guarantor or the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with, any written opinion so obtained. The Calculation Agent is acting exclusively as an agent for and upon the request from the Issuer and the Guarantor, and in accordance with the Conditions, and will not thereby assume any relationship of agency or trust with, and shall not incur any liability as against, the Bondholders. The Calculation Agent shall not be under any duty to monitor whether any event or circumstance has happened or exists or may happen or exist and which requires or may require an adjustment to be made to the Exchange Property and will not be responsible or liable to any person for any loss arising from any failure by it to do so.

If any doubt shall arise as to whether an adjustment falls to be made to the Exchange Property, or as to the appropriate adjustment to the Exchange Property, or as to when such adjustment shall take effect or be deemed to have taken effect, and following consultation between the Issuer and an Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on the Issuer, the Guarantor, the Bondholders and the Paying and Exchange Agents, save in the case of manifest error.

8 General Offers

(a) *Acceptance of Offers*

In the event of an Offer for any Equity Shares of a class comprised in the Exchange Property, the Issuer shall have absolute discretion to accept such Offer (and as to any alternative consideration) or reject such Offer, provided that the Issuer will not accept such Offer (a) prior to the Specified Date or (b) unless the value of the consideration offered for such Equity Shares pursuant to the Offer or, where there is any alternative consideration, unless the value of the consideration accepted by the Issuer, is equal to or greater than the value of such Equity Shares.

For the avoidance of doubt, (i) the Issuer may announce its intention to accept any Offer prior to the Specified Date, and (ii) if there is more than one simultaneous Offer, the Issuer may accept any such Offer (including the Offer which includes the lowest consideration) or none of such Offers.

The value of such Equity Shares and the value of any consideration will be determined by an Independent Adviser by reference to market values, where applicable, and such other considerations as the Independent Adviser shall, acting properly, consider appropriate.

The Issuer will not accept any Offer in respect of such part of the Exchange Property which would (disregarding for this purpose any Cash Election or any Disruption Event) be deliverable to those Bondholders who have exercised Exchange Rights in respect of Bonds where the relevant Exchange Date falls prior to the commencement of any Suspension Period.

Save as otherwise provided in this Condition 8(a), the Issuer shall at all times be entitled at its discretion, in relation to any shares or other securities owned or controlled by it or in respect of which it is entitled to exercise voting rights, to vote on, exercise its rights in respect of, or otherwise participate in (or in any such case refrain from doing so), any scheme of arrangement, reorganisation, amalgamation, merger, demerger or reconstruction of any company or companies or other entity or entities (whether or not involving liquidation or dissolution) as it thinks fit.

The Issuer shall give notice to the Bondholders in accordance with Condition 16 and to the Fiscal Agent as soon as practicable upon becoming aware of the existence of any Offer.

In accepting or rejecting any Offer or electing for any alternative consideration or in voting on, exercising its rights in respect of, or otherwise participating in, any scheme of arrangement, compromise, reorganisation, amalgamation, merger, demerger or reconstruction, the Issuer is not obliged to take account of the interests of the Bondholders and accordingly the Issuer may act in a manner which is contrary to the best interests of the Bondholders.

(b) *Adjustment to Exchange Property*

If the Issuer accepts such Offer and the Offer becomes unconditional in all respects (or if all the Equity Shares not tendered in relation to the relevant Offer are subject to compulsory acquisition) then, and in relation to each Bond for which the Exchange Date has not occurred prior to the Final Acceptance Date, with effect from the Offer Consideration Date, the Equity Shares the subject of such Offer or compulsory acquisition shall be deemed no longer to form part of the Exchange Property and shall be deemed to be replaced by the consideration in respect of the Equity Shares under the Offer or pursuant to such compulsory acquisition or, if there is alternative consideration, such consideration as the Issuer may elect for the purposes of these Conditions, and if the Issuer shall fail to make such election by not later than five London business days prior to the Final Date in respect of the relevant Offer, that consideration as shall be determined by an Independent Adviser to have the greatest value (the “**Offer Consideration**”).

(c) ***Suspension of Exchange Rights***

The Exchange Rights shall be suspended during the period from and including (i) the Specified Date until the relevant Offer is withdrawn or the relevant Offer lapses or the Final Acceptance Date or, if earlier, until the Final Date and (ii) the date any vote is cast in relation to any applicable scheme referred to in this Condition, which is approved by the required majority, until the same is approved or rejected by any relevant judicial or other authority or otherwise is or becomes or is declared to be effective or the like.

If the Issuer accepts the relevant Offer and the Offer is or becomes unconditional in all respects, Exchange Rights will also be suspended during the period from the Final Acceptance Date, or if earlier, the Final Date until the Offer Consideration Date.

The period during which Exchange Rights are suspended pursuant to this Condition 8(c) is referred to as the “**Suspension Period**”.

Notice of any such Suspension Period (including the commencement and termination thereof) will be given by the Issuer to the Bondholders in accordance with Condition 16 and to the Fiscal Agent.

If Exchange Rights are exercised such that the relevant Exchange Date would otherwise fall in the Suspension Period, such exercise shall be null and void.

(d) ***Premium Compensation Amount***

If the Offer Consideration in relation to an Offer in respect of Equity Shares comprised in the Exchange Property consists wholly or partly of cash or other property (other than Eligible Equity Shares), such cash or such other property shall be added to and form part of the Exchange Property and if the Exchange Date in respect of any Bond falls after the Offer Consideration Date, then the relevant Bondholder shall be entitled to receive, in addition to the relevant *pro rata* share of the Exchange Property pursuant to Condition 6 (and/or, as appropriate, any Cash Alternative Amount), an amount (the “**Premium Compensation Amount**”) in respect of each €100,000 principal amount of Bonds surrendered for exchange calculated by the Calculation Agent in accordance with the following formula:

$$PC = K^2 * (\text{Principal} - IP) * (T/C) * (CB/(CB+CS))$$

Where:

PC	=	Premium Compensation Amount per Bond
K	=	the lesser of (a) IP/MP and (b) MP/IP
Principal	=	€100,000
IP	=	€71,429.36
CB	=	the Offered Cash Amount
CS	=	the Offered Property Value
MP	=	the Value of the <i>pro rata</i> share of the Exchange Property in respect of a Bond in the principal amount of €100,000 on the Final Acceptance Date
C	=	2556, being the number of days from (but excluding) the Closing Date to (and including) the Final Maturity Date
T	=	the number of days from (but excluding) the Final Acceptance Date to (and including) the Final Maturity Date (which shall be zero if the Final Acceptance Date occurs after

such date)

Any Premium Compensation Amount payable on exercise of Exchange Rights shall be paid by not later than the relevant Settlement Date by transfer to a euro account with a bank in a city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Exchange Notice.

(e) ***Subsequent Offers***

The provisions of this Condition 8 shall apply *mutatis mutandis* to any subsequent Offer, with the result that such Bondholder may become entitled to receive more than one Premium Compensation Amount.

(f) ***Self tenders***

If a tender or other offer is made by or on behalf of the issuer of any Relevant Securities comprised in the Exchange Property (or any person associated with such issuer) to purchase or otherwise acquire, redeem or exchange such Relevant Securities, then for the purposes of these Conditions and for the determination of the composition of the Exchange Property for the purposes of these Conditions only, neither the Issuer nor the Guarantor shall tender or be entitled to be treated as having tendered any such Relevant Securities which are comprised in the Exchange Property or be treated as having accepted any such offer in respect thereof or vote in respect of any such Relevant Securities in relation to any such tender or other offer, nor shall the Issuer or the Guarantor exercise or be treated as having exercised any option which it may have in connection therewith or otherwise to require the redemption or repayment of such Relevant Securities.

(g) ***Definitions***

As used in these Conditions:

“**All Cash Offer**” means an Offer where the consideration comprises consideration that is not Eligible Equity Shares;

“**All Property Offer**” means an Offer where the consideration is Eligible Equity Shares;

“**EEA Regulated Market**” means a market as defined by Article 4.1(14) of Directive 2004/39 EC of the European Parliament and of the Council on Markets in Financial Instruments;

“**Eligible Equity Shares**” means Equity Share Capital of the offeror provided that, (i) the offeror is a limited liability company (or equivalent) incorporated in or established under the laws of a European Union member state, a state within the European Economic Area or an OECD member state; and (ii) such Equity Share Capital is listed and admitted to trading on an EEA Regulated Market or on a regulated, regularly operating, internationally recognised stock exchange in an OECD member state; and (iii) the Equity Share Free Float in respect of such Equity Share Capital shall have been not less than 20 per cent. of the issued and outstanding Equity Share Capital on each of the 30 consecutive Trading Days ending on and including the Final Date;

“**Equity Share Capital**” and “**Equity Shares**” have the meaning provided in Condition 4;

“**Equity Share Free Float**” means, in respect of any Equity Shares, the aggregate number of such Equity Shares held by (i) investment trusts or funds, collective investment schemes, trusts or funds or pension funds; and (ii) persons that own (together with any other person or persons with whom they act in concert, as defined in the Austrian Takeover Act) Equity Shares representing less than 10 per cent. of the total number of such Equity Shares issued and outstanding, as determined by an Independent Adviser acting reasonably and in good faith, in consultation with the Issuer. For these

purposes (a) references to “Equity Shares” shall include Equity Shares represented by depositary or other receipts or certificates representing Equity Shares; (ii) Equity Shares held by or on behalf of a depositary or custodian or similar person in respect of any such depositary or other receipts of certificates representing Equity Shares from time to time shall be treated as being held by the holder of the relevant depositary or other receipts or certificates and not by such depositary, custodian or similar person; and (iii) Equity Shares held by or on behalf of the issuer of such Equity Shares or any subsidiary of such issuer or any person acting in concert with such issuer shall be treated as not constituting part of the Equity Share Free Float;

“**Final Acceptance Date**” means, in respect of any Offer, the final date for acceptance of such Offer which, if such Offer is extended prior to becoming unconditional, shall be the final date for acceptance of the extended Offer (but, if such Offer is or becomes unconditional, disregarding any additional or further period during which such Offer is open for acceptance);

“**Final Date**” means, in relation to any Offer, the date the Offer becomes or is declared unconditional in all respects;

“**Offer**” means an offer to the holders of any Equity Shares of a class comprised in the Exchange Property, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to all holders of the applicable Equity Shares (or all or substantially all such holders other than any holder to whom such offer may not be extended pursuant to applicable securities or other laws or who is, or is connected with, or is deemed to be acting in concert with, the person making such offer or to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any stock exchange in any territory, it is determined not to make such an offer);

“**Offer Consideration Date**” means, in relation to any Offer (or compulsory acquisition), the date upon which the Offer Consideration is made available to the holders of the relevant Equity Shares;

“**Offered Cash Amount**” means the Fair Market Value of the cash amount as at the Final Date comprising the whole or part of the Offer Consideration for one Relevant Security in the Offer (other than cash paid in respect of fractional entitlements to the Offered Property) provided that if the Offered Property comprises securities or property other than Eligible Equity Shares, such securities or property will be deemed, for the purpose of this definition to form part of the Offered Cash Amount in an amount equal to their Fair Market Value at the close of business on the Final Date;

“**Offered Property**” means the number of Eligible Equity Shares (including fractions) comprised in the Offer Consideration relating to the relevant Offer for one Equity Share;

“**Offered Property Value**” means the Fair Market Value of the Offered Property at the close of business on the Final Date. In the case of an Offer the Offer Consideration in respect of which is entirely an Offered Cash Amount, the Offered Property Value shall be zero; and

“**Specified Date**” means, in relation to any Offer, five Trading Days prior to the Final Acceptance Date.

9 Undertakings

- (a) The Issuer undertakes to make or cause to be made an application for the Bonds to be admitted to trading on any recognised stock exchange (within the meaning of section 1005 of the United Kingdom Income tax Act 2007) as the Issuer may determine (the “**Admission**”) within six months following the Closing Date and to maintain such Admission for so long as any of the Bonds remain outstanding.

- (b) The Issuer and the Guarantor each undertakes to obtain and/or maintain all applicable consents and approvals which are required for the performance of its respective obligations under the Bonds and the Guarantee.
- (c) Where these Conditions require or contemplate a sale of any property or assets to be made or procured to be made by the Issuer and/or the Guarantor, the Issuer and/or the Guarantor shall procure that the relevant sale is made as soon as reasonably practicable and in any event, if a payment calculated by reference to any such sale (including payment of the Realisation Proceeds) is to be made pursuant to these Conditions, in such time to enable the relevant payment to be made by the time specified in these Conditions.
- (d) If the appointment of an Independent Adviser is required by these Conditions or if these Conditions relate to any matter to be determined by an Independent Adviser, the Issuer shall procure that the relevant appointment is made as soon as practicable and, in any event, in time to enable the proper operation of the relevant provisions of these Conditions.
- (e) Within 14 days following the occurrence of a Free Float Event, the Issuer shall give notice thereof to the Bondholders in accordance with Condition 16 and to the Fiscal Agent (a “**Free Float Event Notice**”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 10(c).

The Free Float Event Notice shall also specify:

- (i) the Value of the *pro rata* share of the Exchange Property attributable to each €100,000 principal amount of the Bonds as at the last practicable date prior to the publication of the Free Float Event Notice;
- (ii) the last day of the Put Period; and
- (iii) the Put Date.

Neither the Paying and Exchange Agents, the Registrar, the Transfer Agent nor the Calculation Agent shall be required to take any steps to ascertain whether any Free Float Event or any event which could lead to a Free Float Event has occurred or may occur and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure or delay by it to do so.

10 Redemption and Purchase

(a) *Final Redemption*

Unless previously exchanged or redeemed, the Bonds will be redeemed at their principal amount on the Final Maturity Date.

The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 10(b).

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

The Bonds may be redeemed at the option of the Issuer in whole, but not in part at any time:

- (i) at their principal amount together with accrued interest to the relevant date fixed for redemption if, prior to the date on which the relevant notice of redemption is given Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 75 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds); or

- (ii) at their principal amount together with accrued interest to the relevant date fixed for redemption in the period commencing on an Offer Consideration Date and ending 30 days thereafter if, following the relevant Offer, the Exchange Property consists wholly of cash; or
- (iii) at any time on or after 25 August 2021 (the “**First Call Date**”), provided that the Value of the *pro rata* share of the Exchange Property attributable to each €100,000 in principal amount of Bonds on each of not less than 20 Trading Days in any period of 30 consecutive Trading Days ending not earlier than the seventh Trading Day prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have exceeded €130,000, as verified by the Calculation Agent upon request by the Issuer.

In order to exercise such option the Issuer shall give not less than 30 nor more than 45 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders in accordance with Condition 16 specifying the date for redemption (the “**Optional Redemption Date**”).

Any Optional Redemption Notice shall be irrevocable.

On the Optional Redemption Date, the Issuer shall redeem the Bonds at their principal amount together with accrued interest to the relevant Optional Redemption Date.

Any Optional Redemption Notice shall specify (i) the Optional Redemption Date, which shall be a TARGET Business Day, (ii) the last day on which Exchange Rights may be exercised by a Bondholder and (iii) the Value of the *pro rata* share of the Exchange Property attributable to each €100,000 principal amount of the Bonds as at the most recent practicable date prior to the giving of the relevant Optional Redemption Notice.

(c) *Redemption at the Option of the Bondholders*

Following the occurrence of a Free Float Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Put Date at its principal amount, together with accrued and unpaid interest to such date. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying and Exchange Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying and Exchange Agent (a “**Put Exercise Notice**”), at any time during the Put Period. The “**Put Date**” shall be the 14th calendar day after the expiry of the Put Period (or if that is not a TARGET Business Day, the next following TARGET Business Day).

Payment in respect of any such Bond shall be made by transfer to a euro account with a bank in a city in which banks have access to the TARGET System as specified by the relevant Bondholder in the relevant Put Exercise Notice.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Put Exercise Notices delivered as aforesaid on the Put Date.

(d) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 10, the first of such notices to be given shall prevail.

(e) *Purchase*

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Bonds in the open market or otherwise at any price.

(f) Cancellation

Bonds purchased by the Issuer, the Guarantor or any of their respective subsidiaries may be held, re-issued (in the case of the Issuer) or sold or cancelled. All Bonds redeemed or exchanged will be cancelled and may not be re-issued or resold.

11 Payments

(a) Principal and Interest

Payment of principal in respect of the Bonds (other than pursuant to Condition 10(c)), payment of accrued interest payable on a redemption of the Bonds (other than pursuant to Condition 10(c)) and payment of any interest due on an Interest Payment Date in respect of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date.

Payment of all other amounts will be made as provided in these Conditions.

(b) Method of Payment

Each payment referred to in Condition 11(a) will be made in euro by transfer to a euro account with a bank in a city in which banks have access to the TARGET System specified by the relevant Bondholder.

(c) Record Date

“**Record Date**” means the seventh business day, in the place of the specified office of the Registrar, before the due date for the relevant payment.

All payments in respect of Bonds represented by a Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

(d) Agents

The names of the initial Paying and Exchange Agents, the Transfer Agent and the Registrar and their initial specified offices are set out below. The Issuer reserves the right under the Fiscal Agency Agreement at any time to remove any Paying and Exchange Agent, the Transfer Agent, the Registrar or the Calculation Agent, and to appoint other or further Paying and Exchange Agents or another Calculation Agent, Transfer Agent or Registrar, provided that it will at all times (i) maintain a Fiscal Agent, a Transfer Agent and a Registrar, (ii) maintain a Calculation Agent which shall be a financial institution of international repute or a financial adviser with appropriate expertise and (iii) maintain Paying and Exchange Agents having specified offices in (1) London and (2) any place required by the rules of any relevant stock exchange if and for so long as the Bonds are listed or admitted to trading on any stock exchange or admitted to listing by any other relevant authority for which the rules require the appointment of a Paying and Exchange Agent in any particular place. Notice of any such removal or appointment and of any change in the specified office of any Paying and Exchange Agent, the Transfer Agent, the Calculation Agent or the Registrar will be given as soon as practicable to Bondholders in accordance with Condition 16.

(e) Payments subject to fiscal laws

All payments in respect of the Bonds are subject in all cases (i) to any applicable fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to Condition 12 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, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof (“**FATCA**”) or any law implementing an intergovernmental approach to FATCA.

(f) Fractions

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest such unit.

(g) Delay in payment

Bondholders will not be entitled to any interest or other payment for any further delay after the due date in receiving any amount due:

- (i) as a result of the due date not being a business day; or
- (ii) if the relevant Bondholder is late in surrendering the relevant Bond (where such surrender is required pursuant to these Conditions as a precondition to payment).

In this Condition 11(g) “**business day**” means a day (other than a Saturday or Sunday) which is an TARGET Business Day and (where surrender of the relevant Bond is required pursuant to these Conditions as a precondition to payment) and which is a business day in the place of the specified office of the Paying and Exchange Agent to whom the relevant Bond is surrendered.

12 Taxation

All payments in respect of the Bonds and the Guarantee by or on behalf of the Issuer or the Guarantor shall be made subject to and after any withholding or deduction required by law for or on account of, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by, in the case of the Issuer, the Duchy of Luxembourg, or in the case of the Guarantor, the United Kingdom or in each case any political subdivision or any authority thereof or therein having power to tax. Neither the Issuer nor the Guarantor will be required to pay any additional or further amounts to Bondholders in respect thereof.

13 Events of Default

If any of the following events (each an “**Event of Default**”) occurs and is continuing:

- (i) **Non delivery/payment:** the Issuer fails to pay any amount of interest, principal or other amount (including any Cash Alternative Amount) in respect of the Bonds on the due date for payment thereof, and such default continues for a period of 30 days (in respect of interest) or 10 days (in respect of principal or any other amount) from the due date for payment thereof; or
- (ii) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Fiscal Agency Agreement (other than an obligation a default in whose performance or whose breach is elsewhere in this Condition 13 specifically dealt with) or the Guarantor defaults in the performance or observance of any of its obligations under or in respect of the Deed of Guarantee and such default continues for a period of 60 days after there has been given, by registered or certified mail, to the Issuer or the Guarantor, as the case may be, by the holders of at least 25 per cent. in aggregate principal amount of the Bond, a written notice specifying such default or breach and requiring it to be remedied (provided that a failure by the Issuer to deliver

Exchange Property shall not constitute an Event of Default provided that payment of the relevant Cash Alternative Amount is made in accordance with Condition 6(c));

- (iii) **Issuer Winding-up:** any order is made by any component court or any resolution passed for the winding-up or dissolution of the Issuer (including, without limitation, the opening of any bankruptcy (*faillite*), insolvency, voluntary or judicial liquidation, (*insolvabilité, liquidation volontaire or judiciaire*), composition with creditors (*concordat préventif de faillite*), reprieve from payment (*sursis de paiement*), controlled management (*gestion contrôlée*), fraudulent conveyance (*actio pauliana*), general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) or the appointment of a receiver of the Issuer (including, without limitation, the appointment of any receiver (*curateur*), liquidator (*liquidateur*), auditor (*commissaire*), verifier (*expert vérificateur, juge délégué or juge commissaire*) save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement; or
- (iv) **Guarantor Insolvency:**
 - (A) the entry of a decree or order for relief in respect of the Guarantor by a court having jurisdiction in the premises in an involuntary case under the United Kingdom bankruptcy laws, as now or hereafter constituted, or any other applicable United Kingdom bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Guarantor or of the whole or substantially the whole of its property, or ordering the winding-up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or
 - (B) the commencement by the Guarantor of a voluntary case under the United Kingdom bankruptcy laws, as now or hereafter constituted, or any other applicable United Kingdom bankruptcy, insolvency or other similar law, or the consent by it to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Guarantor or of the whole or substantially the whole of its property, or the making by the Guarantor of an assignment for the benefit of its creditors generally, or the admission by the Guarantor in writing of its inability to pay its debts generally as they become due; or
- (v) **Deed of Guarantee:** the Deed of Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.

then the Bonds may, by notice in writing given to the Issuer, the Guarantor and the Fiscal Agent by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds, be declared immediately due and payable whereupon the Bonds shall become immediately due and payable at the Relevant Amount.

“**Relevant Amount**” means, in respect of each €100,000 principal amount of Bonds, an amount equal to such principal amount, together with accrued interest thereon, save that if the relevant Event of Default occurs as a result of or in connection with a failure by the Issuer to comply with any of its obligations in relation to the exercise of Exchange Rights (or a failure by the Guarantor to comply with its corresponding obligations under the Deed of Guarantee), it means an amount equal to the higher of:

- (i) the Value of the *pro rata* share of the Exchange Property and any other amounts which would have been payable and/or deliverable on exchange in respect of such principal amount of Bonds had the date of such declaration been the Exchange Date; and
- (ii) such principal amount, together with accrued and unpaid interest.

References in these Conditions to the principal amount of the Bonds shall, other than in Condition 5 and unless the context otherwise requires, include the Relevant Amount.

14 Prescription

Claims in respect of the principal or interest under the Bonds will become void unless made within 10 years (in the case of the principal amount) and five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

Claims in respect of any other amounts payable in respect of the Bonds will become void unless made within 10 years following the due date for payment thereof.

15 Meetings of Bondholders and Modification

(a) *Meetings of Bondholders*

The Fiscal Agency Agreement contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any provisions of these Conditions. Such a meeting may be convened by the Issuer or the Guarantor and shall be convened by the Issuer or the Guarantor if requested in writing by Bondholders holding not less than one-tenth in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to change the Final Maturity Date or the First Call Date (other than deferring the First Call Date) or any date for payment of interest or any other amount in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Condition 10(b) or (c), (iii) to reduce or cancel the principal amount of, or any interest on, the Bonds or to reduce the amount payable on redemption of the Bonds, (iv) to reduce the rate of interest in respect of the Bonds or to vary the method or basis of calculating the rate of interest or to vary the method or the basis for calculating any other amount payable in respect of the Bonds, (v) to modify the provisions relating to, or cancel the Exchange Rights (other than an increase in the Exchange Property deliverable on exercise of Exchange Rights or an increase in the Cash Alternative Amount), (vi) to change the currency of the denomination or of any payment in respect of the Bonds, (vii) to modify or amend the Guarantee, (viii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (ix) to change the governing law of the Bonds, the Fiscal Agency Agreement or the Deed of Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one-quarter, in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

(b) *Modification of Fiscal Agency Agreement*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders.

16 Notices

All notices regarding the Bonds will be valid if published through the electronic communication system of Bloomberg. The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such notice. If publication as provided above is not practicable, notice will be given by publication in a newspaper of general circulation in London (which is expected to be the *Financial Times*).

The Issuer shall send a copy of all notices given by it to Bondholders pursuant to these Conditions simultaneously to the Calculation Agent.

Notwithstanding the above, for so long as the Bonds are represented by a Global Bond registered in the name of, and held by a nominee on behalf of, a common depository for Euroclear and Clearstream, Luxembourg, notices to Bondholders may be given by the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg as the case may be, and such notices shall be deemed to have been given to Bondholders on the day of delivery to Euroclear and/or Clearstream, Luxembourg.

17 Replacement of Bonds

If any Bond is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Fiscal Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Bonds must be surrendered before replacements will be issued.

18 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures (“**Further Bonds**”) either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first payment of interest on them and the first date on which Exchange Rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to interest, exchange, premium, redemption and otherwise as the Issuer may determine at the time of their issue.

19 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

20 Governing Law and Jurisdiction

(a) *Governing law*

The Fiscal Agency Agreement, the Bonds and the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and the Guarantee and accordingly any legal action or proceedings arising

out of or in connection with the Bonds and the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Agent for Service of Process*

The Issuer irrevocably appoints the Guarantor at its registered office for the time being, currently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB as its agent in England to receive service of process in any Proceedings in England. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Bond contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this document. The following is a summary of certain of those provisions.

1 Form of Bonds

The Bonds are represented by the Global Bond, which is to be registered in the name of a nominee of, and held on behalf of, the Common Depositary. Interests of participants in Euroclear and Clearstream, Luxembourg in the Bonds will be represented by book entries in the records of Euroclear and Clearstream, Luxembourg. Definitive Certificates in respect of book-entry interests in any Bonds will not be issued in exchange for an interest in a Global Bond, except in the very limited circumstances described in the Global Bond.

Title to book-entry interests in the Bonds represented by the Global Bond will pass by book-entry registration of the transfer in the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg.

2 Exchange of the Global Bond

The Global Bond may be exchanged in whole but not in part (free of charge) for definitive Bonds in the form set out in Schedule 2 to the Fiscal Agency Agreement (on the basis that all the appropriate details have been included on the face of such definitive Bonds and the Conditions have been endorsed on or attached to such definitive Bonds) only upon the occurrence of an Exchange Event.

An Exchange Event means:

- (a) an Event of Default (as defined in the Conditions) has occurred and is continuing; or
- (b) the Issuer has been notified that Euroclear and/or Clearstream, Luxembourg, as the case may be, has/have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has/have announced an intention permanently to cease business or has/have in fact done so and no successor clearing system is available; or
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bonds represented by the Global Bond in definitive form.

3 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Bond represented by a Global Bond must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer (or the Guarantor, as the case may be) to the holder of the underlying Bonds, and in relation to all other rights arising under the Global Bond, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Bonds for so long as the Bonds are represented by such Global Bond and such obligations of the Issuer will be discharged by payment to the holder of the underlying Bonds, in respect of each amount so paid.

4 Amendment to Conditions

The Global Bond contains provisions that apply to the Bonds that it represents, some of which modify the effect of the terms and conditions of the Bonds set out in these Listing Particulars. The following is a summary of certain of those provisions:

4.1 Payments

All payments in respect of Bonds represented by a Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

4.2 Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Bond shall (unless the Global Bond represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each €100,000 in principal amount of Bonds. Any accountholder (or the representative of any such person) of a clearing system with an interest in the Bonds (each an “**Accountholder**”) represented by the Global Bond may be allowed to attend and speak (but not to vote) at any meeting of Bondholders on confirmation of entitlement and proof of identity.

4.3 Exchange Rights

Subject to the requirements of Euroclear and Clearstream, the Exchange Rights in respect of Bonds represented by the Global Bond may be exercised by the delivery to or to the order of any Paying and Exchange Agent by or on behalf of an Accountholder of one or more duly completed Exchange Notices (which may be in electronic form and given in accordance with the rules and procedures of the relevant clearing system and need not be signed). The provisions of Condition 6 will otherwise apply.

4.4 Notices

So long as the Global Bond is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices required to be given to holders of Bonds represented by the Global Bond may be given by their being delivered to Euroclear and/or Clearstream, Luxembourg, as the case may be, rather than by publication as required by the Conditions; except that so long as the Bonds are listed on any stock exchange or other relevant authority from time to time, notices shall also be published in a manner which complies with the rules and regulations of such stock exchange or other authority. Any such notice will be deemed to have been given on the day the same has been delivered to the relevant clearing systems.

4.5 Redemption at the Option of the Issuer

The options of the Issuer provided for in Condition 10(b) shall be exercised by the Issuer giving notice to the Accountholders through Euroclear and Clearstream, Luxembourg within the time limits set out in, and containing the information required by Condition 10(b).

4.6 Redemption at the Option of the Bondholders

The options of the Bondholders provided for in Condition 10(c) may be exercised by the holder of the Global Bond delivering to or to the order of the Fiscal Agent within the time limits set out in that Condition one or more duly completed notice(s) of exercise (substantially in the relevant form available from any Paying and Exchange Agent, which may be in electronic form and given in accordance with the rules and procedures of the relevant clearing system).

4.7 Default

If the Global Bond (or any part of it) has become due and repayable in accordance with the Conditions or the Final Maturity Date has occurred and, in either case, payment in full of the amount due has not been made to the Registered Holder (as defined in the Global Bond) in accordance with the provisions set out above on such date, the Global Bond is not duly exchanged for Definitive Certificates by the date provided above, then from 8.00pm (London time) on such date each Bondholder will become entitled to proceed directly against the Issuer on, and subject to, the terms of the Deed of Covenant executed by the Issuer on 21 December 2015 in respect of the Bonds (as the same may be amended, supplemented, novated or restated from time to time, copies of which are available for inspection at the specified office of each Paying and Exchange Agent) and the Registered Holder will have no further rights under the Global Bond, but without prejudice to the rights which the Registered Holder or any other person may have under the Deed of Covenant.

DESCRIPTION OF BUSINESS OF THE ISSUER

See the section entitled "Description of Citigroup Global Markets Funding Luxembourg S.C.A." at pages 162-168 in the Offering Circular, certain sections of which are incorporated by reference into these Listing Particulars as set out in "Documents incorporated by reference" on page 28 of these Listing Particulars, as supplemented below.

Share Capital Structure of the Issuer

The issued share capital of CGMFL is two million and twelve Euro (EUR2,000,012) divided into (a) one (1) share with a nominal value of one Euro (EUR1.-) (*action de commandité*, the "**Unlimited Share**") held by Citigroup Global Markets Funding Luxembourg GP S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of Luxembourg, having its registered office at 31- Z.A. Bourmicht, L-8070 Bertrange, Luxembourg, having a share capital of twelve thousand and five hundred Euro (EUR12,500) and registered with the Register of Trade and Companies of Luxembourg under number B 169.149 (the "**Unlimited Shareholder**") (b) and one million nine hundred ninety-nine thousand nine hundred ninety-nine (1,999,999) shares with a nominal value of one Euro (EUR1.-) each (*actions de commanditaire*, the "**Limited Shares**") held (i) by the Unlimited Shareholder for one (1) Limited Share and (ii) by Citigroup Global Markets Limited ("**CGML**"), a private limited company, incorporated under the laws of the United Kingdom, having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, registration number 1763297 for one million nine hundred ninety-nine thousand nine hundred ninety-eight (1,999,998) Limited Shares (the "**Limited Shareholders**" and together with the Unlimited Shareholder the "**Shareholders**"), (c) one (1) limited preference share with a nominal value of one Euro (EUR1.-) held by CGML, (d) one (1) limited preference share class 2 with a nominal value of one Euro (EUR1.-) held by CGML, (e) one (1) limited preference share class 3 with a nominal value of one Euro (EUR1.-) held by CGML, (f) one (1) limited preference share class 4 with a nominal value of one Euro (EUR1.-) held by CGML, (g) one (1) limited preference share class 5 with a nominal value of one Euro (EUR1.-) held by CGML, (h) one (1) limited preference share class 6 with a nominal value of one Euro (EUR1.-) held by CGML, (i) one (1) limited preference share class 7 with a nominal value of one Euro (EUR1.-) held by CGML, (j) one (1) limited preference share class 8 with a nominal value of one Euro (EUR1.-) held by CGML, (k) one (1) limited preference share class 9 with a nominal value of one Euro (EUR1.-) held by CGML, (l) one (1) limited preference share class 10 with a nominal value of one Euro (EUR1.-) held by CGML, (m) one (1) limited preference share class 11 with a nominal value of one Euro (EUR1.-) held by CGML and (n) one (1) limited preference share class 12 with a nominal value of one Euro (EUR1.-) held by CGML.

Share Capital

CGMFL has a share capital of two million and ten Euro (EUR2,000,012.-), represented by two million and twelve (2,000,012) shares, divided into (i) one million nine hundred ninety-nine thousand nine hundred ninety-nine (1,999,999) Limited Shares, (ii) one (1) Unlimited Share and (iii) one (1) limited preference share, one (1) limited preference share class 2, one (1) limited preference share class 3, one (1) limited preference share class 4, one (1) limited preference share class 5, one (1) limited preference share class 6, one (1) limited preference share class 7, one (1) limited preference share class 8, one (1) limited preference share class 9, one (1) limited preference share class 10, one (1) limited preference share class 11 and one (1) limited preference share class 12 (together the "**Preference Shares**"), each having a nominal value of one Euro (1.-), 500,000 of the limited shares and the unlimited share have been partially paid up and the Preference Shares have been fully paid up, for an amount of one thousand two hundred twenty nine Euro and seventy six cents (EUR1,229.76).

			Limited Shares:	Unlimited Share:	Preference Shares	Subscription Price in Euro
Citigroup Funding Luxembourg GP S.à r.l.	Global Markets		1	-	-	0.25
				1		0.25
Citigroup Limited	Global Markets		1,999,998	-		499,999.50
			-	-	12	1,217.76
Total Shares			1,999,999	1	12	501,229.76
Total Capitalisation			EUR 2,000,012			

DESCRIPTION OF BUSINESS OF THE GUARANTOR

See the section entitled “Description of Citigroup Global Markets Limited” at pages 169-171 in the Offering Circular, certain sections of which are incorporated by reference into these Listing Particulars as set out in “Documents incorporated by reference” on page 28 of these Listing Particulars.

USE OF PROCEEDS

The net proceeds of the issue of the Bonds will be used primarily to grant loans or other forms of funding to the Guarantor and any entity belonging to the same group, and may be used to finance the Issuer itself.

GENERAL INFORMATION

1 Listing and Admission to Trading

Application has been made to the Irish Stock Exchange for the approval of these Listing Particulars as listing particulars. These Listing Particulars constitute listing particulars in respect of the admission of the Bonds to the Official List and to trading on the Global Exchange Market (“**GEM**”), which is the exchange regulated market of the Irish Stock Exchange. The GEM is not a regulated market for the purposes of Directive 2004/39/EC.

The estimated total expenses related to the admission of the Bonds to the Official List and to trading on the GEM are €45,000.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer and the Guarantor in relation to the Bonds and is not itself seeking admission of the Bonds to the Official List or to trading on the GEM.

2 Authorisation

The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds and in connection with the Deed of Guarantee. The issue of the Bonds was authorised by a resolution of the Board of Directors of the Issuer passed on 28 July 2016.

3 Litigation

Neither the Issuer or the Guarantor is involved in, or has been involved in, any governmental, legal or arbitration proceedings that may have had in the twelve months, a significant effect on the financial position or profitability of the Issuer or Guarantor nor, so far as the Issuer or Guarantor is aware, are any such proceedings pending or threatened.

4 Financial and Trading Position

There has been no significant change in the financial or trading position of the Issuer or the Guarantor since 30 June 2016 (the date of the most recently published unaudited interim financial statements of both the Issuer and the Guarantor), and there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor since 31 December 2015.

5 Clearing System

The Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg. The common code and the International Securities Identification Number (ISIN) in relation to the Bonds are, respectively, 146616135 and XS1466161350. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

6 Documents available for inspection

For so long as any Bonds are outstanding, copies of the following documents may be inspected in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the specified office in London of the Fiscal Agent:

- (a) these Listing Particulars;
- (b) the Supplemental Fiscal Agency Agreement (which contains the form of the Global Bond);

- (c) the Deed of Guarantee;
- (d) the Deed of Covenant;
- (e) the articles of incorporation of the Issuer;
- (f) the articles of association of the Guarantor; and
- (g) each of the documents incorporated by reference into these Listing Particulars.

7 Ordinary Share Related Information

The Shares referred to in these Listing Particulars (and the subject of the Exchange Right described in the Conditions) means the fully paid ordinary shares of no par value in the capital of TKA (ISIN: AT0000720008). TKA is a telecommunications provider incorporated in Austria, with its registered office located at Lassallestraße 9, 1020 Vienna, Austria. The principal market for the Shares is the EEA regulated market of the Vienna Stock Exchange (which was founded in 1771 and, for the purposes of which, the Austrian Financial Market Authority is the competent authority). Information about past and further performance of the Shares, daily trading volumes and their historical and daily volatility can be obtained from Bloomberg TKA AV Equity HP. The Vienna Stock Exchange operates Austria's only securities exchange and reported its average total trading volume to be 2.7 million trades per trading day during the first half of 2016. The Shares are available for trading on a continuous basis and accordingly, the price of the Shares are published on a continuous basis.

PRINCIPAL OFFICE OF THE ISSUER

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Germany

CALCULATION AGENT

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