



The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number SC090312)

U.S.\$50,000,000,000 Structured Note Programme

On 12 November 2002, The Royal Bank of Scotland plc (the **Issuer** or **RBS**) established a U.S.\$1,000,000,000 Structured Note Programme, as supplemented and amended (the **Programme**). The Programme size has been periodically increased and on 17 December 2007, it was increased to its current amount of U.S.\$50,000,000,000. Under the Programme the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the **Notes**) denominated in any currency determined by the Issuer. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$50,000,000,000 (or its equivalent in other currencies, subject to increase). This programme document (this **Programme Document**) supersedes and replaces in its entirety the programme document dated 20 March 2013. Save as provided in the applicable Pricing Supplement (as defined below), any Notes issued under the Programme on or after the date of this Programme Document are issued subject to the provisions herein. This does not affect any Notes issued prior to the date of this Programme Document.

The Notes may be issued on a continuing basis to the Dealers specified below and/or any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a **Dealer** and together the **Dealers**).

Application has been made to the Irish Stock Exchange for the Programme Document to be approved. Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for Notes issued under the Programme for the period of 12 months from the date of this Programme Document to be admitted to listing on its official list (the **Official List**) and trading on its Global Exchange Market. References in this Programme Document to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on the Global Exchange Market and have been admitted to the Official List. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). However, Notes may be issued pursuant to the Programme which will not be listed on the Irish Stock Exchange or any other stock exchange. This Programme Document constitutes a base listing particulars for the purpose of listing on the Official List and trading on the Global Exchange Market of the Irish Stock Exchange. Notes may be issued in the form of a Pricing Supplement or, where additional information is required by the listing rules of the Global Exchange Market of Irish Stock Exchange, by means of a drawdown listing particulars.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each issue of Notes will be set forth in a pricing supplement (**Pricing Supplement**) which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Irish Stock Exchange.

The Notes may be in bearer form (**Bearer Notes**) or in registered form (**Registered Notes**).

The Issuer will not be obliged to gross up any payments in respect of any Notes and will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or presentation and surrender for payment of any Note and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Prospective purchasers of Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Issuer, the Trustee (as defined herein) or any Dealer in that regard. See Risk Factors on page 19.

In the event that the Issuer determines in good faith that (i) either the performance of its obligations under a Series (as defined below) of Notes or that any arrangements made to hedge its position under such Notes has or will become unlawful, illegal, or otherwise prohibited in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive or (ii) the performance of its obligations under a Series of Notes or that any arrangements made to hedge its position under such Notes has resulted or will result in the Issuer or any affiliate not being entitled to tax relief in respect of any losses, costs or expenses incurred in connection therewith, the Issuer may, having given notice to Noteholders (which notice shall be irrevocable), redeem all, but not some only, of the Notes of such Series, each Note being redeemed at the Early Redemption Amount, all as further provided in Condition 5(i) (*Illegality*), Condition 5(j) (*Taxation*) and Condition 5(k) (*US Withholding Tax on Dividend Equivalent Payments*) as the case may be.

The Issuer may issue Credit Linked Notes under the Programme where payments or other obligations of the Issuer under the Notes are linked to the credit of a specified entity or entities. Following the occurrence of certain events (which may include, amongst other things, Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as each term is defined in Condition 10 (*Credit Linked Notes*)) in relation to such specified entity(ies) and the satisfaction of other conditions, the Issuer's obligations under the Notes may be replaced by an obligation to pay other amounts calculated by reference to the price (as determined herein) of certain obligations relating to such specified entity(ies) or to deliver such obligations. Payments of principal and interest or any deliveries in respect of any Series of Credit Linked Notes may be restricted upon the occurrence of any Constraint Event (as defined in Condition 10 (*Credit Linked Notes*)) described in the applicable Pricing Supplement. Such event may relate to the imposition of currency or exchange controls in any specified country or to a nationalisation, a hedging disruption, a credit rating downgrade in relation to a specified obligation or any other circumstance as provided in the applicable Pricing Supplement. The Conditions of any Series of Credit Linked Notes may provide that, in any such event, the Issuer shall be entitled to require the Calculation Agent to adjust the Credit Linked Notes or to early redeem the Credit Linked Notes or to postpone payments or deliveries in respect of the Credit Linked Notes so long as the Constraint Event continues provided that if the Constraint Event continues for a period of two years the Credit Linked Notes shall expire worthless and be cancelled. In such event, Noteholders shall have no further recourse against the Issuer in respect of such Credit Linked Notes.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Issuer. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The credit ratings included and referred to in this Programme Document (including documents incorporated by reference herein) have been issued by Standard & Poor's Credit Market Services Europe Limited, Fitch Ratings Limited and Moody's Investors Service Limited, each of which is established in the European Union and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

The Issuer may issue Notes in a form not contemplated by the Conditions herein, in which event (in the case of Notes intended to be listed on the Irish Stock Exchange) a supplementary listing particulars, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer may issue Notes which are clearable through clearing systems other than or in addition to The Depository Trust Company (**DTC**), Euroclear Bank S.A./N.V. (**Euroclear**), Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and the Central Moneymarkets Unit Service (**CMU Service**) including, but not limited to, the dematerialised and uncertificated securities trading system operated by Euroclear UK and Ireland Limited (**CREST**). The relevant provisions will be set out in the applicable Pricing Supplement.

Arranger
The Royal Bank of Scotland

Dealers
The Royal Bank of Scotland
RBS Securities Inc.

The Issuer accepts responsibility for the information contained in this Programme Document. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Programme Document is in accordance with the facts and does not omit anything likely to affect the import of such information. This Programme Document may only be used for the purposes for which it has been published.

The applicable Pricing Supplement will (if applicable) specify the nature of the responsibility taken by the Issuer for the information relating to any underlying equity security, index, debt security, currency, commodity, government bond (or related futures contract), fund, inflation index, certificate or other item(s) (each a Reference Item) to which the relevant Notes relate and which is contained in such Pricing Supplement. However, unless otherwise expressly stated in the Pricing Supplement, any information contained therein relating to a Reference Item will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor, as the case may be, of such Reference Item. The Issuer accepts responsibility for accurately reproducing such extracts or summaries (insofar as it is applicable) and, so far as the Issuer is aware and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Reference Item, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Potential purchasers who are in any doubt as to their tax position may consider consulting their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

U.S. INFORMATION

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES WILL BE OFFERED, SOLD, DELIVERED (IN THE CASE OF BEARER NOTES), PLEDGED AND OTHERWISE TRANSFERABLE ONLY (A) IF WITHIN THE UNITED STATES, TO PERSONS WHO ARE REASONABLY BELIEVED TO BE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) WITHIN THE MEANING OF AND IN RELIANCE UPON THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144A AND (B) OUTSIDE THE UNITED STATES, TO NON-U.S. PERSONS IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (REGULATION S), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION. THE NOTES AND INTERESTS THEREIN WILL BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER. PROSPECTIVE PURCHASERS AND TRANSFEREES ARE HEREBY NOTIFIED THAT SELLERS OF NOTES MAY BE

RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF NOTES AND DISTRIBUTION OF THE PROGRAMME DOCUMENT, SEE “SUBSCRIPTION AND SALE”. EACH INITIAL AND SUBSEQUENT PURCHASER OR TRANSFEREE OF NOTES OFFERED HEREBY IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF SUCH NOTES AND MAY IN CERTAIN CASES BE REQUIRED TO PROVIDE CONFIRMATION OF COMPLIANCE WITH SUCH RESALE OR OTHER TRANSFER RESTRICTIONS. SEE THE INFORMATION SET FORTH IN THIS PROGRAMME DOCUMENT UNDER “SUBSCRIPTION AND SALE”.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE NOTES PURSUANT TO THE PROGRAMME OR THE ACCURACY OR THE ADEQUACY OF THIS PROGRAMME DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

Each person receiving this Programme Document acknowledges that (i) such person has been afforded an opportunity to request from the Issuer and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained herein, (ii) it has not relied on any Dealer or any person affiliated with any Dealer in connection with its investigation of the accuracy and completeness of such information or its investment decision and (iii) no person has been authorized to give any information or to make any representation concerning the Issuer or the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by the Issuer or any Dealer.

AVAILABLE INFORMATION

THE ISSUER HAS AGREED THAT IT WILL, FOR SO LONG AS ANY NOTES ARE “RESTRICTED SECURITIES” AS DEFINED IN RULE 144(A)(3) UNDER THE SECURITIES ACT DURING ANY PERIOD IN WHICH IT IS NEITHER SUBJECT TO SECTION 13 OR 15(D) OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE EXCHANGE ACT) NOR EXEMPT FROM REPORTING PURSUANT TO RULE 12G3-2(B) THEREUNDER, PROVIDE TO ANY HOLDER OR BENEFICIAL OWNER OF SUCH RESTRICTED SECURITIES, OR TO ANY PROSPECTIVE PURCHASER OF SUCH RESTRICTED SECURITIES

DESIGNATED BY SUCH HOLDER OR BENEFICIAL OWNER IN EACH CASE UPON REQUEST BY SUCH HOLDER, BENEFICIAL OWNER OR PROSPECTIVE PURCHASER, THE INFORMATION SPECIFIED IN, AND MEETING THE REQUIREMENTS OF, RULE 144A(D)(4) UNDER THE SECURITIES ACT. ALL INFORMATION MADE AVAILABLE BY THE ISSUER PURSUANT TO THE TERMS OF THIS PARAGRAPH MAY ALSO BE OBTAINED DURING USUAL BUSINESS HOURS FREE OF CHARGE AT THE OFFICE OF THE AGENT.

Notwithstanding anything to the contrary contained herein, each prospective purchaser may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this Programme Document and all materials of any kind that are provided to the prospective purchaser relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation Section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions between the Issuer, the Dealers or their respective representatives and each prospective purchaser regarding the transactions contemplated herein.

By requesting copies of any of the documents referred to in the above paragraph, each such holder, beneficial owner or prospective purchaser (as the case may be) agrees to keep confidential the various documents and all written information clearly labelled “confidential” which from time to time has been or will be disclosed to it concerning the Issuer or any of its affiliates, and agrees not to disclose any portion of the same to any person.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

GENERAL NOTICE

EACH PURCHASER OF NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROGRAMME DOCUMENT AND MUST OBTAIN ANY

CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES OR THE POSSESSION OR DISTRIBUTION OF THIS PROGRAMME DOCUMENT UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES OR IN WHICH IT POSSESSES OR DISTRIBUTES THIS PROGRAMME DOCUMENT, AND NONE OF THE ISSUER, THE ARRANGER OR THE DEALER(S) SPECIFIED HEREIN (INCLUDING THE DIRECTORS, OFFICERS OR EMPLOYEES THEREOF) SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE. INVESTORS MAY NOT TRANSFER OR RESELL THE NOTES EXCEPT AS DESCRIBED IN THIS PROGRAMME DOCUMENT UNDER “SUBSCRIPTION AND SALE” AND AS PERMITTED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAW. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE NOTES FOR AN INDEFINITE PERIOD OF TIME.

The distribution of this Programme Document and the offer or sale of the Notes in certain jurisdictions may be restricted by law. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offering or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Programme Document in any jurisdiction where action is required. Persons into whose possession this Programme Document come are required by the Issuer to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. Bearer Notes are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States or to US persons (as defined in Regulation S) or to, or for the account or benefit of, US persons (as defined in the US Internal Revenue Code of 1980 and the regulations thereunder). Details of selling restrictions for various jurisdictions are set out in the section headed “Subscription and Sale”.

The Notes of each Series to be issued in bearer form (Bearer Notes) will be represented on issue by a temporary global note in bearer form (each, a Temporary Global Note), and will be sold in an “offshore transaction” within the meaning of Regulation S (Regulation S) under the Securities Act. Interests in Temporary Global Notes generally will be exchangeable for interests in permanent global notes (each, a Permanent Global Note and, together with the Temporary Global Notes, the Global Notes), or if so stated in the relevant Pricing Supplement, definitive Bearer Notes (Definitive Bearer Notes), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche upon certification as to non-US beneficial ownership. Interests in Permanent Global Notes will be exchangeable for Definitive Bearer Notes in whole but not in part as described under “Form of Notes”.

The Notes of each Series to be issued in registered form (Registered Notes) and which are sold in an “offshore transaction” within the meaning of Regulation S (Unrestricted Notes), will initially be represented by a permanent registered global certificate (each, an Unrestricted Global Certificate) without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear

and/or Clearstream, Luxembourg or the CMU Service (as the case may be), with a common depository on behalf of Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU Service and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream, Luxembourg or the CMU Service, or delivered outside a clearing system, as agreed between the Issuer and the relevant Dealer. Registered Notes which are sold in the United States to “qualified institutional buyers” (each, a QIB) within the meaning of Rule 144A (Rule 144A) under the Securities Act (Restricted Notes) will initially be represented by a permanent registered global certificate (each, a Restricted Global Certificate and, together with the Unrestricted Global Certificate, the Global Certificates), without interest coupons, which may be deposited on the relevant issue date with a custodian (the Custodian) for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company (DTC). The Notes of any Series may also be issued in the form of definitive registered certificates; however, Restricted Notes represented by a Restricted Global Certificate will only be convertible to definitive notes in certain limited circumstances as further described herein. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Form of Notes”.

FORWARD-LOOKING STATEMENTS

This Programme Document and the documents incorporated by reference herein contain various forward looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Issuer to differ materially from the information presented. When used in such documents, the words “estimate”, “project”, “intend”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to the Issuer are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. Such statements and any other statements other than statements of historical fact constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The Issuer does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

This Programme Document is to be read in conjunction with all documents which are incorporated herein by reference (see Documents Incorporated by Reference on page 36). This Programme Document shall be read and construed on the basis that such documents are so incorporated and form part of this Programme Document.

Each Dealer in relation to any issue of Notes and all other relevant terms relating to the offer of such Notes will be set forth in the applicable Pricing Supplement.

To the fullest extent permitted by law, neither of the Dealers nor the Trustee accept any responsibility for the contents of this Programme Document or for any other statement, made or purported to be made by a Dealer or the Trustee or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Dealer and the Trustee 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 this Programme Document or any such statement.

Subject as provided in the applicable Pricing Supplement, the only persons authorised to use this Programme Document in connection with an offer of Notes are the persons named in the applicable Pricing Supplement as the relevant Dealer.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or which is inconsistent with this Programme Document or any financial statements or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any Dealer or the Trustee.

Neither this Programme Document nor any financial statements or any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any Dealer or the Trustee that any recipient of this Programme Document or any financial statements or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and of the suitability of the relevant Notes as an investment in the light of its own circumstances and financial condition and after due consideration of an investment linked to any Reference Item(s). Neither this Programme Document nor any document incorporated by reference in this Programme Document constitutes an offer or invitation by or on behalf of the Issuer, any Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Document nor the offering, sale or delivery of any Notes shall at any time imply that the information contained in this Programme Document concerning the Issuer is correct at any time subsequent to the date of this Programme Document or that any other information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. Any Dealer and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or any of its subsidiaries during the life of the Programme. Investors should review, inter alia, the most recently published annual report and accounts of the Issuer when deciding whether or not to purchase any Notes.

The Issuer, any Dealer and the Trustee do not represent that this Programme Document may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Pricing Supplement, no action has been taken by the Issuer, any Dealer or the Trustee which is intended to permit a public offering of any Notes or distribution of this Programme Document in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Programme Document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of this Programme Document and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Document or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Document and/or the offer or sale of Notes in the United States of America, the European Economic Area (including the United Kingdom and France), Japan, Switzerland, Hong Kong, The People's Republic of China, The Republic of China, the Republic of Korea and Singapore (see Subscription and Sale on page 303).

All references in this Programme Document to: (i) "euro" refer to the single currency of participating member states which was introduced on 1 January 1999 at the commencement of the third stage of European Economic and Monetary Union pursuant to

the Treaty on European Union, as amended, (ii) “RMB”, “CNY” or “Renminbi” refer to the lawful currency of the PRC, (iii) “Yen” and Japanese Yen refer to the lawful currency of Japan, (iv) “Sterling”, “£” and “pounds” refer to the lawful currency of the United Kingdom and (v) “U.S.\$” and “U.S. dollars” refer to the lawful currency of the United States of America, and all references to “PRC” refer to the People’s Republic of China, which for the purpose of this document, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

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

The Notes of each Tranche may be sold by the Issuer and/or any Dealer at such times and at such prices as the Issuer and/or the Dealer(s) may select. There is no obligation on the Issuer or any Dealer to sell all of the Notes of a Tranche. The Notes may be offered or sold from time to time in one or more transactions, in the over-the-counter market at prevailing market prices or in negotiated transactions, at the discretion of the Issuer. No representation or warranty or other assurance is given as to the number of Notes of a Tranche issued or outstanding at any time.

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE (EITHER ALONE OR WITH THE HELP OF A FINANCIAL ADVISER) THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS PROGRAMME DOCUMENT (INCLUDING ANY SUPPLEMENTS HERETO AND DOCUMENTS INCORPORATED BY REFERENCE HEREIN) AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH IN “RISK FACTORS” BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE PRICING SUPPLEMENT. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE ISSUER, THE TRUSTEE OR ANY DEALER.

AN INVESTMENT IN NOTES LINKED TO ONE OR MORE REFERENCE ITEMS (IF ANY) MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. WHERE THE NOTES ARE REDEEMED BY THE ISSUER BY DELIVERY OF REFERENCE

ITEM(S) THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES (SUCH AS UPON EARLY REDEMPTION IN ACCORDANCE WITH CONDITION 5) BE ZERO. CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE PRICING SUPPLEMENT TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW THE FINAL REDEMPTION AMOUNT AND ANY INTEREST PAYMENTS ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, BEFORE MAKING ANY DECISION TO PURCHASE REFERENCE ITEM LINKED NOTES.

PROSPECTIVE INVESTORS IN REFERENCE ITEM LINKED NOTES SHOULD UNDERSTAND THE RISKS OF TRANSACTIONS INVOLVING SUCH NOTES AND REACH AN INVESTMENT DECISION ONLY AFTER CAREFUL CONSIDERATION, WITH THEIR ADVISERS (IF ANY), OF THE SUITABILITY OF SUCH NOTES IN LIGHT OF THEIR PARTICULAR FINANCIAL CIRCUMSTANCES, THE INFORMATION SET FORTH HEREIN AND THE INFORMATION REGARDING SUCH NOTES AND THE RELEVANT REFERENCE ITEM(S).

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OVERVIEW OF THE PROGRAMME AND TERMS AND CONDITIONS OF THE NOTES

The following overview is qualified in its entirety by the remainder of the Programme Document, and in relation to the terms and conditions of any Series of Notes, the relevant Pricing Supplement. Terms defined in “Risk Factors”, “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this overview.

Issuer: The Royal Bank of Scotland plc

The Issuer is a public limited company incorporated in Scotland with registration number SC090312 and was incorporated under Scots law on 31 October 1984. The Issuer (together with its subsidiaries, the **Issuer Group**) is a wholly owned subsidiary of The Royal Bank of Scotland Group plc (**RBSG**, together with its subsidiaries consolidated in accordance with International Financial Reporting Standards, the **Group**). RBSG is the holding company of a large global banking and financial services group. Headquartered in Edinburgh, the Group operates in the United Kingdom, the United States and internationally through its principal subsidiaries, the Issuer and National Westminster Bank Plc (**NatWest**). Both the Issuer and NatWest are major United Kingdom clearing banks. In the United States, the Group’s subsidiary, RBS Citizens Financial Group, Inc, is a large commercial banking organisation. Globally, the Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The Group had total assets of £1,028 billion and owners’ equity of £59 billion as at 31 December 2013. The Group’s capital ratios as at 31 December 2013 were a total capital ratio of 16.5 per cent., a Core Tier 1 capital ratio of 10.9 per cent. and a Tier 1 capital ratio of 13.1 per cent. On a fully loaded Basel III basis, the Group’s Core Tier 1 ratio was 8.6 per cent. as at 31 December 2013.

The Issuer Group had total assets of £1,020 billion and owners’ equity of £49 billion as at 31 December 2013. As at 31 December 2013, the Issuer Group’s capital ratios were a total capital ratio of 17.4 per cent., a Core Tier 1 capital ratio of 9.8 per cent. and a Tier 1 capital ratio of 11.4 per cent.

Risk Factors: *Risks Relating to the Issuer*

Noteholders are exposed to the credit risk of the Issuer. If the Issuer fails or becomes insolvent, Noteholders may lose some or all of their investment.

Certain factors may affect the Issuer’s ability to fulfil their obligations under the Notes issued under the Programme. These include risk factors relating to the Issuer including:

- The RBS Group's ability to implement its new strategic plan and achieve its capital goals depends on the success of the RBS Group's plans to refocus on its core strengths and the timely divestment of RBS Citizens
- The RBS Group is subject to political risks
- The RBS Group is subject to a number of legal, regulatory and governmental actions and investigations. Unfavourable outcomes in such actions and investigations could have a material adverse effect on the RBS Group's operating results or reputation
- The RBS Group could fail to attract or retain senior management, which may include members of the Board, or other key employees, and it may suffer if it does not maintain good employee relations
- Operational risks are inherent in the RBS Group's businesses
- The RBS Group operates in markets that are highly competitive and its business and results of operations may be adversely affected
- The RBS Group's businesses and performance can be negatively affected by actual or perceived global economic and financial market conditions
- The RBS Group has significant exposure to a weakening of the nascent economic recovery in Europe
- The RBS Group and its UK bank subsidiaries are subject to the provisions of the Banking Act 2009, as amended by the Banking Reform Act 2013, which includes special resolution powers including nationalisation and bail-in
- The RBS Group is subject to a variety of risks as a result of implementing the State Aid restructuring plan
- HM Treasury (or UK Financial Investments Limited (UKFI) on its behalf) may be able to exercise a significant degree of influence over the RBS Group and any proposed offer or sale of its interests may affect the price of securities issued by the RBS Group
- The RBS Group is subject to other global risks
- The RBS Group's business performance could be adversely affected if its capital is not managed effectively or as a result of changes to capital adequacy and liquidity requirements
- The RBS Group's borrowing costs, its access to the debt

capital markets and its liquidity depend significantly on its and the United Kingdom Government's credit ratings

- The RBS Group's ability to meet its obligations including its funding commitments depends on the RBS Group's ability to access sources of liquidity and funding
- The regulatory capital treatment of certain deferred tax assets recognised by the RBS Group depends on there being no adverse changes to regulatory requirements
- Each of the RBS Group's businesses is subject to substantial regulation and oversight. Significant regulatory developments and changes in the approach of the RBS Group's key regulators has had and is likely to continue to have a material adverse effect on how the RBS Group conducts its business and on its results of operations and financial condition
- The RBS Group is subject to a number of regulatory initiatives which may adversely affect its business. The Independent Commission on Banking's final report on competition and structural reforms in the UK banking industry has been substantially adopted by the UK Government through the passage of the Banking Reform Act 2013. In addition, other proposals to ring fence certain business activities and the US Federal Reserve's proposal for applying US capital, liquidity and enhanced prudential standards to certain of the RBS Group's US operations together with the UK reforms could require structural changes to the RBS Group's business. Any of these changes could have a material adverse effect on the RBS Group.
- The RBS Group is subject to resolution procedures under current and proposed resolution and recovery schemes which may result in various actions being taken in relation to any securities of the RBS Group, including the write off, write-down or conversion of the RBS Group's securities
- The RBS Group's operations are highly dependent on its information technology systems
- The RBS Group's operations have inherent reputational risk
- The RBS Group may suffer losses due to employee misconduct
- The RBS Group's earnings and financial condition have been, and its future earnings and financial condition may continue to be, materially affected by depressed asset valuations resulting from poor market conditions
- The RBS Group may be required to make further contributions to its pension schemes if the value of pension

fund assets is not sufficient to cover potential obligations

- The financial performance of the RBS Group has been, and continues to be, materially affected by counterparty credit quality and deteriorations could arise due to prevailing economic and market conditions and legal and regulatory developments
- Changes in interest rates, foreign exchange rates, credit spreads, bond, equity and commodity prices, basis, volatility and correlation risks and other market factors have significantly affected and will continue to affect the RBS Group's business and results of operations
- The value or effectiveness of any credit protection that the RBS Group has purchased depends on the value of the underlying assets and the financial condition of the insurers and counterparties
- In the United Kingdom and in other jurisdictions, the RBS Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate
- The RBS Group's results could be adversely affected in the event of goodwill impairment
- The recoverability of certain deferred tax assets recognised by the RBS Group depends on the RBS Group's ability to generate sufficient future taxable profits

Risks relating to Notes

Notes may involve a high degree of risk.

There are certain material factors relevant to assessing the market risks associated with investing in Notes, including, without limitation, that Notes are unsecured obligations of the Issuer, a time lag between valuation and settlement, potential conflicts of interest, the trading activities of the Issuer and its affiliates may affect the return on Notes, market disruptions or other events may occur in respect of any relevant reference item(s), taxation risks, a substitution of the Issuer, illiquidity of the Notes in the secondary market, illegality of the performance of the Issuer's obligations under the Notes, exchange rate risks and exchange controls and that the market value of the Notes may be affected by the creditworthiness of the Issuer or the Group.

Information Relating to the Programme

Description:	Structured Note Programme.
Arranger:	The Royal Bank of Scotland plc.
Dealers:	The Royal Bank of Scotland plc, and RBS Securities Inc.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Agent:	The Bank of New York Mellon, acting through its London Branch.
CMU Lodging and Paying Agent:	The Bank of New York Mellon, acting through its Hong Kong Branch.
Registrar:	In respect of Notes cleared through CREST, Computershare Investor Services PLC. In respect of Notes not cleared through CREST: The Bank of New York Mellon (Luxembourg) S.A. (for Unrestricted Notes). The Bank of New York Mellon, acting through its New York Branch (for Restricted Notes).
Size:	Up to U.S.\$50,000,000,000 (or its equivalent) outstanding at any time. The Issuer may increase the Programme size.
Maturities:	As specified in the applicable Pricing Supplement.
Issue Price:	Notes may be issued on a fully or partly paid basis and at par or at a discount to, or premium over, par.
Form of Notes:	Notes will be in bearer or registered form. Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Clearing Systems	DTC, Euroclear, Clearstream, Luxembourg, CMU Service and/or any other clearing system as may be specified in the applicable Pricing Supplement including, but not limited to, the dematerialised and uncertificated securities trading system operated by CREST.
Terms of the Notes:	Notes may or may not bear interest at a fixed or floating rate and may be issued at a premium or discount from their principal amount. Any interest and/or the redemption amount may be calculated by reference to movements in an index, inflation index or a currency exchange rate, changes in share, commodity, government bond (or related futures contract) or certificate prices, changes in the net asset value of a fund or changes in the credit of an underlying entity. Notes may have any combination of the foregoing features.
Change of Interest/Payment Basis:	Notes may be converted from one interest and/or payment basis to another if so provided in the applicable Pricing Supplement.

Index Linked Notes:	<p>Payments of principal and/or interest will be calculated by reference to a single index or basket of indices and/or such formula as specified in the applicable Pricing Supplement.</p> <p>If an Index Adjustment Event occurs, the Notes may be subject to adjustment or may be redeemed.</p>
Equity Linked Notes:	<p>Payments of principal and/or interest will be calculated by reference to a single equity security or basket of equity securities and/or such formula as specified in the applicable Pricing Supplement.</p> <p>The applicable Pricing Supplement may specify redemption of Equity Linked Redemption Notes by physical delivery.</p> <p>The Notes may be subject to adjustment or may be redeemed following the occurrence of certain events relating to the underlying equity security(ies)/issuer(s), if such events are specified as applying in the applicable Pricing Supplement.</p>
Additional Disruption Event:	<p>If “Additional Disruption Event” is specified as applying in the applicable Pricing Supplement, the Notes may be subject to further adjustment or may be redeemed.</p>
Credit Linked Notes:	<p>Notes linked to the credit of a specified entity or entities will be issued on terms determined by the Issuer and as specified in the applicable Pricing Supplement.</p> <p>If the Calculation Agent determines that a Constraint Event has occurred or exists, the Notes may be subject to adjustment or may be redeemed.</p>
Currency Linked Notes:	<p>Payments of principal and/or interest will be made in such currencies, and by reference to such rates of exchange and/or such formula, as may be specified in the applicable Pricing Supplement.</p>
Commodity Linked Notes:	<p>Payments of principal and/or interest will be calculated by reference to a single commodity or basket of commodities and/or such formula as specified in the applicable Pricing Supplement.</p> <p>If a Market Disruption Event occurs in respect of the relevant commodit(y)(ies), the Notes may be subject to adjustment or may be redeemed.</p>
Government Bond Linked Notes:	<p>Payments of principal and/or interest will be calculated by reference to a single government bond (or related futures contract) or basket of government bonds (or related futures contracts) and/or such formula as specified in the applicable Pricing Supplement.</p> <p>If a Market Disruption Event occurs, the Notes may be subject to adjustment or may be redeemed.</p>
Fund Linked Notes:	<p>Payments of principal and/or interest will be calculated by reference to a single fund or basket of funds and/or such formula as specified in the applicable Pricing Supplement.</p>

	If certain Trigger Events occur (or may potentially occur), the Notes may be subject to adjustment or may be redeemed.
Inflation Index Linked Notes:	<p>Payments of principal and/or interest will be calculated by reference to a single inflation index or basket of inflation indices and/or such formula as specified in the applicable Pricing Supplement.</p> <p>Following the occurrence of certain events, the Notes may be subject to adjustment or may be redeemed.</p>
Certificate Linked Notes:	<p>Payments of principal and/or interest will be calculated by reference to a single certificate or basket of certificates and/or such formula as specified in the applicable Pricing Supplement.</p> <p>If a Market Disruption Event occurs, the Notes may be subject to adjustment or may be redeemed.</p>
Zero Coupon Notes:	Notes issued on a non-interest bearing basis will be offered and sold at a discount to their nominal amount.
Partly Paid Notes:	Notes may be issued on a partly paid basis in which case interest will accrue on the paid-up amount of such Notes, subject as specified in the applicable Pricing Supplement.
Instalment Notes:	Notes may be issued which are redeemable in instalments.
Other Notes:	The Issuer may issue Notes in a form not contemplated by or inconsistent with the Conditions, the provisions of which, will be specified in the applicable Pricing Supplement.
Redemption:	<p>The applicable Pricing Supplement will indicate either that the Notes cannot be redeemed prior to their stated maturity (except in specified circumstances) or that they will be redeemable prior to such stated maturity at the option of the Issuer and/or Noteholders upon notice to the other party, at such price or prices and on such terms, as specified in the applicable Pricing Supplement.</p> <p>The applicable Pricing Supplement may provide that Notes may be redeemed in two or more instalments, on such dates and on such other terms as are indicated in such Pricing Supplement.</p>
Illegality and Taxation:	The Issuer may in certain circumstances, upon notice to Noteholders, redeem all (but not some only) of the Notes of a Series if it determines in good faith that the performance of any of its obligations or any hedging arrangements under or in connection with such Notes has or will become subject to illegality or adverse tax treatment.
Denomination of Notes:	As specified in the applicable Pricing Supplement.
Taxation:	The Issuer will not be obliged to gross up any payments in respect of any Notes nor liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may result from the ownership, transfer or presentation and surrender for payment of any Note and

all payments made by it shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

Status of the Notes:	Notes will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer.
Rating:	Notes may be rated or unrated.
Listing and admission to trading:	Application has been made to list Notes issued under the Programme on the Official List of the Irish Stock Exchange and to admit them to trading on the Irish Stock Exchange's Global Exchange Market or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series may be unlisted.
Governing Law:	English law.
Selling Restrictions:	See "Subscription and Sale".
Transfer Restrictions	There are restrictions on the transfer of Notes sold pursuant to Regulation S under the Securities Act prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold pursuant to Rule 144A under the Securities Act. See "Subscription and Sale-Transfer Restrictions".

Neither the Trust Deed nor any Notes contain any negative pledge covenant by the Issuer or any Events of Default other than as out in Condition 19.

RISK FACTORS

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

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons (which the Issuer currently considers not to be material or of which it is not currently aware) and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Programme Document (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Terms used in this section and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Notes”.

RISK FACTORS RELATING TO THE ISSUER

Investors should have regard to the risk factors set out on pages 3 to 27 of the Registration Document (defined below).

RISK FACTORS RELATING TO THE NOTES

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

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the risks highlighted below could adversely affect the trading price of any Notes or the rights of investors under any Notes and, as a result, investors could lose some or all of their investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay or deliver amounts on or in connection with any Notes for other reasons (which the Issuer currently considers not to be material or of which it is currently not aware) and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Programme Document (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.

Risks relating to the structure of a particular issue of Notes

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

Risks relating to Reference Item Linked Notes

Equity Linked Notes, Index Linked Notes, Credit Linked Notes, Currency Linked Notes, Commodity Linked Notes, Government Bond Linked Notes, Fund Linked Notes, Inflation Index Linked Notes and Certificate Linked Notes (each as defined below and together **Reference Item Linked Notes**) involve a high degree of risk.

As the amount of interest payable periodically and/or the Final Redemption Amount payable at maturity may be linked to the performance of the relevant Reference Item(s), an investor in a Reference Item Linked Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the relevant Reference Item(s).

Where the applicable Pricing Supplement specify one or more Reference Item(s), the relevant Reference Item Linked Notes will represent an investment linked to the economic performance of such Reference Item(s) and prospective investors should note that the return (if any) on their investment in Reference Item Linked Notes will depend upon the performance of such Reference Item(s). Potential investors should also note that whilst the market value of such Reference Item Linked Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable and may be disproportionate and as such the market prices of such Notes may be volatile. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Reference Item Linked Notes represent the right to receive payment or delivery, as the case may be, of the relevant Final Redemption Amount(s) on the relevant Maturity Date as well as periodic payments of interest (if specified in the applicable Pricing Supplement), all or some of which may be determined by reference to the performance of the relevant Reference Item(s). The applicable Pricing Supplement will set out the provisions for the determination of the Final Redemption Amount and of any periodic interest payments.

Fluctuations in the value and/or volatility of the relevant Reference Item(s) may affect the value of the relevant Reference Item Linked Notes. Investors in Reference Item Linked Notes may risk losing some or all of their investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

Other factors which may influence the market value of Reference Item Linked Notes include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the level of the relevant Reference Item(s) from time to time and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Reference Item Linked Notes.

If any of the relevant Reference Item(s) is an index, the value of such Reference Item on any day will reflect the value of its constituents on such day. Changes in the composition of such Reference Item and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of such Reference Item and therefore may affect the return on an investment in Reference Item Linked Notes.

The Issuer may issue several issues of Reference Item Linked Notes relating to particular Reference Item(s). However, no assurance can be given that the Issuer will issue any Reference Item Linked Notes other than the Reference Item Linked Notes to which the applicable Pricing Supplement relate. At any given time, the number of Reference Item Linked Notes outstanding may be substantial. Reference Item Linked Notes provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Reference Item(s) to which such Reference Item Linked Notes relate.

Equity Linked Notes

Equity Linked Redemption Notes may be redeemable by the Issuer by payment of the par value amount and/or by the physical delivery of a given number of the Reference Item(s) and/or by payment of an amount determined by reference to the value of the Reference Item(s). Accordingly, an investment in Equity Linked Redemption Notes may bear similar market risks to a direct equity investment and investors may consider taking advice accordingly. Interest payable on Equity Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Equity Linked Interest Notes and Equity Linked Redemption Notes are referred to herein as **Equity Linked Notes**.

Index Linked Notes

Index Linked Redemption Notes may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Index Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Index Linked Interest Notes and Index Linked Redemption Notes are referred to herein as **Index Linked Notes**.

The historical performance of an index should not be viewed as an indication of the future performance of such index during the term of any Notes.

Credit Linked Notes

In the event of the occurrence of certain circumstances (which may include, amongst other things, Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as each such term is defined in Condition 10 (*Credit Linked Notes*)) in relation to a Reference Entity or Reference Entities, in each case, as specified in the applicable Pricing Supplement, the Issuer's obligation to pay principal or perform other obligations under the Notes may be replaced by an obligation to pay other amounts calculated by reference to the price (as determined herein) of the Reference Item(s) and/or to deliver the Reference Item(s). In addition interest bearing Credit Linked Notes may cease to bear interest on or prior to the date of occurrence of such circumstances.

The Issuer's obligations in respect of Credit-Linked Notes are irrespective of the existence or amount of the Issuer's and/or any of its affiliates' credit exposure to a Reference Entity and the Issuer and/or any Affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

Under the Conditions of the Credit-Linked Notes, certain determinations in respect of Credit-Linked Notes may be made by reference to announcements, determinations and Resolutions made by ISDA and/or Credit Derivatives Determinations Committees. Such announcements, determinations and Resolutions could affect the redemption and settlement of the Credit-Linked Notes (including the quantum and timing of payments and/or deliveries on redemption). For the avoidance of doubt, neither the Issuer nor the Calculation Agent shall have any liability to any person for any determinations, redemption, calculations and/or delay or suspension of payments and/or redemption of Credit-Linked Notes resulting from or relating to announcements, publications, determinations and Resolutions made by ISDA and/or any Credit Derivatives Determinations Committees.

In relation to Credit-Linked Notes, no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the Rules and/or any relevant Credit Derivatives Auction Settlement Terms, as applicable, shall be liable to Noteholders. No DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's

performance of its respective duties under the Rules and/or any relevant Credit Derivatives Auction Settlement Terms is acting as fiduciary for, or as an advisor to, Noteholders.

Payments of principal and interest or other obligations of the Issuer in respect of any Series of Credit Linked Notes may be restricted upon the occurrence of any Constraint Event described in the applicable Pricing Supplement. A Constraint Event may relate to the imposition of currency or exchange controls in any specified country or to a nationalisation, a hedging disruption, a credit rating downgrade in relation to a specified obligation or any other circumstance as provided in the applicable Pricing Supplement. Following a Constraint Event, the Issuer shall be entitled to require the Calculation Agent to adjust the relevant Credit Linked Notes or to early redeem such Credit Linked Notes or to postpone payments or deliveries in respect of such Credit Linked Notes so long as the Constraint Event continues provided that if the Constraint Event continues for a period of two years the Credit Linked Notes shall expire worthless and shall be cancelled.

Currency Linked Notes

Currency Linked Redemption Notes may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Currency Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Currency Linked Interest Notes and Currency Linked Redemption Notes are referred to herein as **Currency Linked Notes**.

In the course of day to day FX-trading, the Issuer and/or its affiliates may enter into transactions which may affect currency exchange rates. This in turn may affect the value of Currency Linked Notes and may trigger certain provisions of such Notes.

Commodity Linked Notes

Commodity Linked Redemption Notes may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Commodity Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Commodity Linked Interest Notes and Commodity Linked Redemption Notes are referred to herein as **Commodity Linked Note**.

Government Bond Linked Notes

Government Bond Linked Redemption Notes may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Government Bond Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Government Bond Linked Interest Notes and Government Bond Linked Redemption Notes are referred to herein as **Government Bond Linked Notes**.

Fund Linked Notes

Fund Linked Redemption Notes may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Fund Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Fund Linked Interest Notes and Fund Linked Redemption Notes are referred to herein as **Fund Linked Notes**.

Inflation Index Linked Notes

Inflation Index Linked Redemption Notes may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Inflation Index Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Inflation Index Linked Interest Notes and Inflation Index Linked Redemption Notes are referred to herein as **Inflation Index Linked Notes**.

Certificate Linked Notes

Certificate Linked Redemption Notes may be redeemable by the Issuer by payment of either the par value amount or an amount determined by reference to the value of the Reference Item(s). Interest payable on Certificate Linked Interest Notes may be calculated by reference to the value of one or more Reference Item(s). Certificate Linked Interest Notes and Certificate Linked Redemption Notes are referred to herein as **Certificate Linked Notes**.

Euro-system Eligibility

The European Central Bank maintains and publishes a list of assets which are recognised as eligible collateral for Eurosystem monetary and intra-day credit operations. In certain circumstances, recognition may impact on (among other things) the liquidity of the relevant assets. Recognition (and inclusion on the list) is at the discretion of the Eurosystem and is dependent upon satisfaction of certain Eurosystem eligibility criteria and rules. If application is made to the European Control Board for any Notes to be recognised and added to the list of eligible assets, there can be no assurance that such Notes will be so recognised, or, if they are recognised, that they will continue to be recognised at all times during their life.

Calculation Agent Discretions

Under the Conditions of the Notes, the Calculation Agent may make certain determinations in respect of the Notes, and certain adjustments to the Conditions, which could affect the amount payable by the Issuer on the Notes. The Conditions will specify the reasons for, and the circumstances in which, the Calculation Agent will be able to make such determinations and adjustments. In exercising its right to make such determinations and adjustments the Calculation Agent is entitled to act in its sole and absolute discretion, but must act in good faith.

Risks relating to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

Notes are unsecured obligations

All Notes will represent direct, unconditional, unsecured and unsubordinated obligations of the Issuer and of no other person. All Notes will rank without any preference among themselves and (save to the extent that laws affecting creditors' rights generally in a bankruptcy or winding up may give preference to any of such other obligations) equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Taxation and Expenses

Potential purchasers and sellers of Notes should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Notes are transferred. Noteholders are subject to the provisions of Condition 17 and payment and/or delivery of any amount due in respect of the Notes will be made subject to any tax, duty, withholding or other payment which may be required to be

made, paid, withheld or deducted.

If Physical Delivery is specified in the applicable Pricing Supplement as applying in relation to any Notes, all Delivery Expenses arising from the delivery of the Reference Item(s) in respect of such Note shall be for the account of the relevant Noteholder and no delivery of the Reference Item(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

No Claim against any Reference Item

A Note will not represent a claim against any Reference Item and, in the event of any loss, a Noteholder will not have recourse under a Note to any Reference Item.

Disrupted Days

Where the Notes are Index Linked Redemption Notes or Equity Linked Redemption Notes, the Calculation Agent may determine that a Disrupted Day has occurred or exists at a relevant time. Any such determination may have an effect on the value of the Notes and/or may delay settlement in respect of the Notes. Prospective investors should review the Conditions and the applicable Pricing Supplement to ascertain whether and how such provisions apply to the Notes.

Settlement Risk

Where any Equity Linked Redemption Notes are to be settled by Physical Delivery, the Calculation Agent may determine that a Settlement Disruption Event is subsisting and/or, where “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Pricing Supplement, that it is impossible or impractical to deliver when due some or all of the assets due to be delivered due to illiquidity in the relevant market. Any such determination may affect the value of the Notes and/or may delay settlement in respect of the Notes and/or result in whole or partial cash settlement in respect of the Notes. Prospective investors should review the Conditions and the applicable Pricing Supplement to ascertain whether and how such provisions apply to the Notes.

Potential Conflicts of Interest

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

In relation to Credit-Linked Notes, where the Issuer or any affiliate of the Issuer is a DC Party, potential conflicts of interest may exist between the DC Party and Noteholders, including with respect to certain determinations and judgements that the Issuer or its affiliates may make in its capacity as a DC Party in connection with its performance of its respective duties under the Rules and/or any relevant Credit Derivatives Auction Settlement Terms. Action or determinations made by the Issuer or its affiliates in its capacity as a DC Party or as a participant in an Applicable Auction may affect the redemption and settlement of the Credit-Linked Notes (including the quantum and timing of payments of on redemption).

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

The Issuer and/or any of its affiliates may have existing or future business relationships with any Reference Item(s) or, if applicable, any of their subsidiaries or affiliates or any other person or entity having obligations relating to any of the Reference Item(s) (including, but not limited to, dealing, lending, depositary, risk management, advisory and banking relationships), and will pursue actions and take steps that they or it deems necessary or appropriate to protect their and/or its interests arising therefrom without regard to the consequences for a Noteholder, regardless of whether any such action might have an adverse effect (including, without limitation, any action which might constitute or give rise to any breach, event of default, credit event or termination event) on any of the Reference Item(s) or any investor in the Notes.

The Issuer or one of its affiliates may be the sponsor or calculation agent in respect of (i) a Reference Item or (ii) one or more of the components of a Reference Item to which the Notes are linked. In such circumstances, the terms of the Reference Item (or component of the Reference Item) may provide the Issuer (or one of its affiliates) acting as sponsor or calculation agent with discretions to make certain determinations and judgements which may influence the price or level of such Reference Item (or component of the Reference Item). Those discretions may be adverse to the interest of the holders of the Notes and may negatively impact the value of the Notes.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may agree, without the consent of Noteholders, to (i) any modification (subject to certain exceptions as provided in the Trust Deed) of the Conditions or of the provisions of the Trust Deed which in its opinion is not materially prejudicial to the interests of the Noteholders or (ii) any modification of the Conditions or the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated. Any such modification shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 23 as soon as practicable thereafter.

The Trustee may also waive or authorise any breach or proposed breach of the Conditions or the provisions of the Trust Deed in relation to such Notes which, in its opinion, is not materially prejudicial to the interests of the holders of the Notes of the relevant Series.

In addition, pursuant to Condition 24 and the Trust Deed, the Trustee may agree, without the consent of the Noteholders, to the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 24 and the Trust Deed, including if, *inter alia*, (i) the obligations of such substituted principal debtor thereunder are guaranteed by the Issuer on a basis acceptable to the Trustee and (ii) the Trustee is satisfied that such substitution is not materially prejudicial to the interests of the Noteholders.

Partly Paid Notes

Prospective investors should note that, where the Notes are issued on a partly paid basis (such Notes, **Partly Paid Notes**), all rights arising under such Notes (including rights to payment of principal and interest) after the date on which any instalment is due shall be conditional upon the due payment of the relevant instalment. Accordingly, to the extent that any instalment is

not paid when due, the relevant investor shall not be entitled to any rights in respect of the relevant Notes (including any right to repayment of instalments already paid).

Illegality and Taxation

In the event that the Issuer determines in good faith that:

- (i) either the performance of its obligations under a Series of Notes or that any arrangements made to hedge its position under such Notes has or will become unlawful, illegal, or otherwise prohibited in whole or in part, or
- (ii) the performance of its obligations under a Series of Notes or that any arrangements made to hedge its position under such Notes has resulted or will result in the Issuer or any affiliate not being entitled to tax relief in respect of any losses, costs or expenses incurred in connection therewith,

the Issuer may, having given notice to Noteholders, redeem all, but not some only, of the Notes of such Series, each Note being redeemed at the Early Redemption Amount, together with, if so specified in the applicable Pricing Supplement, accrued interest.

U.S. Foreign Account Tax Compliance Withholding

With respect to Notes in global form that are held within Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the “ICSDs”), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see “*United States Taxation – U.S. Foreign Account Tax Compliance Withholding*”). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

If an amount were to be deducted or withheld from interest, principal or other payments on the Notes, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts with respect to the deduction or withholding. Certain beneficial owners may be eligible for a refund of all or a portion of any amounts withheld as a result of FATCA.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO

OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCES.

Payments on the Notes may be subject to U.S. withholding tax and/or Early Termination on Account of U.S. Withholding Tax

U.S. legislation enacted in 2010 imposes a 30 per cent. U.S. withholding tax on certain payments that are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a “**Dividend Equivalent Payment**”) made to Non-U.S. Holders (as defined in “Taxation – United States”). If such withholding applied to any payments on any Notes, the amounts received by Non-U.S. Holders would be reduced. Neither the Issuer nor the Paying Agent nor any other person shall, pursuant to the Terms and Conditions of the Notes, be required to pay any additional amounts to the Non-U.S. Holders in respect of such U.S. withholding. Additionally, the Issuer may elect to redeem the Notes, in accordance with Condition 5(k), should this U.S. withholding tax apply to any current or future payments on the Note (or the Issuer’s hedging arrangements in respect of any Notes). If a Non-U.S. holder becomes subject to this withholding tax, a Non-U.S. holder may be able to claim an exemption under its applicable double tax treaty. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change.

The Notes may be written down or converted into ordinary shares

The Basel Committee on Banking Supervision (the **Basel Committee**) proposed a number of fundamental reforms to the regulatory capital framework for internationally active banks which are designed, in part, to ensure that capital instruments issued by such banks fully absorb losses before tax payers are exposed to loss (the **Basel III Reforms**), the principal elements of which are set out in its papers dated 16 December 2010 (as revised in June 2011) and its press release dated 13 January 2011. These proposals are being implemented in Europe through the RRD (as defined below) and in the United Kingdom through the Banking Reform Act (as defined below), in each case, as described below.

On 6 June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, known as the Bank Recovery and Resolution Directive (the **RRD**). The EU Member States and the European Parliament reached a political agreement as announced on 12 December 2013 on the RRD and on 20 December 2013 the Committee of Permanent Representatives (**COREPER**) approved the RRD final compromise text (the **COREPER Agreement**). The COREPER Agreement requires approval by the European Parliament in plenary and the Council of Ministers and current expectations are that the RRD will be finalised early in 2014.

The stated aim of the RRD is to provide supervisory authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers’ exposure to losses. The powers proposed to be granted to supervisory authorities under the draft RRD include (but are not limited to) the introduction of a statutory bail-in power, which would give the relevant authorities the power to cancel all or a portion of the principal amount of, or interest on, certain unsecured liabilities (which could include the Notes) of a failing financial institution and/or to convert certain debt claims (which could include the Notes) into another security, including ordinary shares of the surviving Group entity, if any. It is currently contemplated that the majority of measures (including the write-down and conversion powers relating to Tier 2 instruments) set out in the draft RRD will be implemented with effect from 1 January 2015, with the bail-in power for other eligible

liabilities (which could include the Notes) expected to take effect on 1 January 2016.

There remains uncertainty how these powers may affect the Group and the Notes. Accordingly, it is not yet possible to assess the full impact of the draft RRD on the Group and on holders of the Notes, and there can be no assurance that any actions by the U.K. resolution authority currently contemplated in the draft RRD would not adversely affect the rights of holders of the Notes, the price or value of an investment in the Notes and/or the Issuer's ability to satisfy its obligations under the relevant Notes.

On 18 December 2013, the U.K. Financial Services (Banking Reform) Act 2013 (the **Banking Reform Act 2013**) became law in the United Kingdom. Among the changes introduced by the Banking Reform Act 2013, the Banking Act 2009 is amended to insert a bail-in option as part of the powers of the U.K. resolution authority. The bail-in option will come into force on such date as shall be stipulated by HM Treasury.

The bail-in option will be introduced as an additional power available to the Bank of England, to enable it to recapitalise a failed institution by allocating losses to its shareholders and unsecured creditors in a manner that seeks to respect the hierarchy of claims in liquidation. The bail-in option includes the power to cancel a liability, to modify the form of a liability (including the power to convert a liability from one form to another) or to provide that a contract under which the institution has a liability is to have effect as if a specified right had been exercised under it, each for the purposes of reducing, deferring or cancelling the liabilities of the bank under resolution, as well as to transfer a liability. The conditions for use of the bail-in option are, in summary, that (i) the regulator determines that the bank is failing or likely to fail, (ii) it is not reasonably likely that any other action can be taken to avoid the bank's failure and (iii) the U.K. resolution authority determines that the exercise of such power is necessary having regard to the public interest.

In announcing the introduction of the bail-in option, the U.K. Government expressed that it was confident that such powers could be introduced without the risk of having to adapt to a radically different regime when the RRD is implemented, given the legislative progress of the RRD. However, the RRD is still in draft form and changes may be made to it, which may require amendments to the bail-in option proposed to be inserted in the Banking Act 2009.

Despite there being proposed pre-conditions for the exercise of the bail-in power by the U.K. resolution authority, there remains uncertainty regarding the specific factors which the relevant U.K. resolution authority would consider in deciding whether to exercise such powers with respect to the relevant financial institution and/or securities, such as the Notes, issued by that institution.

Moreover, as the final criteria that the relevant U.K. resolution authority would consider in exercising any bail-in power are expected to provide it with considerable discretion, holders of the Notes may not be able to refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on the Issuer, the Group and the Notes.

In addition, the Banking Act 2009 may be amended and/or other legislation may be introduced in the United Kingdom to amend the resolution regime that would apply in the event of a bank failure or to provide regulators with other resolution powers.

Potential investors in the Notes should consider the risk that a holder may lose all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon.

Index Adjustment Events

Where the Notes are Index Linked Notes and an Index Adjustment Event occurs, the Issuer may either require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and if so, to calculate the Reference Price as further provided in Condition 7(b)(ii)(a) or the Issuer may elect to give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

Potential Adjustment Events, De-listing, Merger Event, Nationalisation and Insolvency, Tender Offer and Adjustments for Equity Linked Notes in respect of Underlying Equities quoted in European Currencies

Where the Notes are Equity Linked Notes and Potential Adjustment Events and/or De-listing, Merger Event, Nationalisation and Insolvency and/or Tender Offer are specified as applying in the applicable Pricing Supplement, the Notes may be subject to adjustment, including, if applicable, the substitution of the Underlying Equity or Underlying Equities or, in the case of the occurrence of a De-listing, Merger Event, Nationalisation, Insolvency and/or Tender Offer, may be redeemed as further provided in Condition 8(b).

In respect of Equity Linked Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Notes will be subject to such adjustment as the Calculation Agent determines to be appropriate to preserve the economic terms of the Notes.

Currency Exchange Rate Adjustment

Where the Notes are Currency Linked Notes, if a day on which a Currency Exchange Rate is to be determined is not a Currency Business Day, such day may be deferred, brought forward or omitted as determined by the Calculation Agent as further provided in Condition 6(b)(i).

Commodity Market Disruption Event Adjustment

Where the Notes are Commodity Linked Notes and the Calculation Agent determines that a Market Disruption Event has occurred or is occurring, then the Calculation Agent shall determine if such Market Disruption Event has a material effect on the Notes and, if so, the Calculation Agent may make such adjustments to any of the Conditions as it considers appropriate to account for any such Market Disruption Event, or the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

Government Bond Market Disruption Event Adjustment

Where the Notes are Government Bond Linked Notes and the Calculation Agent determines that a Market Disruption Event has occurred or is occurring, then the Calculation Agent shall determine if such Market Disruption Event has a material effect on the Notes and, if so, the Calculation Agent may make such adjustments to any of the Conditions as it considers appropriate to account for any such Market Disruption Event, or the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined

in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

Fund Trigger Event Adjustment

Where the Notes are Fund Linked Notes and the Calculation Agent determines that a Trigger Event or Potential Trigger Event, or a certain Insolvency or Merger Event has occurred or is occurring, then the Calculation Agent may, among other things, make such adjustments to the Conditions as it considers appropriate to account for any such event, or the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

Inflation Index Adjustment Events

Where the Notes are Inflation Index Linked Notes and certain modifications or alterations are made in respect of the relevant Inflation Index or such Inflation Index is discontinued, the Issuer may make such adjustments to the Conditions as it considers appropriate to account for any such event, or the Issuer may elect to give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

Certificate Market Disruption Event Adjustment

If the Calculation Agent determines that on any Business Day a Market Disruption Event has occurred or is occurring, then the Calculation Agent shall determine if such Market Disruption Event has a material effect on the Notes and, if so, the Calculation Agent may make such adjustments to any of the Conditions as it considers appropriate to account for any such Market Disruption Event or the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

Hedging

In the ordinary course of its business, including without limitation in connection with its market making activities, the Issuer and/or any of its affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in Reference Item(s) or related derivatives. In addition, in connection with the offering of the Notes, the Issuer and/or any of its affiliates may enter into one or more hedging transactions with respect to Reference Item(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer and/or any of its affiliates, the Issuer and/or any of its affiliates may enter into transactions in any Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the relevant Noteholders.

Change of Law

The Conditions are based on English law in effect as at the date of issue of the Notes. 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 Notes.

Notes where denominations involve integral multiples: definitive Bearer Notes

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Bearer Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Bearer Note in respect of such holding (should definitive Bearer Notes be printed) and would need to purchase a principal amount of Bearer Notes such that its holding amounts to a Specified Denomination.

If definitive Bearer Notes are issued, holders should be aware that definitive Bearer Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks relating to the market generally

Set out below is a brief description of certain regulatory risks, market risks, including liquidity risk, exchange rate risk and credit risk.

Non-registration under the Securities Act and restrictions on transfer

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes are being offered and sold in reliance upon exemptions from registration provided by such laws. Consequently, the transfer of the Notes will be subject to satisfaction of legal requirements applicable to transfers that do not require registration under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the Notes are subject to certain transfer restrictions as described herein under “Subscription and Sale”, which may further limit the liquidity of the Notes.

Possible illiquidity of the Notes in the Secondary Market

There can be no assurance as to how any Notes will trade in the secondary market or whether such market will be liquid or illiquid. Application may be made to list Notes on a stock exchange, as indicated in the applicable Pricing Supplement. The fact that Notes may be listed does not necessarily lead to greater liquidity. No assurance can be given that there will be a market for any Notes. If any Notes are not traded on any stock exchange, pricing information for such Notes may be more difficult to obtain, and the liquidity and market prices of such Notes may be adversely affected. The liquidity of Notes may also be affected by restrictions on offers and sales of Notes in some jurisdictions, which may also make Notes more difficult to obtain and the liquidity of the Notes may be adversely affected. Also, to the extent Notes of a particular issue are exercised, the number of Notes of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Notes of such issue. A decrease in the liquidity of an issue of Notes may cause, in turn, an increase in the volatility associated with the price of such issue of Notes.

Each of the Issuer and any Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private treaty. Any Notes so purchased may be held or resold or surrendered for cancellation. A Dealer may, but is not obliged to, be a market-maker for an issue of Notes. Even if a Dealer is a market-maker for an issue of Notes, the secondary market for such Notes may be limited. To the extent that an issue of Notes becomes illiquid, an investor may have to exercise such Notes to realise value.

Over-Issuance

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more Notes than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its affiliates) may hold such Notes for the purpose of meeting any investor interest in the future. Prospective investors in the Notes should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency specified in the applicable Pricing Supplement. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable in respect of the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

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.

Market Value of Notes

The market value of an issue of Notes will be affected by a number of factors independent of the creditworthiness of the Issuer, including, but not limited to:

- (i) the value and volatility of any relevant Reference Item(s);
- (ii) in the case of Credit Linked Notes, the creditworthiness of the specified entity or entities;
- (iii) where the Reference Item(s) is/are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item;
- (iv) market interest and yield rates;
- (v) fluctuations in exchange rates;
- (vi) liquidity of the Notes or any Reference Item(s) in the secondary market;
- (vii) the time remaining to any redemption date or the maturity date;

- (viii) economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Reference Item may be traded.

The price at which a Noteholder will be able to sell any Notes prior to maturity may be at a discount, which could be substantial, to the market value of such Notes on the issue date, if, at such time, the market price of the Reference Item(s) (if any) is below, equal to or not sufficiently above the market price of the Reference Item(s) on the issue date. The historical market prices of any Reference Item should not be taken as an indication of such Reference Item's future performance during the term of any Note.

Effect of credit rating reduction

The value of the Notes is expected to be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Issuer's outstanding securities by standard statistical rating services, such as Moody's, S&P and Fitch. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by one of these rating agencies could result in a reduction in the trading value of the Notes.

Risks relating to Notes denominated in Renminbi

The Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of RMB trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in August 2011 to cover the entire PRC and to make RMB trade and other current account item settlement available worldwide.

For further details in respect of remittance of Renminbi into and outside the PRC, see section of the Schedule entitled "Remittance of Renminbi into and outside the PRC".

There is no assurance that the PRC government will continue gradually to liberalise the control over cross-border RMB remittances in the future, that the pilot scheme introduced in July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of RMB into or outside the PRC.

Holders of beneficial interests in Notes denominated in RMB may be required to provide certifications and other information (including RMB account information) in order to receive payments in RMB in accordance with the RMB clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of CNY outside the PRC, which may affect the liquidity of the Notes and the Issuer's ability to source CNY outside the PRC to service the Notes

As a result of the restrictions by the PRC government on cross-border RMB fund flows, the availability of RMB outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited RMB -denominated banking services to Hong Kong residents and specified business customers. The People's Bank of China ("PBOC"), the

central bank of the PRC, has also established a RMB clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of RMB Business (the “**Settlement Agreement**”) between the PBOC and the Bank of China (Hong Kong) Limited (the “**RMB Clearing Bank**”) to expand further the scope of RMB business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open RMB accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert RMB; and there will no longer be any restriction on the transfer of RMB funds between different accounts in Hong Kong.

However, the current size of RMB and RMB denominated financial assets outside the PRC is limited. As at 31 December 2013, the total amount of RMB deposits held by institutions authorised to engage in RMB banking business in Hong Kong amounted to approximately RMB 860 billion. In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of RMB (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than 25 per cent. of their RMB deposits, which further limits the availability of RMB that participating banks can utilise for conversion services for their customers. RMB business participating banks do not have direct RMB liquidity support from the PBOC. The RMB Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers (who are Hong Kong residents) of up to RMB 20,000 per person per day. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source RMB from the offshore market to square such open positions.

Although it is expected that the offshore RMB market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of RMB offshore. The limited availability of RMB outside the PRC may affect the liquidity of the Notes. To the extent the Issuer is required to source RMB in the offshore market to service the Notes, there is no assurance that the Issuer will be able to source such RMB on satisfactory terms, if at all.

Investment in the Notes is subject to exchange rate risks and the Issuer may make payments of interest and principal originally due in RMB in U.S. dollars, Hong Kong dollars or another specified currency in certain circumstances

The value of RMB against the U.S. dollar, Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. In addition, although the Issuer’s primary obligation is to make all RMB payments of interest and principal or other amounts with respect to the Notes in RMB, in certain circumstances, and if so specified, the terms of the Notes allow the Issuer to delay any such payment and/or make payment in U.S. dollars, Hong Kong dollars or another specified currency at the prevailing spot rate of exchange, and/or cancel or redeem such Notes, all as provided for in more detail in the Notes (see Condition 4(g)). As a result, the value of such payments in RMB (in U.S. dollar, Hong Kong dollar or other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of RMB depreciates against the U.S. dollar, Hong Kong dollar or other foreign currencies, the value of a Noteholder’s investment in U.S. dollars, Hong Kong dollars or other applicable foreign currency terms will decline.

Payments in RMB under the Notes will only be made to investors in the manner specified in the Notes

All RMB payments to investors in respect of the Notes will be made solely by transfer to a RMB bank account maintained in Hong Kong, in accordance with the prevailing rules and regulations and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including in bank notes, by cheque or draft, or by transfer to a bank account in the PRC or anywhere else outside Hong Kong).

Interest rate risk

The value of RMB payments under the Notes may be susceptible to interest rate fluctuations, including Chinese RMB Repo Rates and/or the Shanghai inter-bank offered rate (SHIBOR).

DOCUMENTS INCORPORATED BY REFERENCE

This Programme Document should be read and construed in conjunction with the following information, which has been previously published and filed with the Irish Stock Exchange:

- (a) the registration document dated 7 March 2014 relating to the Issuer, which was published via the Regulatory News Service of the London Stock Exchange plc (**RNS**) on 7 March 2014 (the **Registration Document**), excluding the following provisions set out in the section entitled “Introduction” beginning on page 1 therein:
 - (i) the last sentence of the fourth paragraph of such section, which begins with the words “Moody’s Investors Service Limited”;
 - (ii) the seventh paragraph of such section, which begins with the words “As defined by Moody’s”; and
 - (iii) limb (ii) of the eighth paragraph of such section, which begins with the words “the publication entitled “Rating Symbols and Definitions – September 2013”,which provisions are superseded by the information set out under the sub-section entitled “Ratings Information” in the section of this Programme Document entitled “General Information”;
- (b) the section headed “Terms and Conditions of the Notes” in the programme document dated 20 March 2013 relating to the Issuer’s U.S.\$50,000,00,000 Structured Note Programme, in so far as such section relates to any Notes (if so specified in the applicable Pricing Supplement);
- (c) the section headed “Terms and Conditions of the Notes” in the prospectus dated 29 June 2012 relating to the Issuer’s U.S.\$50,000,00,000 Structured Note Programme, in so far as such section relates to any Notes (if so specified in the applicable Pricing Supplement);
- (d) the section headed “Terms and Conditions of the Notes” in the prospectus dated 24 February 2012 relating to the Issuer’s U.S.\$50,000,00,000 Structured Note Programme, in so far as such section relates to any Notes (if so specified in the applicable Pricing Supplement);
- (e) the section headed “Terms and Conditions of the Notes” in the prospectus dated 28 April 2011 relating to the Issuer’s U.S.\$50,000,00,000 Structured Note Programme, in so far as such section relates to any Notes (if so specified in the applicable Pricing Supplement);
- (f) the section headed “Terms and Conditions of the Notes” in the prospectus dated 27 April 2010 relating to the Issuer’s U.S.\$50,000,000,000 Structured Note Programme, in so far as such section relates to any Notes (if so specified in the applicable Pricing Supplement);
- (g) the section headed “Terms and Conditions of the Notes” in the prospectus dated 14 May 2009 relating to the Issuer’s U.S.\$50,000,000,000 Structured Note Programme, in so far as such section relates to any Notes (if so specified in the applicable Pricing Supplement) (the **2009 Prospectus**);

- (h) sections 2 to 6 (inclusive) of the supplement to the 2009 Prospectus dated 29 July 2009 (which sections amended the terms and conditions set out in the 2009 Prospectus in order to incorporate new asset terms);
- (i) sub-sections (j) to (AA) inclusive of section 1 of the supplement to the 2009 Prospectus dated 29 January 2010 (which sub-sections amended the terms and conditions set out in the 2009 Prospectus in order to incorporate provisions relating to CREST);
- (k) the unaudited Interim Results 2013 of the Issuer for the six months ended 30 June 2013, which were published via RNS on 30 August 2013;
- (l) the Annual Report and Accounts of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2012 (excluding the sections headed “Financial Review — Risk factors” on page 7 and “Additional Information — Risk Factors” on pages 323 to 335), which was published via RNS on 5 April 2013;
- (m) the Annual Report and Accounts of the Issuer (including the audited consolidated annual financial statements of the Issuer, together with the audit report thereon) for the financial year ended 31 December 2011 (excluding the sections headed “Financial Review — Risk Factors” on page 6 and “Additional Information — Risk Factors” on pages 283 to 296), which was published via RNS on 26 March 2012;
- (n) the preliminary unaudited Annual Results 2013 of The Royal Bank of Scotland Group plc (“**RBSG**”) for the year ended 31 December 2013, which were published via RNS on 27 February 2014;
- (o) The following sections of the 2012 Annual Report and Accounts of RBSG for the year ended 31 December 2012, which were published via RNS on 27 March 2013:
 - (i) Independent auditor’s report on page 352;
 - (ii) Consolidated income statement on page 353;
 - (iii) Consolidated statement of comprehensive income on page 354;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 355;
 - (v) Consolidated statement of changes in equity on pages 356 to 358;
 - (vi) Consolidated cash flow statement on page 359;
 - (vii) Accounting policies on pages 360 to 373;
 - (viii) Notes on the consolidated accounts on pages 373 to 474;
 - (ix) Parent company financial statements and notes on pages 475 to 486;
 - (x) Essential reading – 2012 Financial Results on page 2;
 - (xi) Chairman’s statement on pages 10 to 11;
 - (xii) Group Chief Executive’s review on pages 12 to 13;
 - (xiii) Our key targets on page 15;
 - (xiv) Our business and our strategy on pages 16 to 20;
 - (xv) Divisional review on pages 21 to 32;
 - (xvi) Business review on pages 36 to 293;

- (xvii) Corporate governance on pages 303 to 308;
 - (xviii) Letter from the Chair of the Group Performance and Remuneration Committee on pages 320 to 321;
 - (xix) Directors' remuneration report on pages 322 to 342;
 - (xx) Compliance report on pages 343 to 344;
 - (xxi) Report of the Directors on pages 345 to 349;
 - (xxii) Statement of Director's responsibilities;
 - (xxiii) Financial Summary on pages 488 to 497;
 - (xxiv) Exchange rates on page 498;
 - (xxv) Economic and monetary environment on page 499;
 - (xxvi) Supervision on page 500;
 - (xxvii) Description of property and equipment on page 501;
 - (xxviii) Major shareholders on page 501;
 - (xxix) Material contracts on pages 501 to 502; and
 - (xxx) Glossary of terms on pages 528 to 535;
- (p) The following sections of the 2011 Annual Report and Accounts of RBSG for the year ended 31 December 2011, which were published via RNS on 9 March 2012:
- (i) Independent auditor's report on page 306;
 - (ii) Consolidated income statement on page 307;
 - (iii) Consolidated statement of comprehensive income on page 308;
 - (iv) Consolidated balance sheet as at 31 December 2011 on page 309;
 - (v) Consolidated statement of changes in equity on pages 310 to 312;
 - (vi) Consolidated cash flow statement on page 313;
 - (vii) Accounting policies on pages 314 to 326;
 - (viii) Notes on the consolidated accounts on pages 327 to 419;
 - (ix) Parent company financial statements and notes on pages 420 to 431;
 - (x) Essential reading – Highlights on page 1;
 - (xi) Chairman's statement on page 9;
 - (xii) Group Chief Executive's review on pages 10 to 11;
 - (xiii) Our key targets on page 13;
 - (xiv) Our business and our strategy on pages 14 to 18;
 - (xv) Divisional review on pages 21 to 29;
 - (xvi) Business review on pages 32 to 249;
 - (xvii) Corporate governance on pages 258 to 262;
 - (xviii) Letter from the Chair of the Group Remuneration Committee on pages 272 to 273;

- (xix) Directors' remuneration report on pages 274 to 295;
- (xx) Report of the Directors on pages 298 to 302;
- (xxi) Directors' interests in shares on page 303;
- (xxii) Financial Summary on pages 433 to 441;
- (xxiii) Exchange rates on page 441;
- (xxiv) Economic and monetary environment on page 442;
- (xxv) Supervision on page 443;
- (xxvi) Regulatory developments and reviews on page 444;
- (xxvii) Description of property and equipment on page 445;
- (xxviii) Major shareholders on page 445;
- (xxix) Material contracts on pages 445 to 450; and
- (xxx) Glossary of terms on pages 476 to 483;

each of which shall be deemed to be incorporated in, and form part of, this Programme Document.

Where only certain sections of a document referred to above are incorporated by reference into this Programme Document, the parts of the document which are not incorporated by reference are either not relevant for prospective investors or are covered elsewhere in this Programme Document.

Any document which is incorporated by reference into any of the documents deemed to be incorporated by reference in, and form part of, this Programme Document shall not constitute a part of this Programme Document.

The Issuer will provide, without charge, to each person to whom a copy of this Programme Document has been delivered, upon the oral or written request of such person, a copy of any or all of the financial information which is incorporated herein by reference. Written or oral requests for such financial information should be directed to the Issuer at its principal office set out at the end of this Programme Document.

In addition, copies of documents incorporated by reference in this Programme Document will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchanenews/market-news/market-news-home.html>.

The Issuer will, in the event of any significant change affecting any matter contained in this Programme Document, or a significant new matter arising, the inclusion of information in respect of which would have been so required if it had arisen at the time of preparation of the Programme Document, prepare or publish a new listing particulars for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued as specified in the applicable Pricing Supplement in the form of either (a) a temporary global note (a **Temporary Global Note**) in bearer form, (b) a permanent global note (a **Permanent Global Note**) in bearer form, or (c) (in the case of Partly Paid Notes and if so specified in the applicable Pricing Supplement) an instalment global note (an **Instalment Global Note** and, together with any Temporary Global Notes and any Permanent Global Notes, each a **Global Note**) in bearer form, in any such case, without Receipts, Coupons or Talons (each as defined in “*Terms and Conditions of the Notes*” below), which, in any case, will:

- (i) if the Global Notes are intended to be cleared through the CMU Service, be delivered on or prior to the issue date for such Tranche to the sub-custodian for the CMU Service;
- (ii) if the Global Notes are intended to be issued in new global note (NGN) form, because they are intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (iii) if the Global Notes are intended to be issued in classic global note (CGN) form, be delivered on or prior to the issue date for such Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Delivering the Global Notes to the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during the life of such Global Note. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If the Global Note is issued in CGN form, upon the initial deposit of a Global Note with the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is issued in NGN form, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal and interest (if any) and any other amounts payable in respect of the Notes due prior to the end of the Distribution Compliance Period (as defined below) will be made (against presentation of the Temporary Global Note, if the Temporary Global Note is intended to be issued in CGN form) outside the United States and its possessions only to the extent that

certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations (in the form referred to in the Temporary Global Note) has been received by Euroclear and/or Clearstream, Luxembourg, or the CMU Service, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

In the case of a Tranche of Bearer Notes initially represented by a Temporary Global Note, on and after the expiry of the period (the **Distribution Compliance Period**) beginning on the date on which the Temporary Global Note is issued and ending 40 days thereafter, interests in the Temporary Global Note will be exchangeable (provided that, if it is a Partly Paid Note, all instalments of the subscription moneys have been paid), free of charge, as specified in the applicable Pricing Supplement either for interests in a Permanent Global Note or for definitive Bearer Notes with, where applicable, Receipts, Coupons and Talons attached, in each case against certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations in accordance with the terms set out in the Temporary Global Note, unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to receive any payment of interest, principal or other amounts due on or after the end of the Distribution Compliance Period unless, upon due certification, exchange of the Temporary Global Note for interests in a Permanent Global Note or for definitive Bearer Notes is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*” below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and an ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series of Notes and shall remain different until at least 40 days after the completion of the distribution of the Notes of such further Tranche as certified by the Agent to the relevant Dealer(s).

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg or the CMU Service (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is intended to be issued in CGN form) outside the United States and its possessions without any requirement for certification.

Exchange of Global Notes

A Permanent Global Note will be exchangeable free of charge, in whole or (subject to the Bearer Notes which continue to be represented by the Permanent Global Note being regarded by Euroclear and Clearstream, Luxembourg or the CMU Service as fungible with the definitive Bearer Notes issued in partial exchange for such Permanent Global Note) in part, for definitive Bearer Notes with, where applicable, Receipts, Coupons and Talons attached, upon not less than 60 days’ written notice from, in the case of (i) or (ii) below, Euroclear and/or Clearstream, Luxembourg or the CMU Service (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee to the Agent or, in the case of (iii) below, the Issuer, to the Agent and the Noteholders, in each case as described therein, at the cost and expense of the Issuer and only in the following circumstances specified in the applicable Pricing Supplement (if “limited circumstances” are so specified then only (i) and (ii) below shall apply and if “at any time” is so specified then only (iii) below shall apply): (i) the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service and either such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available, or (ii) an Event of Default (as defined in the Trust Deed) occurs and is continuing in relation to the Notes represented by the Permanent Global Note, or (iii) at the option of the Issuer at any time.

An Instalment Global Note will be exchangeable (upon payment by the bearer thereof of all, or in preparation of the next or final instalment of, the Issue Price in respect of the Notes represented thereby in accordance with the terms thereof) for interests in a further Instalment Global Note (which may (in accordance with the terms thereof) in turn be exchanged for (a) further Instalment Global Note(s) or (b) definitive Bearer Notes) or definitive Bearer Notes (all as indicated in the applicable Pricing Supplement). The forms of any such Instalment Global Note(s) shall be attached to the applicable Pricing Supplement.

Global Notes and definitive Bearer Notes will be issued pursuant to the Agency Agreement and the Trust Deed. No definitive Bearer Note delivered in exchange for a Permanent Global Note will be mailed or otherwise delivered to any location in the United States in connection with such exchange. At the date hereof, none of Euroclear, Clearstream, Luxembourg or the CMU Service regard Notes in global form as fungible with Notes in definitive form. Temporary Global Notes, Permanent Global Notes and definitive Bearer Notes will be authenticated and delivered by the Agent on behalf of the Issuer.

Legends

The following legend will appear on all Bearer Notes which have are issued in accordance with the TEFRA D rules and on all Receipts, Coupons and Talons relating to such Notes:

“ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF THE UNITED STATES) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, Receipts or Coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Bearer Notes, Receipts or Coupons.

Registered Notes

Registered Notes (other than Registered Notes cleared through CREST or sold in reliance on Rule 144A) of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global registered certificate (an **Unrestricted Global Certificate**). Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Notes, beneficial interests in an Unrestricted Global Certificate may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in the Conditions and may not be held otherwise than through Euroclear or Clearstream, Luxembourg or the CMU Service and such Unrestricted Global Certificate will bear a legend regarding such restrictions on transfer.

Registered Notes (other than Registered Notes sold in reliance on Regulation S) of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (**QIBs**). Registered Notes of each Tranche sold to QIBs will be represented by a global registered certificate (a **Restricted Global Certificate** and, together with an Unrestricted Global Certificate, the **Global Certificates**).

Global Certificates will either (i) be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (**DTC**); or (ii) be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU Service, as specified in the applicable Pricing

Supplement. Persons holding beneficial interests in Notes represented by a Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Notes represented by a Restricted Global Certificate will be subject to certain restrictions on transfers. These will be set forth in the Restricted Global Certificate and in the Conditions and the Restricted Global Certificate will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of Notes represented by the Global Certificates will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in the Conditions) as the registered holder of the Notes represented by the Global Certificate. None of the Issuer, the Trustee, any Paying Agent or any Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in Notes represented by the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of interest in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in the Conditions) immediately preceding the due date for payment in the manner provided in the Conditions.

Interests in Notes represented by a Global Certificate will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act (ii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg or the sub-custodian for the CMU Service, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have or the CMU Service has (as the case may be) been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available (iii) an Event of Default has occurred and continuing, or (iv) the Issuer elects at any time. The Issuer will promptly give notice to Noteholders in accordance with Condition 23 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg or the CMU Service (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in Notes represented by a Global Certificate may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in Notes represented by another Global Certificate. See “Clearance and Settlement” below. No beneficial owner of an interest in a Global Certificate will be able to transfer such interest, except in accordance with the applicable procedures of DTC, the CMU Service, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. **Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions; see “Subscription and Sale - Transfer Restrictions”.**

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

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

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

For so long as a Global Note or Global Certificate is cleared through the CMU Service, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled (in the case of Registered Notes, directed or deemed by the CMU Service as entitled) to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. All payments in respect of the Global Note or Global Certificate by the Issuer will be made through the CMU Lodging and Paying Agent to the persons so notified to it by the CMU Service in accordance with the CMU Rules.

Any reference herein to Euroclear and/or Clearstream, Luxembourg, the CMU Service and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

Any reference herein (except in the sub-section headed “*United Kingdom*” of the section headed “*Taxation*”) to DTC, Euroclear and/or Clearstream, Luxembourg or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (other than CREST) approved by the Issuer, the Agent and the Trustee.

Registered Notes cleared through CREST will be issued pursuant to the Registry Services Agreement (as defined under “*Terms and Conditions of the Notes*” below) in dematerialised and uncertificated form.

Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes.

CLEARANCE AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU Service. In respect of Bearer Notes, a Temporary Global Note and/or a Permanent Global Note may be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg or a sub-custodian for the CMU Service or an alternative clearing system as agreed between the Issuer and the Dealer. Transfers of interests in such Temporary Global Notes or Permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg, the normal market debt securities operating procedures of the CMU Service or, if appropriate, the alternative clearing system.

Registered Notes

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of Notes to be represented by an Unrestricted Global Certificate. The Issuer may also apply to have Notes represented by an Unrestricted Global Certificate accepted for clearance through the CMU Service. Each Unrestricted Global Certificate deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg or deposited with a sub-custodian for the CMU Service will have an ISIN and a Common Code or a CMU Code, as the case may be.

The Issuer, and a relevant US agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Notes represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. The Notes represented by each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under “Subscription and Sale-Transfer Restrictions”. In certain circumstances transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Restricted Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial interests in Restricted Notes directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Note represented by a Restricted Global Certificate registered in the name of DTC’s nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the Notes represented by relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in Notes represented by such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and

customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, ownership interests in Notes represented by any Restricted Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes (other than those cleared through CREST) will initially be represented by an Unrestricted Global Certificate and/or a Restricted Global Certificate. Certificates in respect of Registered Notes in definitive form (**Individual Certificates**) will only be available, in the case of Notes initially evidenced by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially evidenced by a Restricted Global Certificate, in minimum amounts of US\$250,000 (or its equivalent rounded upwards as agreed between the Issuer and the relevant Dealer(s)), or higher integral multiples of US\$1,000, in certain limited circumstances described below.

Payments through DTC

Payments in US dollars of principal and interest in respect of Notes represented by a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than US dollars in respect of Notes represented by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Issuer by the Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Agent will convert amounts in such currency into US dollars and deliver such US dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of Registered Notes

Transfers of interests in Notes represented by Global Certificates within Euroclear, Clearstream, Luxembourg, the CMU Service and DTC, as the case may be, will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in Notes represented by a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in Notes represented by a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in Notes represented by an Unrestricted Global Certificate may only be held through Euroclear or Clearstream, Luxembourg or the CMU Service. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg, the CMU

Service and/or DTC, transfers may be made at any time by a holder of Notes represented by an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the Distribution Compliance Period relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg or the CMU Service by the holder of an interest in Notes represented by the Unrestricted Global Certificate to the Agent of details of that account at DTC to be credited with the relevant interest in Notes represented by the Restricted Global Certificate. Transfers at any time by a holder of any interest in Notes represented by the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Agent or the Registrar of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg or the CMU Service, as the case may be, and DTC to be credited and debited, respectively, with an interest in Notes represented by each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to Notes represented by the Global Certificates described above and under “Subscription and Sale-Transfer Restrictions”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg or the CMU Service accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Agent.

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

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg or the CMU Service and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg or the CMU Service, on the other, transfers of interests in Notes represented by the relevant Global Certificates will be effected through the Agent, the Custodian and the relevant Registrar receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in Notes represented by the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg or the CMU Service accountholders and DTC participants cannot be made on a delivery versus payment basis. The Notes will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “Subscription and Sale-Transfer Restrictions”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the Notes represented by relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for Individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the US Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream, Luxembourg, the CMU Service and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear and the CMU Service, as applicable, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, the Trustee nor any Paying Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg, the CMU Service or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is held by or on behalf of DTC or the Custodian, Restricted Notes represented by Individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg, the CMU Service or DTC.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or a sub-custodian (as the case may be) or its nominee for Clearstream, Luxembourg and Euroclear or for the CMU Service or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in “Form of the Notes – Registered Notes” or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in “Form of the Notes - Registered Notes”. In such circumstances, the Issuer will cause sufficient Individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring

its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the US secondary market generally are required to settle within three business days (“T+3”), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date may consider consulting their own adviser.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement for each Tranche of Notes which will contain such of the following information (which may be modified in relation to any particular issue of Notes by agreement between the Issuer, the Agent and the relevant Dealer(s)) as is applicable in respect of such Notes:

Pricing Supplement dated [●]

The Royal Bank of Scotland plc
*(Incorporated in Scotland with limited liability under the
Companies Acts 1948 to 1980, registered number SC090312)*

[Description of Notes]

[Issue Price: [●] per cent.]

U.S.\$50,000,000,000
Structured Note Programme

The Programme Document referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

Prospective investors are notified that neither the Issuer nor any Dealer is required under the Prospective Directive to prepare or publish a prospectus in respect of the Notes in accordance with the Prospectus Directive.

The distribution of this document and the offer of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Pricing Supplement come are required by the Issuer to inform themselves about and to observe any such restrictions. Details of selling restrictions for various jurisdictions are set out in “Subscription and Sale” in the Programme Document. In particular, the Notes have not been, and will not be, registered under the US Securities Act of 1933, as amended, and are subject to US tax law requirements. [Trading in the Notes has not been approved by the US Commodity Futures Trading Commission under the US Commodity Exchange Act of 1936, as amended.] Subject to certain exceptions, the Notes may not at any time be offered, sold or delivered in the United States or to US persons, nor may any US persons at any time trade or maintain a position in such Notes. See “Subscription and Sale” in the Programme Document.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Programme Document dated 3 April 2014 as supplemented at the date hereof. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Programme Document as supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Programme Document. The Programme Document is available for viewing at [●] [[and] during normal business hours at [●] [and copies may be obtained from [●]].

[The following alternative language applies if (i) the first Tranche of an issue which is being increased was issued under or (ii) the offering of a Series of Notes was conducted under, a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the [Prospectus dated [14 May 2009 as supplemented by the supplemental prospectus dated 29 July 2009 [and supplemental prospectus dated 29 January 2010]]/[27 April 2010]/[28 April 2011]/[24 February 2012]/[29 June 2012]]/[Programme Document dated 20 March 2013] (which are incorporated by reference in the Programme Document (defined below)) (the **Conditions**). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Programme Document dated 3 April 2014 as supplemented on [●] (the **Programme Document**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Programme Document. The Programme Document is available for viewing at [●] [[and] during normal business hours at [●] [and copies may be obtained from [●]].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]

[Modified Following Business Day Convention (Adjusted) and Actual/365 (Fixed) Day Count Fraction applies to Notes denominated in Renminbi, where applicable.]

- | | | |
|----|-----------------------------------|---|
| 1. | Issuer: | The Royal Bank of Scotland plc |
| 2. | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i> |
| 3. | Specified Currency or Currencies: | [●] |
| | | [CNY Currency Event] |

[Relevant Currency: USD/HKD/[other]]

(N.B. CNY Currency Event and Relevant Currency applies to Notes denominated in Renminbi)

4. Aggregate Nominal Amount:

[(i)] Series: [●]

[(ii)] Tranche: [●]

5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*] *(Required only for listed issues – check with relevant stock exchange)*

6. (i) Specified Denominations: [●]

(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made) *(Note – where Bearer Notes with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*

“€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.”)

[Not relevant if Notes are being issued in registered form]

(ii) Calculation Amount: *(If only one Specified Denomination, insert the Specified Denomination.*

(Applicable to Notes in definitive form)

If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (i) Issue Date: [●]

(ii) Interest Commencement Date: [●]

8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year] (the **Scheduled Maturity Date**) [N.B. Care must be taken to ensure that if the Notes are Index Linked, Equity Linked, Currency Linked, Commodity*

Linked, Government Bond Linked, Fund Linked, Inflation Index Linked, Certificate Linked or otherwise involve a computation, in any case by reference to one or more Valuation Dates or Averaging Dates, as the case may be, which may be postponed pursuant to the Conditions of such Notes, the Maturity Date is likewise postponed and cannot occur prior to an acceptable period before the last occurring Valuation Date or the Final Averaging Date, as the case may be].

9. Interest/Payment Basis:
[[●] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Equity Linked Interest]
[Currency Linked Interest]
[Commodity Linked Interest]
[Government Bond Linked Interest]
[Fund Linked Interest]
[Inflation Index Linked Interest]
[Certificate Linked Interest]
[Non-interest bearing]
[specify other]

(further particulars specified below)
[Redemption at par]
[Index Linked Redemption]
[Equity Linked Redemption]
[Credit Linked]
[Currency Linked Redemption]
[Commodity Linked Redemption]
[Government Bond Linked Redemption]
[Fund Linked Redemption]
[Inflation Index Linked Redemption]
[Certificate Linked Redemption]
[Partly Paid]
[Instalment]
[specify other]
10. Redemption/Payment Basis:
11. Change of Interest or Redemption/Payment Basis:
[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options:
[Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Status of the Notes:
Senior
14. Method of distribution:
[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/ (specify)] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/Preceding Business Day Convention (Unadjusted)/other (give details)/not adjusted]
- (NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)*
- (iii) Additional Business Centre(s): [●]
- (NB: only relevant where Business Day Convention is applicable)*
- (NB: If London is required to be open please specify London as a Business Centre above)*
- (iv) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (Applicable to Notes in definitive form)*
- (v) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling in/on [●]
- (Applicable to Notes in definitive form)*
- (vi) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA) Actual/365 (Fixed) Actual/360 30E/360 or Eurobond Basis Actual/Actual (ICMA) specify other]

(vii) Determination Date(s): [●] in each year *[Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates]* (NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))

(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]

16. Floating Rate Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)

(i) Specified Period(s)/Specified Interest Payment Dates: [●]

(ii) First Interest Payment Date: [●]

(iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/Preceding Business Day Convention (Unadjusted)/other (give details)]

(NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)

(iv) Additional Business Centre(s): [●]

(NB: If London is required to be open please specify London as a Business Centre above)

(v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]

(vi) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]

- (vii) Screen Rate Determination: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Reference Rate: [●]
 - (Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)*
 - Interest Determination Date(s): [●]
 - (Second day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
 - Relevant Screen Page: [●]
 - (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (viii) ISDA Determination: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
- (ix) Margin(s): [+/-][●] per cent. per annum
- (x) Minimum Rate of Interest: [●] per cent. per annum
- (xi) Maximum Rate of Interest: [●] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/360
30/360 or 360/360 or Bond Basis
30E/360 or Eurobond Basis
specify other]

(See Condition 3(c) for alternatives)

- (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

17. Zero Coupon Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Accrual Yield: [●] per cent. per annum
- (ii) Reference Price: [●]
- (iii) Any other formula/basis of determining amount payable: [●]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5(d)(ii) and 5(h) apply/specify other]

(Consider applicable day count fraction if not U.S. dollar denominated)

18. Index Linked Interest Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Provisions for determining Rate of Interest and/or Interest Amount: [Give or annex details]
- (ii) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant index sponsors and whether such Index/Indices are a Multi-Exchange Index: [Basket of Indices/Single Index]
[(Give or annex details)]
[Details of each Index Sponsor]
Multi-Exchange Index [Yes/No]

[The X Percentage [applies/does not apply] in relation to such Index]

- (iii) Exchange(s): [●]
- (iv) Related Exchange(s): [[●]/All Exchanges]
- (v) [Valuation Date/Averaging Dates]: [●]

[Adjustment provisions in the event of a Disrupted Day: [Omission/Postponement/Modified Postponement]

(NB: only applicable where Averaging Dates

are specified)]

[Reference Price:

[Condition 7(c) applies/other]

(NB: if fallback set out in the definition of “Valuation Date” in Condition 7(c) does not apply, set out method for determining the Reference Price in the event that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day)

(vi) [Relevant Time/Valuation Time]:

[Condition 7 applies/other]

(vii) Strike Price:

[●]

(viii) Trade Date:

[●]

(ix) Correction of Index Levels:

Correction of Index Levels [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].

(If Correction of Index Levels does not apply, delete the following sub-paragraph)

[Correction Cut-Off Date:

[[●] Business Days prior to the relevant Specified Interest Payment Date/In relation to Averaging Dates other than the final Averaging Dates, [●] days after the relevant Averaging Date and in relation to the final Averaging Date, [●] Business Days prior to the relevant Specified Interest Payment Date]].

(Repeat as necessary where there are more Indices or insert a table)

(x) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]

(xi) Specified Period(s)/Specified Interest Payment Dates: [●]

[N.B. Care must be taken to ensure that each Specified Interest Payment Date is postponed and cannot occur prior to an acceptable period before the last occurring Valuation Date or the Final Averaging Date, as the case may be, in respect of each such Specified Interest Payment Date].

(xii) Business Day Convention:

[Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day

	Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/Preceding Business Day Convention (Unadjusted)/other (<i>give details</i>)
	<i>(NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)</i>
(xiii) Additional Business Centre(s):	[●]
	<i>(NB: If London is required to be open please specify London as a Business Centre above)</i>
(xiv) Minimum Rate of Interest:	[●] per cent. per annum
(xv) Maximum Rate of Interest:	[●] per cent. per annum
(xvi) Day Count Fraction:	[●]
(xvii) Additional Disruption Events:	See paragraph 39
(xviii) Other terms or special conditions:	[●]
19. Equity Linked Interest Note Provisions	[Applicable/Not Applicable]
	<i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>
(i) Provisions for determining Rate of Interest and/or Interest Amount:	[Give or annex details]
(ii) Whether the Notes relate to a basket of Underlying Equities or a single Underlying Equity and the identity of the relevant issuer(s) of the Underlying Equity/Equities:	[Basket of Underlying Equities/Single Underlying Equity] [Give or annex details of each Underlying Equity and each Equity Issuer]
(iii) Exchange Traded Fund:	[Applicable][Not Applicable] [(further particulars specified below)]
(iv) [Valuation Date/Averaging Dates]:	[●]
[Adjustment provisions in the event of a Disrupted Day:	[Omission/Postponement/Modified Postponement] <i>(NB: only applicable where Averaging</i>

Dates are specified)]

Reference Price: [Condition 8(e) applies/other]

(NB: if fallback set out in the definition of “Valuation Date” in Condition 8(e) does not apply, set out method for determining the Reference Price in the event that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date (or Scheduled Averaging Date, as the case may be) is a Disrupted Day)

(v) Valuation Time: [Condition 8(e) applies/other]

(vi) Exchange: [●]

(vii) Related Exchange(s): [[●]/All Exchanges]

(viii) Potential Adjustment Events: [Applicable/Not Applicable]

(ix) De-listing, Merger Event, Nationalisation and Insolvency: [Applicable/Not Applicable]

(x) Tender Offer: [Applicable/Not Applicable]

(xi) Equity Substitution: [Delete paragraph if applicable]/[Not Applicable]

(xii) Correction of Underlying Equity Prices: Correction of Underlying Equity Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].

(If Correction of Underlying Equity Prices does not apply, delete the following sub-paragraph)

[Correction Cut-Off Date: [[●] Business Days prior to each Specified Interest Payment Date.]

(xiii) Strike Price: [●]

(xiv) Exchange Rate: [Applicable/Not Applicable]

[Insert details]

(Repeat as necessary where there are more Underlying Equities or insert a table)

(xv) Trade Date: [●]

(xvi) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]

(xvii) Specified Period(s)/Specified Interest [●]
Payment Dates:

(xviii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/Preceding Business Day Convention (Unadjusted)/other (give details)]

(NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)

(xix) Additional Business Centre(s): [●]

(NB: If London is required to be open please specify London as a Business Centre above)

(xx) Minimum Rate of Interest: [●]

(xxi) Maximum Rate of Interest: [●]

(xxii) Day Count Fraction: [●]

(xxiii) Additional Disruption Events: See paragraph 39

(xxiv) Other terms or special conditions: [●]

[Exchange Traded Fund Particulars: (delete entire section if Exchange Traded Fund is specified to be “Not Applicable”)]

Exchange Traded Fund Business Day [●]
Jurisdictions(s):

Replacement Exchange Traded Fund: [Applicable][Not Applicable]

Suspension Asset: [Applicable][Not Applicable]

20. Commodity Linked Interest Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Provisions for determining Rate of [Give or annex details]

Interest and/or Interest Amount:

- | | | |
|--------|--|--|
| (ii) | Whether the Notes relate to a basket of Commodities on a single Commodity and identity of the relevant commodity(ies): | [Basket of Commodities/Single Commodity]
[Give or annex details] |
| (iii) | [Valuation Date/Averaging Dates]: | [●] |
| (iv) | Strike Date: | [●] |
| (v) | Commodity: | [●] |
| (vi) | Information Source: | [●] |
| (vii) | Commodity Reference Price: | [●]/[The Specified Price as published by the Price Source]/[Commodity Reference Dealers] |
| (viii) | Correction of Commodity Reference Price: | [Applicable/Not Applicable] |
| (ix) | Price Materiality Percentage: | [[●]/Not Applicable] |
| (x) | Exchange: | [●] |
| (xi) | Futures Contract: | [●] |
| (xii) | Delivery Date: | [[●]/[●] Nearby Month] |
| (xiii) | Price Source: | [●] |
| (xiv) | Specified Price: | [(A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the fixing; (O) the spot price; or (P) <i>Other – please specify</i>] |
| (xv) | Market Disruption Event: | [Price Source Disruption]

[Trading Disruption]

[Disappearance of Commodity Reference Price]

[Material Change in Formula]

[Material Change in Content]

[Tax Disruption] |

- [Other – *Please specify*]
- (xvi) Reference Dealers: [[●]/The Calculation Agent]
- (Repeat as necessary where there are more Commodities or insert a table)*
- (xvii) Trade Date: [●]
- (xviii) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]
- [N.B. Care must be taken to ensure that each Specified Interest Payment Date is postponed and cannot occur prior to an acceptable period before the last occurring Commodity Valuation Date, as the case may be, in respect of each such Specified Interest Payment Date]**
- (xix) Specified Period(s)/Specified Interest Payment Dates: [●]
- (xx) Business Day Convention: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/Preceding Business Day Convention (Unadjusted)/other (*give details*)]
- (NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)*
- (xxi) Additional Business Centre(s): [●]
- (NB: If London is required to be open please specify London as a Business Centre above)*
- (xxii) Minimum Rate of Interest: [●] per cent. per annum
- (xxiii) Maximum Rate of Interest: [●] per cent. per annum
- (xxiv) Day Count Fraction: [●]
- (xxv) Additional Disruption Events: See paragraph 39

- (xxvi) Other terms or special conditions: [●]
21. Currency Linked Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Relevant Currency(ies):
- (ii) Provisions for determining Rate of Interest and/or Interest Amount: [Give or annex details]
- Currency Exchange Rate(s): [spot currency exchange rate] [currency exchange rate] [●] expressed as the amount of [insert currency] per one [insert currency] which appears on the Screen Page
- Valuation Date: [Not Applicable/[●]]
- Averaging Date(s): [Not Applicable/[●]]
- Observation Date(s): [Not Applicable/[●]]
- Valuation Time: [●]
- Screen Page: [●] [Bloomberg Code:[●] <Currency>][or]
- [Reuters RIC Code: [●]]
- (Repeat as necessary where there are more than one Currency Exchange Rate or insert a table)*
- (iii) Trade Date: [●]
- (iv) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]
- (v) Specified Period(s)/Specified Interest Payment Dates: [●]
- (vi) Business Day Conventions: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/Preceding Business Day Convention (Unadjusted)/other (give details)]

(NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)

- (vii) Additional Business Centre(s): [●]
 - (viii) Minimum Rate of Interest: [●] per cent. per annum
 - (ix) Maximum Rate of Interest: [●] per cent. per annum
 - (x) Day Count Fraction: [●]
 - (xi) Additional Disruption Events: See paragraph 39
 - (xii) Other terms or special conditions: [●]
22. Government Bond Linked Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Provisions for determining Rate of Interest and/or Interest Amount: [Give or annex details]
 - (ii) Whether the Notes relate to a basket of Government Bonds or a single Government Bond and identity of the relevant Government Bond(s) and/or related Reference Asset(s) (if any): [Basket of Government Bonds/Single Government Bond] [Give or annex details]
 - (iii) [Valuation Date/Averaging Dates]: [●]
 - (iv) Information Source: [●]
 - (v) Exchange: [●]
 - (vi) [Contract][specify details of related futures contract (if any)]: [●]
- (Repeat as necessary where there are more Government Bonds or insert a table)*
- (vii) Trade Date: [●]
 - (viii) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]
- [N.B. Care must be taken to ensure that each Specified Interest Payment Date is postponed and cannot occur prior to an acceptable period before the last occurring**

Government Bond Valuation Date, as the case may be, in respect of each such Specified Interest Payment Date]

- (ix) Specified Period(s)/Specified Interest Payment Dates: [●]
- (x) Business Day Convention: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/ Preceding Business Day Convention (Unadjusted)/other (give details)]
- (NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)*
- (xi) Additional Business Centre(s): [●]
- (NB: If London is required to be open please specify London as a Business Centre above)*
- (xii) Minimum Rate of Interest: [●] per cent. per annum
- (xiii) Maximum Rate of Interest: [●] per cent. per annum
- (xiv) Day Count Fraction: [●]
- (xv) Additional Disruption Events: See paragraph 39
- (xvi) Other terms or special conditions: [●]
23. Fund Linked Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Provisions for determining Rate of Interest and/or Interest Amount: [Give or annex details]
- (ii) Whether the Notes relate to a basket of Funds or a single Fund and identity of the relevant Fund(s): [Basket of Funds/Single Fund] [Give or annex details]
- (iii) [Valuation Date/Averaging Dates]: [●]

- (iv) Information Source: [●]
- (v) [Replacement Fund:] [Applicable/Not Applicable]
- (vi) [Suspension Asset:] [Applicable/Not Applicable]
- (vii) Effective Date: [●]

(Repeat as necessary where there are more Funds or insert a table)

- (viii) Trade Date: [●]
- (ix) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]
[N.B. Care must be taken to ensure that each Specified Interest Payment Date is postponed and cannot occur prior to an acceptable period before the last occurring Fund Valuation Date, as the case may be, in respect of each such Specified Interest Payment Date]

- (x) Specified Period(s)/Specified Interest Payment Dates: [●]

- (xi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/ Preceding Business Day Convention (Unadjusted)/other (give details)]

(NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)

- (xii) Additional Business Centre(s): [●]

(NB: If London is required to be open please specify London as a Business Centre above)

- (xiii) Minimum Rate of Interest: [●] per cent. per annum
- (xiv) Maximum Rate of Interest: [●] per cent. per annum

- (xv) Day Count Fraction: [•]
- (xvi) Additional Disruption Events: See paragraph 39
- (xvii) Other terms or special conditions: [•]
24. Inflation Index Linked Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Provisions for determining Rate of Interest and/or Interest Amount: [Give or annex details]
- (ii) Whether the Notes relate to a basket of Inflation Indices or a single Inflation Index and identity of the relevant Inflation Index/Indices: [Basket of Inflation Indices/Single Inflation Index] [Give or annex details]
- (iii) [Valuation Date/Averaging Dates]: [•]
- (iv) Information Source: [•]
- (v) Inflation Fixing Months: [•]
- (Repeat as necessary where there are more Inflation Indices or insert a table)*
- (vi) Trade Date: [•]
- (vii) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [•]
- [N.B. Care must be taken to ensure that each Specified Interest Payment Date is postponed and cannot occur prior to an acceptable period before the last occurring Inflation Index Valuation Date, as the case may be, in respect of each such Specified Interest Payment Date]**
- (viii) Specified Period(s)/Specified Interest Payment Dates: [•]
- (ix) Business Day Convention: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention (Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/ Preceding Business Day Convention (Unadjusted)/other (give details)]

(NB: For the Business Day Convention to

apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)

- (x) Additional Business Centre(s): [●]
- (NB: If London is required to be open please specify London as a Business Centre above)*
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Additional Disruption Events: See paragraph 39
- (xv) Other terms or special conditions: [●]
25. Certificate Linked Interest Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Provisions for determining Rate of Interest and/or Interest Amount: [Give or annex details]
- (ii) Whether the Notes relate to a basket of Certificates or a single Certificate and identity of the relevant Certificate(s): [Basket of Certificates/Single Certificate] [Give or annex details]
- (iii) [Valuation Date/Averaging Dates]: [●]
- (iv) Information Source: [●]
- (Repeat as necessary where there are more Certificates or insert a table)*
- (v) Trade Date: [●]
- (vi) Party responsible for calculating the Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): [●]
- [N.B. Care must be taken to ensure that each Specified Interest Payment Date is postponed and cannot occur prior to an acceptable period before the last occurring Certificate Valuation Date, as the case may be, in respect of each such Specified Interest Payment Date]**
- (vii) Specified Period(s)/Specified Interest Payment Dates: [●]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention (Adjusted)/Following Business Day Convention (Unadjusted)/Modified Following Business Day Convention]

(Adjusted)/Modified Following Business Day Convention (Unadjusted)/Preceding Business Day Convention (Adjusted)/ Preceding Business Day Convention (Unadjusted)/other (give details)]

(NB: For the Business Day Convention to apply to the interest accrual periods specify “(Adjusted)” after the elected Business Day Convention. For the Business Day Convention to apply only to the Payment Dates and not apply to the interest accrual periods specify “(Unadjusted)” after the elected Business Day Convention.)

(ix) Additional Business Centre(s): [●]

(NB: If London is required to be open please specify London as a Business Centre above)

(x) Minimum Rate of Interest: [●] per cent. per annum

(xi) Maximum Rate of Interest: [●] per cent. per annum

(xii) Day Count Fraction: [●]

(xiii) Additional Disruption Events: See paragraph 39

(xiv) Other terms or special conditions: [●]

PROVISIONS RELATING TO REDEMPTION

26. Call Option [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Issuer Optional Redemption Date(s): [●]

(ii) Issuer Optional Redemption Amount(s) [●] per Calculation Amount and method, if any, of calculation of such amount(s): *(Consideration to be given to accrued interest)*

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [●]

(b) Maximum Redemption Amount: [●]

(iv) Notice period (if other than as set out in the Conditions): [●]

(NB: If setting notice periods which are

different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Agent or Trustee)

27. Put Option

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Noteholder Optional Redemption Date(s): [●]

(ii) Noteholder Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●] per Calculation Amount

(iii) Notice period (if other than as set out in the Conditions): [●]

(NB: If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Agent or Trustee)

28. Final Redemption Amount

[[●] per Calculation Amount/specify other/Not Applicable]

(Where Notes are Index Linked Redemption Notes, Equity Linked Redemption Notes, Credit Linked Notes, Currency Linked Notes, Commodity Linked Redemption Notes, Government Bond Linked Redemption Notes, Fund Linked Redemption Notes, Inflation Index Linked Redemption Notes or Certificate Linked Redemption Notes or specify "Not Applicable" and complete Item 30, 31, 32, 33, 34, 35, 36, 37 or, 38 below as applicable)

29. Early Redemption Amount

(i) Early Redemption Amount(s) payable on redemption following (a) the occurrence of an event of default or (b) illegality or (c) taxation or (d) in the case of Index Linked Notes, following an Index [As set out in Condition 5(d)] OR [●] per Calculation Amount [less the cost to

Adjustment Event in accordance with Condition 7(b)(ii)(b) or (e) in the case of Equity Linked Notes, following certain corporate events in accordance with

the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Notes]

Condition 8(b)(ii)(B) or (f) in the case of Credit Linked Notes, following a Merger Event (if applicable) or a Constraint

OR

Event (if Condition 10(u)(a)(ii) applies; see paragraph 32(xlvi)(b) below), and/or the method of calculating the same (if required or if different from that set out in Condition 5(d)) or (g) in the case of Commodity Linked Notes, following a Market Disruption Event in accordance with Condition 11(b)(i) or (h) in the case of Government Bond Linked Notes, following a Market Disruption Event in accordance with Condition 12(b)(i) or (i) in the case of Fund Linked Notes, following the occurrence of a Trigger Event, a Potential Trigger Event, an Insolvency or a Merger Event in accordance with Condition 13(b)(i) or (j) in the case of Inflation Index Linked Notes, following modification, alteration or discontinuance of the relevant Inflation Index in accordance with Condition 14(b)(i) or (k) in the case of Certificate Linked Notes, following a Market Disruption Event in accordance with Condition 15(b)(i) or (l) following an Additional Disruption Event (if applicable) in accordance with Condition 16(b)(ii):

[in respect of Credit Linked Notes:

Condition 5(d)(iii) shall apply and for the purposes of calculating the fair market value of the principal amount of the Notes equal to the Calculation Amount the Calculation Agent shall take into account Unwind Costs (as defined in Condition 10), provided that the cost of breaking any deposit shall not be taken into account where the Early Redemption Amount is payable as a result of an Event of Default by the Issuer.

OR

[Specify other]

- (ii) Early Redemption Amount includes amount in respect of accrued interest:

[Yes: no additional amount in respect of accrued interest to be paid/No: together with the Early Redemption Amount, accrued interest shall also be paid]

N.B. For all Notes attention should be given to how accrued interest should be included in the computation of the Early Redemption Amount, if at all

30. Index Linked Redemption Notes:

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Whether the Notes relate to a basket of indices or a single index, the identity of the relevant Index/Indices and details of the relevant index sponsors and whether such Index/Indices are a Multi-Exchange Index:

[Basket of Indices/Single Index]
[[Give or annex details]]

[Details of each Index Sponsor]

Multi-Exchange Index [Yes/No]

		[The X Percentage [applies/does not apply] in relation to such Index]
(ii)	Calculation Agent responsible for making calculations pursuant to Condition 7:	[●]
(iii)	Exchange(s):	[●]
(iv)	Related Exchange(s):	[[●]/All Exchanges]
(v)	Final Redemption Amount:	[Express per Calculation Amount]
(vi)	[Valuation Date/Averaging Dates]:	[●]
	[Adjustment provisions in the event of a Disrupted Day:	[Omission/Postponement/Modified Postponement]
		<i>(NB: only applicable where Averaging Dates are specified)</i>
	[Reference Price:	[Condition 7(c) applies/other]
		<i>(NB: if fallback set out in the definition of “Valuation Date” in Condition 7(c) does not apply, set out method for determining the Reference Price in the event that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day)</i>
(vii)	[Relevant Time/Valuation Time]:	[Condition 7 applies/other]
(viii)	Strike Price:	[●]
(ix)	Trade Date:	[●]
(x)	Correction of Index Levels:	Correction of Index Levels [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].
		<i>(If Correction of Index Levels does not apply, delete the following sub-paragraph)</i>
	[Correction Cut-Off Date:	[[●] Business Days prior to the Maturity Date/In relation to Averaging Dates other than the final Averaging Dates, [●] days after the relevant Averaging Date and in relation to the final Averaging Date, [●] Business Days prior to the Maturity Date]].

(Repeat as necessary where there are more Indices or insert a table)

- (xi) Additional Disruption Events: See paragraph 39
- (xii) Other terms or special conditions: [●]
31. Equity Linked Redemption Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Notes relate to a basket of Underlying Equities or a single Underlying Equity and the identity of the relevant issuer(s) of the Underlying Equity/Equities: [Basket of Underlying Equities/Single Underlying Equity]
[Give or annex details of each Underlying Equity and each Equity Issuer]
- (ii) Exchange Traded Fund: [Applicable][Not Applicable]
[(further particulars specified below)]
- (iii) Whether redemption of the Notes will be by (a) Cash Settlement or (b) Physical Delivery or (c) Cash Settlement and/or Physical Delivery: [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery]
(If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)

(In the case of Registered Notes that are to be cleared through CREST, Cash Settlement is assumed).
- (iv) Calculation Agent responsible for making calculations pursuant to Condition 8: [●]
- (v) Exchange: [●]
- (vi) Related Exchange(s): [[●]/All Exchanges]
- (vii) Potential Adjustment Events: [Applicable/Not Applicable]
- (viii) De-listing, Merger Event, Nationalisation and Insolvency: [Applicable/Not Applicable]
- (ix) Tender Offer: [Applicable/Not Applicable]
- (x) Equity Substitution: [Delete paragraph if applicable]/[Not Applicable]
- (xi) Correction of Underlying Equity Prices: Correction of Underlying Equity Prices [applies/does not apply and the Reference Price shall be calculated without regard to any subsequently published correction].

(If Correction of Underlying Equity Prices

does not apply, delete the following sub-paragraph)

[Correction Cut-Off Date:

[[●] Business Days prior to the Maturity Date.]

(Repeat as necessary where there are more Underlying Equities or insert a table)

(xii) Final Redemption Amount:

[Express per Calculation Amount]

[Valuation Date/Averaging Dates]:

[●]

[Adjustment provisions in the event of a Disrupted Day:

[Omission/Postponement/Modified Postponement]

(NB: only applicable where Averaging Dates are specified)]

Reference Price:

[Condition 8(e) applies /other]

(NB: if fallback set out in the definition of “Valuation Date” in Condition 8(e) does not apply, set out method for determining the Reference Price in the event that each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day)

(xiii) Valuation Time:

[Condition 8(e) applies/other]

(xiv) Strike Price:

[●]

(xv) Exchange Rate:

[Applicable/Not Applicable]

[Insert details]

(xvi) Trade Date:

[●]

(xvii) Relevant Assets:

[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]

(xviii) Asset Amount:

[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]

(xix) Cut-Off Date:

[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]

(xx) Final Date:

[●]

(xxi) Delivery provisions for Asset Amount (including details of who is to make such delivery) if different from Conditions:

[Only applicable for Physical Delivery or Cash Settlement and/or Physical Delivery]

(xxii) Other terms or special conditions:

[●]

(xxiii)	Failure to Deliver due to Illiquidity:	[Applicable/Not Applicable] <i>(NB: Only applicable to certain types of Equity Linked Redemption Notes)</i>
(xxiv)	Additional Disruption Events:	See paragraph 39
	[Exchange Traded Fund Particulars: <i>(delete entire section if Exchange Traded Fund is specified to be “Not Applicable”)</i>]	
	Exchange Traded Fund Business Day [●] Jurisdiction(s):	
	Replacement Exchange Traded Fund:	[Applicable][Not Applicable]
	Suspension Asset:	[Applicable][Not Applicable]
32.	Credit Linked Notes:	[Applicable/Not Applicable]
	<i>[NB: Consider whether definitions included in Conditions are up to date]</i>	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Type of Notes:	[Single Name Credit Linked Notes/First-to-Default Credit Linked Notes/N th -to-Default Credit Linked Notes*/Linear Basket Notes**/other***] <i>[*Where the Notes are Nth-to-Default Credit Linked Notes, specify the value of N, e.g. “Second-to-Default Credit Linked Notes”]</i> <i>[**Where the Notes are Linear Basket Notes specify the weighting of the Basket]</i> <i>[***If Credit Linked Notes of a type other than covered by Condition 10 are being issued then applicable additional provisions will need to be set out in full in this Pricing Supplement]</i>
(ii)	Credit Derivatives Physical Settlement Matrix	
	(a) Physical Settlement Matrix Standard Terms:	[Applicable/Not Applicable] <i>[Condition 10(o). The Physical Settlement Matrix Standard Terms can apply to a Physically Settled, Cash Settled or Auction Settled Note]</i>

(b) Version of Physical Settlement Matrix:	The “Credit Derivatives Physical Settlement Matrix” as published by ISDA on [●], a copy of which is appended to this Pricing Supplement
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[If Applicable, append the version of the Physical Settlement Matrix which is being used to this Pricing Supplement]

General

(iii) Final Redemption Amount:	<i>[Express per Calculation Amount]</i>
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(iv) Trade Date:	[●]
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(v) Specified Business Centre(s):	[●]
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(vi) Calculation Agent responsible for making calculations and determinations pursuant to Condition 10:	[●]
---	-----

(vii) Calculation Agent City:	[●]
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Credit Provisions

(viii) Reference Entity(ies):	[●]
-------------------------------	-----

(a) Transaction Type(s):	[●] [Not Applicable] <i>[Specify Transaction Type(s) where “Physical Settlement Matrix Standard Terms” is applicable]</i>
--------------------------	---

[If more than one Reference Entity, insert the following:]

1. [Reference Entity 1:	[●] (Reference Entity 1)
-------------------------	--------------------------

(a) Transaction Type(s):	[●] [Not Applicable] <i>[Specify Transaction Type(s) where “Physical Settlement Matrix Standard Terms” is applicable]</i>
--------------------------	---

(b) Reference Entity Notional Amount:	[●] <i>[Only applicable to linear Basket Notes]</i>
---------------------------------------	---

(c) Reference Entity Applicable Percentage:	[●] <i>[Only applicable to linear Basket Notes]</i>
---	---

2. [Reference Entity 2	[●] (Reference Entity 2)
------------------------	--------------------------

(a) Transaction Type(s):	[●] [Not Applicable] <i>[Specify Transaction Type(s) where “Physical Settlement Matrix</i>
--------------------------	--

Standard Terms” is applicable]

(b) Reference Entity Notional Amount: [●][*Only applicable to linear Basket Notes*]

(c) Reference Entity Applicable Percentage: [●][*Only applicable to linear Basket Notes*]

[NB complete and number accordingly in relation to additional Reference Entities. Also repeat relevant information in (x) – (xix) below inclusive in respect of each Reference Entity, specifying “In relation to Reference Entity [1]” or similar in relation to the relevant information.]

(ix) Fixed Number of Reference Entities: [Applicable/Not Applicable]

(x) Succession Event Backstop Date: [Applicable / Not Applicable]

(xi) Reference Obligation(s): [●]

[NB complete details in (vii) in relation to each Reference Obligation]

[The obligation[s] identified as follows:

(a) Primary Obligor: []

(b) Guarantor: []

(c) Maturity: []

(d) Coupon: []

(e) CUSIP/ISIN: []]

(xii) All Guarantees: [With respect to each Reference Entity, as specified in the Physical Settlement Matrix] or [Applicable/Not Applicable]

(xiii) Credit Events: [With respect to each Reference Entity, as specified in the Physical Settlement Matrix]

[Where the Physical Settlement Matrix Standard Terms apply, specify whether “Restructuring” is applicable in the case of a North American Corporate Transaction Type or Standard North American Corporate Transaction Type]

or

[Bankruptcy]

[Failure to Pay]

[Grace Period Extension:
[Applicable/Not Applicable]

[*If Applicable*: Grace Period: [●]]

[Obligation Acceleration]

[Obligation Default]

[Repudiation/Moratorium]

[Restructuring]

[*If Restructuring is applicable*:

- [Multiple Credit Events: Condition 10(1)(i) [Applicable/Not Applicable]
- [Multiple Holder Obligation: Condition 10(1)(ix) [Applicable/Not Applicable]
- [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]
- [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]

[other]

(a) Default Requirement: [●]

(b) Payment Requirement: [●]

(xiv) Credit Event Backstop Date: [Applicable / Not Applicable]

(xv) Conditions to Settlement: Credit Event Notice

Notice of Publicly Available Information
[Applicable/Not Applicable]

[*If Applicable*:

- Public Source(s): [As per Condition 10(p)] or [*specify sources*]]
- Specified Number: [●]]

- [Other Physical Settlement Matrix Standard Terms apply (if any)]
- (xvi) Event Determination Date :
- [Event Determination Date Version A] [*This is equivalent to a CDS with two Notifying Parties*]
- [Event Determination Date Version B] [*This is equivalent to a CDS with one Notifying Party*]
- [*Select only one of the above*]
- (xvii) Obligation(s):
- (a) Obligation Category
- [With respect to each Reference Entity, as specified in the Physical Settlement Matrix]
- or*
- [*select one only*]:
- [Payment]
- [Borrowed Money]
- [Reference Obligations Only]
- [Bond]
- [Loan]
- [Bond or Loan]
- (b) Obligation Characteristics:
- [With respect to each Reference Entity, as specified in the Physical Settlement Matrix]
- or*
- [*select all of which apply*]
- [Non Subordinated]
- [Specified Currency: [*specify currency*] *or* [Standard Specified Currencies]
- [Not Sovereign Lender]
- [Not Domestic Currency:]
- [Domestic Currency means: [*specify currency*] *or* [As per Condition 10(p)]]
- [Not Domestic Law]

		[Listed]
		[Not Domestic Issuance]
(c)	Additional Obligation(s):	[•]
(xviii)	Provisions relating to Monoline Insurer as Reference Entity:	[Condition 10(q) [Applicable/Not Applicable]/[Condition 10(r) [Applicable/Not Applicable]] (<i>N.B. If applicable, only one of Condition 10(q) and Condition 10(r) should be specified but not both</i>)
(xix)	Excluded Obligation(s):	[•]
(xx)	Settlement:	
	(a) Settlement Method:	[Cash Settlement/Physical Delivery/Auction Settlement]
	(b) Fallback Settlement Method:	[Cash Settlement/Physical Delivery/Not Applicable]
(xxi)	Accrual of Interest upon Credit Event:	[Applicable/Not Applicable] (<i>N.B. If applicable and Specified Currency is other than EUR ensure main financial centre of Specified Currency is specified in item 33(v)</i>)
	(a) Overnight Rate:	[Provide details if Accrual of Interest upon Credit Event is applicable and Specified Currency is other than EUR or U.S.\$]
(xxii)	Merger Event:	[Applicable/Not Applicable]
(xxiii)	Unwind Costs:	[•] [Specify Amount] [Standard Unwind Costs/Not Applicable]
<i>Terms relating to Cash Settlement</i>		
(xxiv)	Credit Event Redemption Amount:	[Express per Calculation Amount] or [As specified in Condition 10(p)] [If applicable, insert the following: The Credit Event Redemption Amount in respect of each Calculation Amount shall be rounded to the nearest 0.01 in the Specified Currency with 0.005 rounded [up]wards [See paragraph [1] of Schedule 1 hereto]
(xxv)	Credit Event Redemption Date:	[[•] Business Days] or [As specified in Condition 10(p)]

(xxvi)	Valuation Date:	<p>[Single Valuation Date:</p> <p>[•] Business Days]</p> <p>[Multiple Valuation Dates:</p> <p>[•] Business Days; and each Business Days thereafter.</p> <p>Number of Valuation Dates: [•]]</p>
(xxvii)	Valuation Time:	[•]
(xxviii)	Quotation Method:	[Bid/Offer/Mid-market]
(xxix)	Quotation Amount:	[•]/Representative Amount]
(xxx)	Minimum Quotation Amount:	[•]
(xxxi)	Quotation Dealers:	[•]
(xxxii)	Quotations:	[Include Accrued Interest/Exclude Accrued Interest]
(xxxiii)	Valuation Method:	[Market/Highest]
(xxxiv)	Valuation Obligation(s): The following Deliverable Obligation Category and Deliverable Obligation Characteristics shall apply:	
(a)	Deliverable Obligation Category:	<p>[With respect to each Reference Entity, as specified in the Physical Settlement Matrix]</p> <p><i>or</i></p> <p>[<i>select one only</i>]</p> <p>[Payment]</p> <p>[Borrowed Money]</p> <p>[Reference Obligations Only]</p> <p>[Bond]</p> <p>[Loan]</p>

- [Bond or Loan]
- (b) Deliverable Obligation Characteristics: [With respect to each Reference Entity, as specified in the Physical Settlement Matrix]
- or*
- [*select all of which apply*]
- [Not Subordinated]
- [Specified Currency: [*specify currency*] or [Standard Specified Currencies]]
- [Not Sovereign Lender]
- [Not Domestic Currency]
- [– Domestic Currency means: [*specify currency*]]
- [Not Domestic Law]
- [Listed]
- [Not Contingent]
- [Not Domestic Issuance]
- [Assignable Loan]
- [Consent Required Loan]
- [Direct Loan Participation]
- [Qualifying Participation Seller: *insert details*]
- [Transferable]
- [Maximum Maturity: [*insert Maximum Maturity in years*]]
- [Accelerated or Matured]
- [Not Bearer]
- (c) Additional Deliverable Obligation(s): [●]
- (d) Excluded Deliverable Obligation(s): [●]
- (xxxv) Other terms or special conditions: [Average Market/Highest/Average Highest]

[[Weighted]Blended Market/Blended
Highest]

[[Weighted]Average Blended Market/
Average Blended Highest]

[●]

Terms relating to Physical Delivery

(xxxvi) Physical Settlement Period: [With respect to each Reference Entity, as
specified in the Physical Settlement Matrix]

or

[●] Business Days]

(xxxvii) Asset Amount: [Include Accrued Interest/Exclude Accrued
Interest]

(xxxviii) Settlement Currency: [●]

(xxxix) Deliverable Obligations: [Applicable] [Not Applicable]

(e) Deliverable Obligation Category: [With respect to each Reference Entity, as
specified in the Physical Settlement Matrix]

or

[*select one only*]

[Payment]

[Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

(f) Deliverable Obligation
Characteristics: [With respect to each Reference Entity, as
specified in the Physical Settlement Matrix]

or

[*select all of which apply*]

[Not Subordinated]

[Specified Currency: *[specify currency]* or
[Standard Specified Currencies]]

[Not Sovereign Lender]

[Not Domestic Currency]

[– Domestic Currency means: *[specify
currency]*]

[Not Domestic Law]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Qualifying Participation Seller: *insert
details*]

[Transferable]

[Maximum Maturity: *[insert Maximum
Maturity in years]*]

[Accelerated or Matured]

[Not Bearer]

(g) Additional Deliverable Obligation(s): [●]

(h) Excluded Deliverable Obligation(s): [●]

(xl) Indicative Quotations: [Applicable/Not Applicable]

(xli) Cut-Off Date: [●]

(xlii) Delivery provisions for Asset Amount (including details of who is to make [●]

such delivery) if different from
Conditions:

- (xliii) Other terms or special conditions: *[Insert if applicable]*

Terms relating to Auction Settlement

- (xliv) Auction Credit Event Redemption Amount: *[Express per Calculation Amount]* or [As specified in Condition 10(p)]

- (xlv) Auction Credit Event Redemption Date: [●] or [As specified in Condition 10(p)]

Adjustments following a Constraint Event

- (xlvii) Constraint Events

- (a) Constraint Event provisions: [Applicable/Not Applicable]

(If not applicable, delete the following sub-paragraph "Type of Constraint Event")

- (b) Constraint Event Early Redemption: [Applicable/Not Applicable]

- (xlvii) Type of Constraint Event:

- (a) General Inconvertibility: [Applicable/Not Applicable]
If applicable:
Relevant Jurisdictions *[give details]*
Local Currency *[give details]*

- (b) Specific Inconvertibility: [Applicable/Not Applicable]
If applicable:
Reference Entity *[give details]*
Relevant Jurisdictions *[give details]*
Local Currency *[give details]*

- (c) General Non-Transferability: [Applicable/Not Applicable]
If applicable:
Relevant Jurisdictions *[give details]*
Local Currency *[give details]*

- (d) Specific Non-Transferability: [Applicable/Not Applicable]
If applicable:
Reference Entity *[give details]*
Relevant Jurisdictions *[give details]*
Local Currency *[give details]*

- (e) Nationalisation: [Applicable/Not Applicable]
If applicable:
Reference Entity *[give details]*
Relevant Jurisdictions *[give details]*

(f)	Hedging Disruption:	[Applicable/Not Applicable]
(g)	Downgrade:	[Applicable/Not Applicable] If applicable: Downgrade Obligation [Reference Obligation/ <i>give details</i>] Specified Rating [<i>give details</i>] Rating Agency [<i>give details</i>] [If more than one Downgrade Obligation, repeat in relation to each such Downgrade Obligation]
(xlviii)	[Additional Disruption Events:	See paragraph39]
33.	Currency Linked Redemption Notes:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i)	Relevant Currency(ies):	[●]
(ii)	Final Redemption Amount:	[Express per Calculation Amount]
	Currency Exchange Rate:	[spot currency exchange rate] [currency exchange rate] [●] expressed as the amount of [<i>insert currency</i>] per one [<i>insert currency</i>] which appears on the Screen Page Valuation Date: [Not Applicable/[●]] Averaging Date(s): [Not Applicable/[●]] Observation Date(s): [Not Applicable/[●]] Valuation Time: [●] Screen Page: [●] [Bloomberg Code:[●] <Currency>][or] [Reuters RIC Code: [●]] <i>(Repeat as necessary where there are more than one Currency Exchange Rate or insert a table)</i>
(iii)	Calculation Agent responsible for making calculations pursuant to Condition 6:	[●]
(iv)	Trade Date:	[●]
(v)	Additional Disruption Events:	See paragraph 39
(vi)	Other terms or special conditions:	[●]

34. Commodity Linked Redemption Notes	[Applicable/Not Applicable]
	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Whether the Notes relate to a basket of Commodities or a single Commodity and identity of the relevant commodity(ies):	[Basket of Commodities/Single Commodity] [Give or annex details]
(ii) Final Redemption Amount:	[Express per Calculation Amount]
(iii) [Valuation Date/Averaging Dates]:	[●]
(iv) Strike Date:	[●]
(v) Commodity:	[●]
(vi) Information Source:	[●]
(vii) Commodity Reference Price:	[●]/[The Specified Price as published by the Price Source]/[Commodity Reference Dealers]
(viii) Correction of Commodity Reference Price:	[Applicable/Not Applicable]
(ix) Price Materiality Percentage:	[[●]/Not Applicable]
(x) Exchange:	[●]
(xi) Futures Contract:	[●]
(xii) Delivery Date:	[[●]/[●] Nearby Month]
(xiii) Price Source:	[●]
(xiv) Specified Price:	[(A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the fixing; (O) the spot price; or (P) <i>Other – please specify</i>]
(xv) Market Disruption Event:	[Price Source Disruption] [Trading Disruption] [Disappearance of Commodity Reference Price] [Material Change in Formula] [Material Change in Content] [Tax Disruption] [Other – please specify]

(xvi) Reference Dealers: [[●]/The Calculation Agent]

(Repeat as necessary where there are more Commodities or insert a table)

(xvii) Calculation Agent responsible for [●]
making calculations pursuant to
Condition 11:

(xviii) Trade Date: [●]

(xix) Additional Disruption Events: See paragraph 39

(xx) Other terms or special conditions: [●]

35. Government Bond Linked Redemption Notes: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Whether the Notes relate to a basket of [Basket of Government Bonds/Single Government Bonds or a single Government Bond] [Give or annex details]
Government Bond and identity of the
relevant Government Bond(s) and/or
related Reference Asset(s) (if any):

(ii) Final Redemption Amount: [Insert per Calculation Amount]

(iii) [Valuation Date/Averaging Dates]: [●]

(iv) Information Source: [●]

(v) Exchange: [●]

(vi) [Contract][specify details of related [●]
futures contract (if any)]:

(Repeat as necessary where there are more Government Bonds or insert a table)

(vii) Calculation Agent responsible for [●]
making calculations pursuant to
Condition 12:

(viii) Trade Date: [●]

(ix) Additional Disruption Events: See paragraph 39

(x) Other terms or special conditions: [●]

36. Fund Linked Redemption Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Notes relate to a basket of Funds or a single Fund and identity of the relevant Fund(s): [Basket of Funds/Single Fund] [Give or annex details]
 - (ii) Final Redemption Amount: [Insert per Calculation Amount]
 - (iii) [Valuation Date/Averaging Dates]: [●]
 - (iv) Information Source: [●]
 - (v) [Replacement Fund:] [Applicable/Not Applicable]
 - (vi) [Suspension Asset:] [Applicable/Not Applicable]
 - (vii) Effective Date: [●]
- (Repeat as necessary where there are more Funds or insert a table)*
- (viii) Calculation Agent responsible for making calculations pursuant to Condition 13: [●]
 - (ix) Additional Disruption Events: See paragraph 39
 - (x) Trade Date: [●]
 - (xi) Other terms or special conditions: [●]
37. Inflation Index Linked Redemption Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Notes relate to a basket of Inflation Indices or a single Inflation Index and identity of the relevant Inflation Index/Indices: [Basket of Inflation Indices/Single Inflation Index] [Give or annex details]
 - (ii) Final Redemption Amount: [Insert per Calculation Amount]
 - (iii) [Valuation Date/Averaging Dates]: [●]
 - (iv) Information Source: [●]
 - (v) Inflation Fixing Months: [●]
- (Repeat as necessary where there are more Inflation Indices or insert a table)*

- (vi) Calculation Agent responsible for making calculations pursuant to Condition 14: [●]
- (vii) Trade Date: [●]
- (viii) Additional Disruption Events: See paragraph 39
- (ix) Other terms or special conditions: [●]
38. Certificate Linked Redemption Notes: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Whether the Notes relate to a basket of Certificates or a single Certificate and identity of the relevant Certificate(s): [Basket of Certificates/Single Certificate] [Give or annex details]
- (ii) Final Redemption Amount: [Insert per Calculation Amount]
- (iii) [Valuation Date/Averaging Dates]: [●]
- (iv) Information Source: [●]
- (Repeat as necessary where there are more Certificates or insert a table)*
- (v) Calculation Agent responsible for making calculations pursuant to Condition 15: [●]
- (vi) Trade Date: [●]
- (vii) Additional Disruption Events: See paragraph 39
- (viii) Other terms or special conditions: [●]
39. Additional Disruption Events: [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Change in Law: [Applicable/Not Applicable]
- [(N.B. Not applicable in the case of Credit Linked Notes)]*
- (ii) Hedging Disruption: [Applicable/Not Applicable] *(Elect “Applicable” if the default provisions under the programme apply.)*
- (N.B. Not applicable in the case of Credit Linked Notes)*

(iii)	Increased Cost of Hedging	[Applicable/Not Applicable] <i>(N.B. Not applicable in the case of Credit Linked Notes)</i>
(iv)	Increased Cost of Stock Borrow	[Applicable/Not Applicable] <i>(N.B. Only applicable in the case of Equity Linked Notes and certain types of Index Linked Notes)</i>
(v)	Insolvency Filing	[Applicable/Not Applicable] <i>(N.B. Only applicable in the case of Equity Linked Notes [and Certificate Linked Notes])</i>
(vi)	Loss of Stock Borrow	[Applicable/Not Applicable] <i>(N.B. Only applicable in the case of Equity Linked Notes and certain types of Index Linked Notes)</i>

GENERAL PROVISIONS APPLICABLE TO THE NOTES

40.	New Global Note:	[Yes][No]
41.	Form of Notes:	<p>[Global Notes:</p> <p>[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Bearer Notes on at least [60] days' notice [at any time/in the limited circumstances specified in the Permanent Global Note].]</p> <p>[Temporary Global Note exchangeable for definitive Bearer Notes on and after the end of the Distribution Compliance Period.]</p> <p>[Permanent Global Note exchangeable for definitive Bearer Notes on at least [60] days' notice [at any time/in the limited circumstances specified in the Permanent Global Note].]</p> <p><i>(N.B. The exchange upon notice at any time option should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000." Furthermore, such Specified Denomination construction is not permitted in relation to</i></p>

any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Bearer Notes.)

[Unrestricted Global Certificate (U.S.\$[] nominal amount) registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/[the sub-custodian for the CMU Service]/[●]]]

[Restricted Global Certificate (U.S.\$[] nominal amount) registered in the name of a nominee for DTC]

[CREST Notes – The Notes will be issued in dematerialised and uncertificated form and cleared through CREST]

[Instalment Global Notes – see the forms annexed hereto]

42. Additional Business Centre(s):

[Not Applicable/give details. Note that this item is only relevant where no Additional Business Centre(s) are specified in items 15(iii), 16(iv), 18(xiii), 19(xix), 20(xxi) or 21(vii), 22(xi), 23(xii), 24(x) or 25(ix)].

(NB: If London is required to be open please specify London as a Business Centre above)

43. Financial Centre(s):

[Not Applicable/give details]

(NB: If London is required to be open on a Payment Date please specify London as a Financial Centre above)

44. Talons for future Coupons or Receipts to be attached to definitive Bearer Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

45. Details relating to Partly Paid Notes:

[Not Applicable/give details]

[(i)] Amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[(ii)] Instalment Global Notes:

[Not Applicable/See the forms annexed hereto]

[(iii)] Details relating to notices:

[insert details]

46. Details relating to Instalment Notes: Instalment Amounts, Instalment Dates: [Not Applicable/give details]
47. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
48. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
49. Notices to the Issuer: *[Insert notice details for delivery of notices to the Issuer if specific notice details are required and Condition 23(c) applies]*
50. Issuer Business Centre: [Edinburgh/London/other]

(N.B. this item relates to the definition of Issuer Business Day set out in Condition 23)
51. Other terms: [Not Applicable/give details]

[If, following the date of this Pricing Supplement, but before the later of (i) the Issue Date for the Notes; and (ii) if applicable, the admission of the Notes to the [Official List of the Irish Stock Exchange Limited (the “**Irish Stock Exchange**”) and to trading on the Global Exchange Market of the Irish Stock Exchange]/[specify](the **Original Programme Document**) is amended, supplemented, updated or replaced (including replacement following the expiry of the Original Programme Document) then the Issuer shall be entitled, without the consent of any Noteholder, any prospective Noteholder, the Trustee or any other person, to amend this Pricing Supplement so as to provide, and/or replace this Pricing Supplement with ones which provide, that references to the Original Programme Document herein shall be to the Original Programme Document as amended, supplemented, updated or replaced (save that the terms and conditions applicable to the Notes shall be the Terms and Conditions set forth in the Original Programme Document).]

[This Pricing Supplement supersedes and replaces that dated [] in relation to the Notes.]

DISTRIBUTION

52. (i) If syndicated, names [and addresses] of Managers [and underwriting and underwriting commitments]] [Not Applicable/give names [and addresses and underwriting commitments]]

commitments]:

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)

- (ii) Date of [Subscription] agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give names]
53. If non-syndicated, name of Dealer: [Not Applicable/give name]
54. Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
55. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: [TEFRA D/TEFRA C/TEFRA rules not applicable]
56. Additional selling restrictions: [Not Applicable/give details]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [The information relating to [the Reference Items (the Reference Information)] [and [●]] contained herein has been accurately reproduced from [insert information source(s)]. The Issuer confirms that such information has been accurately reproduced and that, so far as the Issuer is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) to list the Notes issued under the Programme on [the Official List of the Irish Stock Exchange/*specify*] [and to admit them to trading on [the Irish Stock Exchange’s Global Exchange Market/ *specify*]]] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (ii) Estimate of total expenses [●]
related to admission to trading:

2. RATINGS

Ratings: The Notes to be issued have been rated:
[Standard & Poor’s Credit Market Services Europe Limited: [●]]
[Moody’s Investors Service Limited: [●]]
[Fitch Ratings Limited: [●]]
[[Other]: [●]]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer: [●]
(See “Use of Proceeds” wording in Programme Document – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

- (ii) Estimated net proceeds: [●]
(If proceeds are intended for more than one use

will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

- (iii) Estimated total expenses: [●]
[Include breakdown of expenses]

5. **YIELD (Fixed Rate Notes only)**

- Indication of yield: [●]
[Calculated as [include details of method of calculation in summary form] on the Issue Date.]
 The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **HISTORIC INTEREST RATES (Floating Rate Notes only)**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. **PERFORMANCE OF REFERENCE ITEM(S)/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE REFERENCE ITEM(S)**

[Need to include details of where past and future performance and volatility of the Reference Item(s)/formula/other variable can be obtained.]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the Reference Item(s) and the circumstances when the risks are most evident.]

[Where a Reference Item is an index, need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Where a Reference Item is an underlying equity, need to include details of the name of equity issuer, the identification number of the underlying equity, where pricing information about the underlying equity can be obtained.]

[Where there is a basket of Reference Items, give details of weighting of each Reference Item within the basket.]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information]

8. **OPERATIONAL INFORMATION**

- (i) ISIN Code: [●] [Not Applicable]
- (ii) Common Code: [●] [Not Applicable]
- (iii) CMU Code: [●] [Not Applicable]
- (iv) CUSIP [●] [Not Applicable]
- (v) Clearing System: [DTC/Euroclear Bank S.A./N.V. and Clearstream

- Banking, société anonyme/Central Moneymarkets Unit Services]
- (vi) Any clearing system(s) other than DTC/Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the Central Moneymarkets Unit (together with their addresses) and the relevant identification number(s):
- [Not Applicable]
- [Euroclear UK and Ireland Limited (**CREST**), 33 Cannon Street, London EC4M 5SB]
- [Insert identification number/code of the Notes]]*
- [Specify other name(s) and number(s) and set out any necessary terms and/or amendments to the Conditions].*
- (vii) Delivery:
- Delivery [against/free of] payment
- (viii) Additional Paying Agent(s) (if any):
- [●]
- (ix) Intended to be held in a manner which would allow Eurosystem eligibility:
- [Yes][No]
- [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the International Central Securities Depositories as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if “yes” selected in which case the Notes must be issued in NGN form]*

ANNEX

(If Physical Settlement Matrix Standard Terms is specified as applying in respect of Credit Linked Notes, insert the relevant Physical Settlement Matrix in respect of each relevant Transaction Type)

TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the **Conditions** and each a **Condition**) which (subject to amendment) will be incorporated by reference into each Global Note and which will be endorsed upon each definitive Bearer Note and which will apply to each Registered Note. The applicable Pricing Supplement (as defined below) in relation to any Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Conditions, replace or modify the following Conditions for the purposes of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note, each definitive Bearer Note and each definitive Registered Note. Reference should be made to Form of the Notes above for the form of Pricing Supplement which will include the definition of certain terms used in the following Conditions.*

This Note is one of a Series of Notes constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 12 November 2002 made between The Royal Bank of Scotland plc (the **Issuer**) and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include any successor as trustee) as Trustee for the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note or a Global Certificate be construed as provided in Condition 1 below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Bearer Notes (as defined below) represented by a Global Note (as defined below), units of the lowest Specified Denomination in the Specified Currency;
- (ii) in relation to any Registered Notes (as defined below) represented by a Global Certificate (as defined below) or cleared through CREST, units of the lowest Specified Denomination in the Specified Currency;
- (iii) any Global Note;
- (iv) any definitive Bearer Notes issued in exchange for a Global Note; and
- (v) any definitive Registered Notes (whether or not issued in exchange for Notes represented by a Global Certificate).

Interest-bearing definitive Bearer Notes have interest coupons (**Coupons**) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or Couponholders (as defined below) shall, unless the context otherwise requires, be deemed to include a reference to Talons or Talonholders (as defined below). Definitive Bearer Notes redeemable in instalments will have receipts attached on issue (**Receipts**) for the payment of the instalments of principal (other than the final instalment).

Payments in respect of the Notes (other than Notes cleared through CREST (defined below)) will be made under an amended and restated Agency Agreement (such Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 3 April 2014 and made between the Issuer, The Bank of New York Mellon, acting through its London Branch, as agent (the **Agent**, which expression shall include any successor as agent), The Bank of New York Mellon, acting through its Hong Kong Branch (the **CMU Lodging and Paying Agent**, which expression shall include any successor as CMU lodging and paying agent), the paying agent named therein (together with the Agent and the CMU

Lodging and Paying Agent, the **Paying Agents**), The Bank of New York Mellon, acting through its New York Branch as registrar for Restricted Notes and The Bank of New York (Luxembourg) S.A. as registrar for Unrestricted Notes (each a **Registrar**, which expression shall include any successor as registrar) and the Trustee.

Payments in respect of Notes cleared through CREST will be made under an agreement (as amended, restated or supplemented from time to time, the **Registry Services Agreement**) for the provision of registry services with Computershare Investor Services PLC (the **Registrar**, which expression shall include any successor registrar).

Notes may be issued at such times as shall be determined by the Issuer. The Issuer shall, prior to the time of issue of any Notes, determine the relevant provisions of the Notes to be issued pursuant to the terms set out below, such provisions to be indicated in Part A of the applicable Pricing Supplement, which may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify them for the purposes of this Note. References herein to the **applicable Pricing Supplement** are to Part A of the Pricing Supplement attached hereto or endorsed hereon (where applicable).

The following statements are summaries of the detailed provisions of the Trust Deed and the applicable Pricing Supplement. Copies of the Trust Deed (which contains the forms of the Notes, Receipts, Coupons and Talons other than in respect of Notes cleared through CREST), together with copies of the Agency Agreement (which contains the form of the Pricing Supplement for each issue of Notes other than Notes cleared through CREST), will be available for inspection during normal business hours at the registered office for the time being of the Trustee, being as at 3 April 2014, at Fifth Floor, 100 Wood Street, London EC2V 7EX and, in the case of Bearer Notes, at the specified office of each of the Paying Agents and, in the case of Registered Notes not cleared through CREST, at the specified office of the relevant Registrar. Copies of the Trust Deed and the Registry Services Agreement will be available from the relevant Registrar in the case of Registered Notes cleared through CREST. A copy of the applicable Pricing Supplement may be obtained from, in the case of Bearer Notes or Registered Notes not cleared through CREST, the specified office of each of the Paying Agents and, in the case of Registered Notes, at the specified office of the relevant Registrar save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent or (in the case of Registered Notes) the relevant Registrar, as the case may be, as to its holding of such Notes (other than in respect of Notes cleared through CREST) and identity. In the case of Notes not cleared through CREST, the relevant Noteholders, the holders of the Receipts (the **Receiptholders**), the holders of the Coupons (the **Couponholders**) and the holders of the Talons (the **Talonholders**) will be deemed to have notice of, and will be entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement, which will be binding on them. In the case of Notes cleared through CREST, the relevant Noteholders will be deemed to have notice of, and will be entitled to the benefit of, all the provisions of the Trust Deed and the Registry Services Agreement, which will be binding on them. Words and expressions defined in the Trust Deed, the Agency Agreement, the Registry Services Agreement or used in the applicable Pricing Supplement shall have the same meanings where used herein unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement or the Registry Services Agreement, as the case may be, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed, the Agency Agreement or the Registry Services Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

As used herein, **Series** means the Notes of each original issue of Notes together with the Notes of any further issues expressed to be consolidated and form a single series with the Notes of an original issue and which are denominated in the same currency and the terms of which (save for the Issue Date, the Interest Commencement Date or the Issue Price) are otherwise identical (including whether or not they are listed on any stock exchange) and shall be deemed to include the temporary and permanent global Notes and the definitive Notes of such Series; and the expressions **Notes of the relevant Series** and **holders of Notes of the relevant Series** and related expressions shall be construed accordingly. As used herein, **Tranche** means all Notes of the same Series with the same Issue Date, Interest Commencement Date and Issue Price. As used herein, **Registrar** shall mean (i) Computershare Investor Services PLC or its successor (in the case of Registered Notes cleared through CREST), (ii) The Bank of New York Mellon (Luxembourg) S.A. or its successor (in the case of Unrestricted Notes) and (iii) The Bank of New York Mellon, acting through its New York Branch or its successor (in the case of Restricted Notes), as the context may require or permit.

As used herein, **CNY**, **RMB** and **Renminbi** each mean the lawful currency of the PRC.

1. Form, Denomination and Title

(a) Form

Notes will be issued in bearer form (as **Bearer Notes** (with or without Coupons)) or in registered form (as **Registered Notes**) as specified in the applicable Pricing Supplement.

If so specified in the applicable Pricing Supplement, Notes will be cleared through the dematerialised and uncertificated securities trading system operated by Euroclear UK and Ireland Limited (**CREST**). Such Notes (**CREST Notes**) will be registered securities in dematerialised and uncertificated form, and (i) participating securities and (ii) uncertificated securities in accordance with the Uncertificated Securities Regulations 2001 (SI. No. 3755) as amended, supplemented or replaced from time to time (the **Regulations**).

If so specified in the applicable Pricing Supplement, Notes will be cleared through the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the **CMU Service**). As used herein, “CMU Rules”, “CMU Operator” and “CMU Instrument Position Report” each have the meaning as defined in the Agency Agreement.

Bearer Notes may not be exchanged for Registered Notes and vice versa.

(b) Types of Notes

This Note may (i) bear interest calculated by reference to one or more fixed rates of interest (such Note, a **Fixed Rate Note** (which term shall include, for the avoidance of doubt, a Credit Linked Note (defined below) which bears interest by reference to one or more fixed rates of interest)), (ii) bear interest calculated by reference to one or more floating rates of interest (such Note, a **Floating Rate Note** (which term shall include, for the avoidance of doubt, a Credit Linked Note (defined below) which bears interest calculated by reference to one or more floating rates of interest)), (iii) be issued on a non-interest bearing basis and be offered and sold at a discount to its nominal amount (such Note, a **Zero Coupon Note**), (iv) bear interest calculated by reference to a single index or basket of indices as specified in the applicable Pricing Supplement (such Note, an **Index Linked Interest Note**), (v) bear interest calculated by reference to a single equity security or basket of equity securities as specified in the applicable Pricing Supplement (such Note, an **Equity Linked Interest Note**), (vi) bear interest calculated by reference to a single rate of exchange or basket of rates of exchange as specified in the applicable Pricing Supplement (such Note, a **Currency Linked Interest**

Note), (vii) bear interest calculated by reference to a single commodity or basket of commodities as specified in the applicable Pricing Supplement (such Note, a **Commodity Linked Interest Note**), (viii) bear interest calculated by reference to a single government bond (or related futures contract) or basket of government bonds (or related futures contracts) as specified in the applicable Pricing Supplement (such Note, a **Government Bond Linked Interest Note**), (ix) bear interest calculated by reference to a single fund or basket of funds as specified in the applicable Pricing Supplement (such Note, a **Fund Linked Interest Note**), (x) bear interest calculated by reference to a single inflation index or basket of inflation indices as specified in the applicable Pricing Supplement (such Note, an **Inflation Index Linked Interest Note**), (xi) bear interest calculated by reference to a single certificate or basket of certificates as specified in the applicable Pricing Supplement (such Note, a **Certificate Linked Interest Note**), a combination of any of the foregoing or in any other form, depending upon the Interest/Payment Basis or other relevant provisions shown in the applicable Pricing Supplement.

This Note may (i) pay principal calculated by reference to a single index or basket of indices as specified in the applicable Pricing Supplement (such Note, an **Index Linked Redemption Note** and, together with an Index Linked Interest Note, an **Index Linked Note**), (ii) pay principal calculated by reference to a single equity security or basket of equity securities as specified in the applicable Pricing Supplement (such Note, an **Equity Linked Redemption Note** and, together with an Equity Linked Interest Note, an **Equity Linked Note**), (iii) be linked to the credit of an entity or the entities specified in the applicable Pricing Supplement (such Note, a **Credit Linked Note**), (iv) pay principal calculated by reference to a single rate of exchange or basket of rates of exchange as specified in the applicable Pricing Supplement (such Note, a **Currency Linked Redemption Note** and, together with a Currency Linked Interest Note, a **Currency Linked Note**), (v) pay principal calculated by reference to a single commodity or basket of commodities as specified in the applicable Pricing Supplement (such Note, a **Commodity Linked Redemption Note** and, together with a Commodity Linked Interest Note, a **Commodity Linked Note**), (vi) pay principal calculated by reference to a single government bond (or related futures contract) or basket of government bonds (or related futures contracts) as specified in the applicable Pricing Supplement (such Note, a **Government Bond Linked Redemption Note** and, together with a Government Bond Linked Interest Note, a **Government Bond Linked Note**), (vii) pay principal calculated by reference to a single fund or basket of funds as specified in the applicable Pricing Supplement (such Note, a **Fund Linked Redemption Note** and, together with a Fund Linked Interest Note, a **Fund Linked Note**), (viii) pay principal calculated by reference to a single inflation index or basket of inflation indices as specified in the applicable Pricing Supplement (such Note, an **Inflation Index Linked Redemption Note** and, together with an Inflation Index Linked Interest Note, an **Inflation Index Linked Note**), (ix) pay principal calculated by reference to a single certificate or basket of certificates as specified in the applicable Pricing Supplement (such Note, a **Certificate Linked Redemption Note** and, together with a Certificate Linked Interest Note, a **Certificate Linked Note**), (x) be issued on a partly paid basis in which case interest will accrue on the paid-up amount of such Note and all rights arising under such Note (including rights to payment of principal and interest) after the date on which any instalment is due, being conditional upon the due payment of the relevant instalment) (such Note, a **Partly Paid Note**), (xi) be redeemable in instalments (the amount of each such instalment, an **Instalment Amount**, and the date each such instalment is paid, an **Instalment Date**, in each case, as specified in the applicable Pricing Supplement) (such Note, an **Instalment Note**), a combination of any of the foregoing or in any other form, depending upon the Redemption/Payment Basis or other relevant provisions shown in the applicable Pricing Supplement.

(c) *Title and Transfer*

Subject as set out below, in the case of Notes not cleared through CREST or the CMU Service, title to the Bearer Notes, Receipts (if any) and Coupons will pass by delivery and title to Registered Notes will pass upon the registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee, any Paying Agent and the Registrar may (to the fullest extent permitted by applicable law) deem and treat the bearer of any Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not such Note, Receipt or Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note or Notes represented by a Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph. The holder of each Receipt or Coupon, whether or not such Receipt or Coupon is attached to a Note, shall be subject to and bound by all the provisions contained in the relevant Note.

For so long as any of the Notes is represented by a Global Note or a Global Certificate held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), each person who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee, the Registrar and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal and interest on such nominal amount of such Notes, the right to which shall be vested, as against the Issuer, the Trustee, the Registrar and any Paying Agent, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate in accordance with and subject to its terms (or the Trustee in accordance with the Trust Deed) (and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly). In determining whether a particular person is entitled to a particular nominal amount of the Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certificate as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certificate shall, in the absence of manifest error, be conclusive and binding on all concerned.

For so long as The Depository Trust Company (**DTC**) or its nominee is the registered owner or holder of a Global Certificate, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Certificate for all purposes under the Trust Deed and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note or a Global Certificate will be transferable only in accordance with the rules and procedures for the time being of DTC, the CMU Service, Euroclear and Clearstream, Luxembourg, as the case may be. References to DTC, the CMU Service, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Issuer, the Agent and the Trustee.

Transfers of beneficial interests in Notes represented by a Global Certificate will be effected by DTC, the CMU Service, Euroclear or Clearstream Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in Notes represented by a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for

a beneficial interest in Notes represented by another Global Certificate only in the Specified Denominations (or an integral multiple of the Specified Denomination) and only in accordance with the rules and operating procedures for the time being of DTC, the CMU Service, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement and Trust Deed.

A definitive Registered Note may be transferred in whole or in part (in the Specified Denomination or any integral multiple of the Specified Denomination) by the transferor or a person duly authorised on behalf of the transferor depositing such definitive Registered Note for registration of the transfer of such definitive Registered Note (or the relevant part of such definitive Registered Note) at the specified office of the Registrar, with the form of transfer endorsed thereon duly completed and signed by or on behalf of the transferor and upon the Registrar after due and careful enquiry being satisfied with the documents of title and the identity of the person making the request and subject to the regulations set out in Schedule 4 to the Agency Agreement, the Registrar will enter the name of the transferee in the register for the definitive Registered Notes as the holder of the definitive Registered Note or part thereof specified in the form of transfer. Subject as provided above, the Registrar will, within five Luxembourg Business Days (in the case of Unrestricted Notes) or five New York Business Days (in the case of Restricted Notes) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by regular uninsured mail to such address as the transferee may request a new definitive Registered Note of a like aggregate nominal amount to the definitive Registered Note (or the relevant part of the definitive Registered Note) transferred. In the case of a transfer of part only of a definitive Registered Note, a new definitive Registered Note in respect of the balance of the definitive Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor by regular uninsured mail as aforesaid. For the purposes of this paragraph, the expression **Luxembourg Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Luxembourg. For the purposes of this paragraph, the expression **New York Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in New York.

Subject as set out below, in the case of Notes cleared through the CMU Service, title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery of such Bearer Notes and Receipts, Coupons and Talons. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not such Note, Receipt, Coupon or Talon is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the certificate representing it) or its theft or loss (or that of the related certificate) and no person shall be liable for so treating the holder. For the purposes of this paragraph, “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

No exchange of a Bearer Note for a Registered Note or a Registered Note for a Bearer Note will be permitted.

In the event of a partial redemption of Notes under Condition 5(b), the Issuer shall not be required:

- (a) to register the transfer of Registered Notes (or parts of Registered Notes) during the period beginning on the 65th day before the date of the partial redemption and ending

on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or

- (b) to register the transfer of any Registered Note, or part of a Registered Note, called for redemption.

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration or exchange in the United Kingdom or in any other jurisdiction where each Registrar's specified office is located.

Transfers of Restricted Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through an Unrestricted Global Certificate, upon receipt by the Registrar of a duly completed written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**) from the transferor to the effect that such transfer is being made in accordance with Regulation S; or
- (ii) to a transferee who takes delivery of such interest through a Restricted Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Restricted Notes, or upon specific request for removal of the Rule 144A legend, the Registrar shall deliver only Restricted Notes or refuse to remove the Rule 144A legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Rule 144A legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

In this Condition, the following expressions shall have the following meanings:

QIB means a **qualified institutional buyer** within the meaning of Rule 144A;

Regulation S means Regulation S under the Securities Act;

Restricted Global Certificate means a Global Certificate representing Restricted Notes;

Restricted Note means Registered Notes (whether in definitive form or represented by a Global Certificate) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

Rule 144A means Rule 144A under the Securities Act;

Securities Act means the United States Securities Act of 1933, as amended; and

Unrestricted Global Certificate means a Global Certificate representing Notes sold outside the United States in reliance on Regulation S.

In the case of a Global Note cleared through the CMU Service, the person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service in accordance with the CMU Rules (as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error)) shall be the only person(s) entitled (in the case of Registered Notes, directed or deemed by the CMU Service as entitled) to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note are credited as being held in the CMU Service in respect of each amount so paid. All payments in respect of the Global Note by the Issuer will be made through the CMU Lodging and Paying Agent to the persons so notified to it by the CMU Service in accordance with the CMU Rules.

In the case of Registered Notes cleared through CREST, title to the Notes is recorded on the relevant Operator register of corporate securities. The Registrar on behalf of the Issuer shall maintain a register (the **Register**) of such Notes recorded on the relevant Operator register of corporate securities and shall procure that the Register is regularly updated to reflect the Operator register of corporate securities in accordance with the rules and practices from time to time of the Operator and the Regulations. Subject to this requirement, (i) each person who is for the time being shown in the Register as the holder of such Notes shall be treated by the Issuer, the Trustee and the Registrar as the holder of such Notes for all purposes and (ii) none of the Issuer, the Trustee or the Registrar shall be liable in respect of any act or thing done or omitted to be done by it or on its behalf in reliance upon the assumption that the particulars entered in the Register which the Registrar maintains are in accordance with particulars entered in the Operator register of corporate securities relating to such Notes (and the expressions **Noteholder**, **holder of Notes** and **holders** and related expressions shall be construed accordingly).

Registered Notes cleared through CREST may be transferred in accordance with the Regulations and the rules, procedures and practices of the relevant Operator and title will pass upon registration of the transfer in the Operator register of corporate securities. No transfer of such Notes will be valid unless and until entered on the relevant Operator register of corporate securities (as defined in and in accordance with, the Regulations).

No provisions of these Conditions, amended in accordance with any applicable Pricing Supplement, shall (notwithstanding anything contained therein) apply or have effect to the extent that it is in any respect inconsistent with (i) the holding of title to Registered Notes cleared through CREST (ii) the transfer of title to Registered Notes cleared through CREST by means of a relevant system or (iii) the Regulations. Without prejudice to the generality of the preceding sentence and notwithstanding anything contained in these Conditions or the applicable Pricing Supplement, so long as Registered Notes cleared through CREST are participating securities, (a) any such Registered Notes which are not for the time being in all respects identical to, or do not for the time being have rights attached thereto identical in all respects to those attached to, other Registered Notes cleared through CREST of the same Series shall be deemed to constitute a separate Series of Notes, (b) the Register relating to Registered Notes cleared through CREST shall be maintained at all times in the United Kingdom, (c) Registered Notes cleared through CREST will be issued in uncertificated form in accordance with and subject as provided in the Regulations; and (d) for the avoidance of doubt, these Conditions and the applicable Pricing Supplement in relation to any Registered

Notes cleared through CREST shall remain applicable notwithstanding that they are not endorsed on any certificate for such Registered Notes.

As used herein, each of **Operator register of corporate securities, participating securities, and relevant system** is as defined in the Regulations and the relevant Operator (as such term is used in the Regulations) is CREST or any additional or alternative Operator approved by the Issuer from time to time in accordance with the Regulations and notified to the relevant Noteholders in accordance with Condition 23.

Any indication herein that the Operator “shall” do, or similar expression or phrase indicating that they are obliged to or will carry out any role or obligation described in these Conditions and/or the applicable Pricing Supplement, as the case may be, is given without any assumption by the Issuer, the Trustee, the relevant Registrar or the Calculation Agent of responsibility or liability for the performance of the Operator.

Any reference to **DTC, Euroclear and/or Clearstream, Luxembourg** and/or the **CMU Service** shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system (other than CREST) approved by the Issuer, the Trustee and the Agent.

2. Status of the Notes

The Notes and the Receipts and Coupons relating thereto (if any) constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (save to the extent that laws affecting creditors’ rights generally in a bankruptcy or winding up may give preference to any of such other obligations) equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

3. Interest

(a) Interest on Fixed Rate Notes

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

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will be the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

If the Fixed Coupon Amount is not specified in the applicable Pricing Supplement or interest is required to be calculated for a period (the **Relevant Period**) ending other than on an Interest Payment Date, such interest shall be calculated as described in the following paragraph.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note or a Global Certificate, the aggregate outstanding nominal amount of the Fixed Rate Notes

represented by such Global Note or such Global Certificate, as the case may be (or, if they are Partly Paid Notes, the aggregate amount paid up); or

- (B) in the case of Fixed Rate Notes in definitive form and Notes cleared through CREST, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of (x) the amount (determined in the manner provided above) for the Calculation Amount and (y) the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In this Condition 3(a):

Day Count Fraction has the meaning given to it in Condition 3(c);

euro has the meaning given to it in Condition 3(c);

Fixed Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

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

- (b) *Interest on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes and Certificate Linked Interest Notes.*

- (i) Interest Payment Dates

Each Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Currency Linked Interest Note, Commodity Linked Interest Note, Government Bond Linked Interest Note, Fund Linked Interest Note, Inflation Index Linked Interest Note and Certificate Linked Interest Note bears interest from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an **Interest Payment Date**) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each also an **Interest Payment Date**) which (save as otherwise mentioned in these Conditions or specified in the applicable Pricing Supplement) falls the number of months or such other periods specified as the specified period(s) in the applicable Pricing Supplement (each a **Specified Period**) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) Rate of Interest

The rate of interest (the **Rate of Interest**) payable from time to time in respect of this Note if it is a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Currency Linked Interest Note, a Commodity Linked Interest Note, a Government Bond Linked Interest Note, a Fund Linked Interest Note, an Inflation Index Linked Interest Note or a Certificate Linked Interest Note, will be determined in the manner specified in the applicable Pricing Supplement.

(iii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the margin (if any) specified in the applicable Pricing Supplement (the **Margin**). For the purposes of this sub-paragraph (iii), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or the Registrar, as the case may be, or other person specified in the applicable Pricing Supplement under an interest rate swap transaction if the Agent or the Registrar or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (B) the Designated Maturity is a period equal to that Interest Period; and
- (C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (iii), (a) **ISDA Definitions** means the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series, published by the International Swaps and Derivatives Association, Inc. and (b) **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions and **Euro-zone** means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

For the purposes of this Condition 3, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date which may or may not be the same number of months or other period throughout the life of the Notes.

When this sub-paragraph (iii) applies, in respect of each relevant Interest Period:

- (A) the Rate of Interest for such Interest Period will be the Floating Rate determined by the Agent or the Registrar, as the case may be, in accordance with this sub-paragraph (iii) plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any); and
- (B) the Agent or the Registrar, as the case may be, will be deemed to have discharged its obligations under Condition 3(b)(vi) in respect of the determination of the Rate of

Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (iii).

(iv) Screen Rate Determination for Floating Rate Notes

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

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) (subject as below) the arithmetic mean (rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations (if there is more than one quotation on the Relevant Screen Page)

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

If the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at such time, the Agent or the Registrar, as the case may be, shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks (as defined below) or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Agent or the Registrar, as the case may be, with its offered quotation (expressed as a percentage rate per annum) for deposits in the Specified Currency for the relevant Interest Period to leading banks in the London inter-bank market as at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, to leading banks in the Euro-zone inter-bank market as at 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent or the Registrar, as the case may be, with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded as provided above) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent or the Registrar, as the case may be.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent or the Registrar, as the case may be, with such an offered quotation as provided above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent or the Registrar, as the case may be, determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Agent or the Registrar, as the case may be, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (London time) in the case of LIBOR or, 11.00 a.m. (Brussels time) in the case of EURIBOR, on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent or the Registrar, as the

case may be, with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately 11.00 a.m. (London time), in the case of LIBOR, or 11.00 a.m. (Brussels time), in the case of EURIBOR, on the relevant Interest Determination Date, any one or more banks selected by the Agent or the Registrar, as the case may be, for the purpose (which bank or banks shall be so selected after consultation with the Issuer and shall not include any bank or banks which in the opinion of the Issuer is not or are not suitable for such purpose) informs the Agent or the Registrar, as the case may be, it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market, or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this paragraph, the expression **Reference Banks** means, in the case of (A) above, those banks whose offered rates were used to determine such quotation when such quotation last appeared on the Relevant Screen Page and, in the case of (B) above, those banks whose offered quotations last appeared on the Relevant Screen Page when no fewer than three such offered quotations appeared and **Euro-zone** means the region comprised of member states of the European Union that have adopted or, during the lifetime of the Notes, adopt the euro as the single currency in accordance with the Treaty.

If the Reference Rate from time to time in respect of this Note is specified in the applicable Pricing Supplement as being other than the LIBOR or EURIBOR, the Rate of Interest in respect of this Note will be determined as provided in the applicable Pricing Supplement.

(v) Minimum and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period determined in accordance with the above provisions shall in no event be less than such Minimum Rate of Interest. If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then the Interest Rate for such Interest Period determined in accordance with the above provisions shall in no event exceed such Maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amount

The Calculation Agent, in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes and Certificate Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest.

Unless otherwise specified in the applicable Pricing Supplement, the Agent, or the Registrar, as the case may be, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes or Certificate Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes or Certificate Linked Interest Notes which are represented by a Global Note or a Global Certificate, as the case may be, the aggregate outstanding nominal amount of the Notes represented by such Global Note or such Global Certificate, as the case may be (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes or Certificate Linked Interest Notes in definitive form, and Notes which are cleared through CREST, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Currency Linked Interest Note, a Commodity Linked Interest Note a Government Bond Linked Interest Note, a Fund Linked Interest Note, an Inflation Index Linked Interest Note or a Certificate Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

In the case of Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes and Certificate Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for each Interest Period as soon as practicable after calculating the same.

(vii) Notification of Rate of Interest and Interest Amount

The Agent or the Registrar, as the case may be, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes or Certificate Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 23 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined in Condition 1) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Currency Linked Interest Notes, Commodity Linked Interest Notes, Government Bond Linked Interest Notes, Fund Linked Interest Notes, Inflation Index Linked Interest Notes or Certificate Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 23.

(viii) Determination or Calculation by Trustee

If for any reason the Agent, the Registrar or the Calculation Agent, as the case may be, defaults in its obligation to determine the Rate of Interest or the Agent, the Registrar or the Calculation Agent, as the case may be, defaults in its obligation to calculate any Interest Amount in accordance with this paragraph (b), the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions in this Condition and to any terms specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent, the Registrar or the Calculation Agent, as applicable.

(ix) **Certificates to be Final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph (b) whether by the Agent, the Registrar, the Calculation Agent or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Registrar, the Calculation Agent the Trustee, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent, the Registrar, the Calculation Agent or the Trustee, as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Day Count Fraction and Business Day Convention*

(i) **Day Count Fraction**

Day Count Fraction means, in respect of the calculation of an amount for any period of time (the **Calculation Period**):

1. if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
2. if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
3. if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
4. if **30/360, 360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

Y₂ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

5. if **30E/360** or **Eurobond Basis** is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

Y₂ is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

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

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

6. if “**30E/360 (ISDA)**” is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- Y₁** is the year, expressed as a number, in which the first day of the Calculation Period falls;
- Y₂** is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- M₁** is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- M₂** is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- D₁** is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and
- D₂** is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30

7. if **Actual/Actual (ICMA)** is specified in the applicable Pricing Supplement:
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year.

Determination Period means the period from (and including) a Determination Date (as specified in the applicable Pricing Supplement) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment

Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

Reference Rate means the rate specified as such in the Pricing Supplement.

Relevant Screen Page means such page, section, caption, column or other part of a particular information service as may be specified in the Pricing Supplement.

(ii) Business Day Convention

If any Interest Payment Date (or other date) which is specified in the applicable Pricing Supplement to be subject to adjustment in accordance with a business day convention would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in the case where a Specified Period is specified in accordance with Condition 3(b)(i)(B), the Floating Rate Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day and (b) after the foregoing paragraph (a) shall have applied, each subsequent Interest Payment Date (or other date) shall be the last Business Day of the last month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention (Adjusted), such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (3) the Following Business Day Convention (Unadjusted), (i) for the purpose of calculating the amount of interest payable under the Notes, such Interest Payment Date shall not be adjusted and (ii) for any other purpose, such Interest Payment Date shall be postponed to the next day that is a Business Day; or
- (4) the Modified Following Business Day Convention (Adjusted), such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (5) the Modified Following Business Day Convention (Unadjusted), (i) for the purpose of calculating the amount of interest payable under the Notes, such Interest Payment Date shall not be adjusted and (ii) for any other purpose, such Interest Payment Date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding day that is a Business Day; or
- (6) the Preceding Business Day Convention (Adjusted), such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or
- (7) the Preceding Business Day Convention (Unadjusted), (i) for the purpose of calculating the amount of interest payable under the Notes, such Interest Payment Date shall not be adjusted and (ii) for any other purpose, such Interest Payment Date shall be brought forward to the immediately preceding day that is a Business Day.

In these Conditions:

Business Day means (unless otherwise stated in the applicable Pricing Supplement):

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in any Additional Business Centre specified in the applicable Pricing Supplement and if a Global Note representing the Notes is cleared through the CMU Service, a day (other than a Saturday, Sunday or a public holiday) on which the CMU Service is operating; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than London) which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively and which, if the Specified Currency is Renminbi, shall be Hong Kong or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET System**) is open; and

euro means the single currency introduced on 1 January 1999 pursuant to the treaty establishing the European Community as amended (the **Treaty**).

(d) *Accrual of Interest*

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

- (1) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and
- (2) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent or the Trustee in the case of Bearer Notes or the Registrar or the Trustee in the case of Registered Notes and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 23

Provided That if Condition 10(b), Condition 10(c) or Condition 10(d) applies in respect of the Notes, subject to Condition 10(j), and

- (A) **Accrual of Interest upon Credit Event** is specified as not applying in the applicable Pricing Supplement, each Note shall cease to bear interest from the Interest Payment Date (or, if none, the Interest Commencement Date) immediately preceding the Event Determination Date, or if the Event Determination Date is an Interest Payment Date (or, as the case may be, the Interest Commencement Date) such Interest Payment Date (or, as the case may be, the Interest Commencement Date); or
- (B) **Accrual of Interest upon Credit Event** is specified as applying in the applicable Pricing Supplement, each Note shall cease to bear interest from the Event Determination Date and the final payment of interest shall be payable on the Credit Event Redemption Date, Auction Credit Event Redemption Date, Physical Settlement

Date or Partial Cash Settlement Date, as applicable and no further interest shall be payable in respect of such delay; and

Provided Further That if

- (A) the Notes are redeemed pursuant to Condition 10(g), Condition 10(h) or Condition 10(i); or
- (B) Condition 10(j) applies pursuant to an adjustment to, or reversal of, an Event Determination Date,

then interest will accrue as provided in Condition 10(g), Condition 10(h), Condition 10(i) or Condition 10(j), as the case may be.

(e) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes, subject as specified in the applicable Pricing Supplement.

(f) *Nature of the Return*

Any interest paid to the Noteholder shall constitute consideration paid for the use of the principal and for the assumption of the risk that the Noteholder may not recover its original investment or that its return may be variable.

For the purposes of this Condition 3, references to the Agent or the Registrar in relation to all certificates, communications, opinions, determinations, calculations, quotations, decisions or related actions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Agent or the Registrar shall, in the case of CMU Notes, be deemed to be references to the CMU Lodging and Paying Agent as applicable.

4. Payments

(a) *Method of Payment (Notes not cleared through the CMU Service)*

Subject as provided below:

- (i) payments in a Specified Currency (other than euro (as defined in Condition 3(c)) will be made at the option of the payee either by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or agreements to which the Issuer or any of the Paying Agents agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 17.

(b) *Presentation of Bearer Notes, Receipts and Coupons*

Payments of principal in respect of definitive Bearer Notes (if issued) will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender of such definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States. Payments under paragraph (a) above made, at the option of the bearer of such definitive Bearer Note or Coupon, by cheque shall be mailed or delivered to an address outside the United States furnished by such bearer. Subject to any applicable laws and regulations, such payments made by transfer will be made in immediately available funds to an account maintained by the payee with a bank located outside the United States. No payment in respect of any definitive Bearer Note or Coupon will be made upon presentation and surrender of such definitive Bearer Note or Coupon at any office or agency of the Issuer or any Paying Agent in the United States, nor will any such payment be made by transfer to an account, or by mail to an address, in the United States.

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant definitive Bearer Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains, against which the amount payable in respect of the relevant instalment will be paid. If any definitive Bearer Notes are redeemed or become payable prior to the Maturity Date, principal will be payable on surrender of such Bearer Notes together with all unmatured Receipts appertaining thereto. Unmatured Receipts and Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Index Linked Notes, Equity Linked Notes, Credit Linked Notes, Currency Linked Notes, Commodity Linked Notes, Government Bond Linked Notes, Fund Linked Notes, Inflation Index Linked Notes, Certificate Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the full amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the full amount of such missing unmatured Coupon as the sum so paid bears to the total sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time thereafter but before the expiry of ten years after the Relevant Date (as defined in Condition 18) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 18) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Index Linked Note, Equity Linked Note, Credit Linked Note, Currency Linked Note, Commodity Linked Notes, Government Bond Linked Note, Fund Linked Note, Inflation Index Linked Note, Certificate Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and

no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

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

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

Payments of principal and interest in respect of Bearer Notes held in the CMU Service will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service, which notification shall be conclusive evidence of the records of the CMU Service (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment. All payments in respect of the Global Note by the Issuer will be made through the CMU Lodging and Paying Agent to the persons so notified.

In respect of Bearer Notes held in the CMU Service, if any date for payment in respect of any Note or Coupon upon presentation is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

(c) *Payments on Registered Notes*

Payments of principal in respect of Registered Notes (other than Registered Notes cleared through CREST), other than instalments of principal prior to the final instalment, will be made against presentation and surrender (or, in the case of part payment of any sum due only,

endorsement) of such Registered Notes at the specified office of the Registrar or at the specified office of any Paying Agent. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar at the close of business on the Record Date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be (i) Sydney or (ii) Auckland or Wellington, respectively) and (in the case of payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) (other than Registered Notes cleared through CREST) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the Record Date at his address shown on the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Record Date means (i) in the case of Notes represented by a Global Certificate on behalf of Euroclear, Clearstream, Luxembourg, the CMU Service or any other clearing system (other than DTC), the Clearing System Business Day immediately prior to the due date for payment; and (ii) otherwise the fifteenth day before the due date for payment (whether or not such fifteenth day is a business day).

Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of Notes represented by a Restricted Global Certificate in respect of Notes denominated in a Specified Currency other

than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests Notes represented by a Global Certificate or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer shall pay or cause to be paid any amounts due to a holder of a Registered Note cleared through CREST to such holder's cash account with the Operator for value on the relevant payment date, such payment to be made in accordance with the rules of the Operator. The Issuer's obligations in relation to such amounts in respect of Registered Notes cleared through CREST will be discharged by payment to, or to the order of, the Operator. Each of the persons shown in the Operator register of corporate securities as the holder of a particular nominal amount of Registered Notes cleared through CREST must look solely to the Operator for his share of each such payment so made by the Issuer to, or to the order of, the Operator.

(d) *General provisions applicable to payments*

The holder of a Global Note or the registered holder of Notes represented by a Global Certificate shall be the only person entitled to receive payments in respect of the Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note or registered owner of Notes represented by a Global Certificate in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder such Global Note or the registered holder of Notes represented by a Global Certificate.

Notwithstanding the foregoing provisions of these Conditions, U.S. dollar payments of principal and interest in respect of the Bearer Notes will be made at the specified office of any Paying Agent in the United States (which expression, as used in this Condition, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

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

Payments of amounts in Renminbi shall be made solely by credit to a Renminbi bank account maintained at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong). Payments will be subject in all cases to any applicable issuing and paying or other laws and regulations.

(e) *Payment Date*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Date, the holder thereof shall not be entitled to payment of the amount due until the next following Payment Date in the relevant place and shall not be entitled to any interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Pricing Supplement, **Payment Date** means any day which is:

- (i) except in the case of Notes represented by a Global Note or a Global Certificate, a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation;
- (ii) the case of payment in euro, in the place where the euro account specified by the payee is located);
- (iii) a Business Day (as defined in Condition 3(c)(ii)); and
- (iv) in the case of any payment in respect of a Notes represented by a Restricted Global Certificate denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Restricted Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(f) *Interpretation of Principal*

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Issuer Optional Redemption Amount(s) (if any) of the Notes;
- (v) the Noteholder Optional Redemption Amount(s) (if any) of the Notes;
- (vi) the Credit Event Redemption Amount of the Notes;
- (vii) the Auction Credit Event Redemption Amount of the Notes;
- (viii) the Partial Cash Settlement Amount of the Notes;
- (ix) the Failure to Deliver Settlement Price (if any) in respect of the Notes;
- (x) the Disruption Cash Settlement Price (if any) in respect of the Notes;
- (xi) in relation to Instalment Notes, the Instalment Amounts;
- (xii) in relation to Partly Paid Notes, the nominal amount paid-up;
- (xiii) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined below); and

- (xiv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

(g) *CNY Currency Event*

If “CNY Currency Event” is specified in the applicable Pricing Supplement and a CNY Currency Event, as determined by the Calculation Agent in its sole and absolute discretion, exists on a date for payment of any amount in respect of any Note, Receipt or Coupon, the Calculation Agent may determine, one or more the following, in its sole and absolute discretion:

- (i) the relevant payment of the Issuer be postponed to 5 Business Days after the date on which the CNY Currency Event ceases to exist or, if that would not be possible (as determined by the Issuer acting in good faith) as soon as reasonably practicable thereafter;
- (ii) that the Issuer’s obligation to make a payment in CNY under the terms of the Notes be replaced by an obligation to pay such amount in the Relevant Currency (converted at the Alternate Settlement Rate determined by the Calculation Agent as of a time selected in good faith by the Calculation Agent); and/or
- (iii) by giving notice to the relevant Noteholders in accordance with Condition 23, the Issuer, in its sole and absolute discretion, may redeem all, but not some only, of the Notes, each Note being redeemed at its Early Redemption Amount.

Upon the occurrence of a CNY Currency Event, the Issuer shall give notice, as soon as practicable, to the Noteholders in accordance with Condition 23 stating the occurrence of the CNY Currency Event, giving brief details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition 4(g) and unless stated otherwise in the applicable Pricing Supplement:

Alternate Settlement Rate means the spot rate between CNY and the Relevant Currency determined by the Calculation Agent, taking into consideration all available information which the Calculation Agent deems relevant (including, but not limited to, the pricing information obtained from the CNY non-deliverable market outside the PRC and/or the CNY exchange market inside the PRC).

CNY Currency Events means any one of CNY Illiquidity, CNY Non-Transferability and CNY Inconvertibility.

CNY Illiquidity means the general CNY exchange market in Hong Kong becomes illiquid as a result of which the Issuer and/or any of its Affiliates cannot obtain sufficient CNY in order to make a payment or perform any other of its obligations under the Notes, as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

CNY Inconvertibility means the occurrence of any event that makes it impossible, impracticable or illegal for the Issuer and/or any of its Affiliates to convert any amount into or from CNY as may be required to be paid by the Issuer under the Notes on any payment date or such other amount as may be determined by the Calculation Agent in its sole and absolute discretion at the general CNY exchange market in Hong Kong, other than where such impossibility, impracticability or illegality is due solely to the failure of that party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the relevant Series of Notes and it is

impossible for the Issuer and/or any of its Affiliates, due to an event beyond the control of the Issuer or the relevant Affiliate, to comply with such law, rule or regulation).

CNY Non-Transferability means the occurrence of any event that makes it impossible, impracticable or illegal for the Issuer and/or any of its Affiliates to deliver CNY between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the CNY clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility, impracticability or illegality is due solely to the failure of the Issuer and/or the relevant Affiliate to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer and/or any of its Affiliates, due to an event beyond the control of the Issuer and/or the relevant Affiliate, to comply with such law, rule or regulation).

Governmental Authority means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

Relevant Currency means United States dollars, Hong Kong dollars or such other currency as may be specified in the applicable Pricing Supplement.

In this Condition, **euro** has the meaning given to it in Condition 3(c)(ii).

5. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled each Note (unless it is an Index Linked Redemption Note, an Equity Linked Redemption Note, a Credit Linked Note, a Currency Linked Redemption Note, a Commodity Linked Redemption Note, a Government Bond Linked Redemption Note, a Fund Linked Redemption Note, an Inflation Index Linked Redemption Note or a Certificate Linked Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Call Option - Redemption at the Option of the Issuer

If the Issuer is specified in the applicable Pricing Supplement as having “Issuer Call” in respect of any Series, subject as provided in Condition 10(u) in respect of Credit Linked Notes, the Issuer may (unless otherwise specified in the applicable Pricing Supplement), having given not less than 15 nor more than 30 days’ notice to the Agent (or, in the case of Registered Notes cleared through CREST, the Registrar) and the Trustee and, in accordance with Condition 23, the Noteholders of that Series (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes of such Series then outstanding on the date(s) specified in the applicable Pricing Supplement as the **Issuer Optional Redemption Date(s)** and at the amount(s) specified as the **Issuer Optional Redemption Amount(s)** in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Issuer Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the amount specified in the applicable Pricing Supplement as the **Minimum Redemption Amount** or not greater than the amount specified in the applicable Pricing Supplement as the **Maximum Redemption Amount**. In the case of a partial redemption of Notes of any Series, the Notes to be redeemed (**Redeemed Notes**) will, in the case of Notes not cleared through CREST, be selected individually by lot at such place and in such manner

as the Agent, in the case of Bearer Notes, or the relevant Registrar, in the case of Registered Notes not cleared through CREST, may approve and deem fair and reasonable, in the case of Redeemed Notes represented by definitive Bearer or Registered Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg or the CMU Service, (to be reflected in the records of Euroclear and Clearstream, Luxembourg, the CMU Service as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, as applicable, in the case of Redeemed Notes represented by a Global Note or a Global Certificate, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 23 not less than five days prior to the date fixed for redemption. No exchange of the relevant Global Note or Global Certificate will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this subparagraph (b) and notice to that effect shall be given by the Issuer to the Noteholders of the relevant Series in accordance with Condition 23 at least five days prior to the Selection Date. In the case of a partial redemption of Notes of any Series cleared through CREST, the Redeemed Notes will be selected by the relevant Registrar, acting in accordance with the Registry Services Agreement, the rules of the Operator and the Regulations.

(c) *Put Option - Redemption at the Option of the Noteholders*

If the Noteholders of any Series are specified in the applicable Pricing Supplement as having “Investor Put”, subject as provided in Condition 10(u) in respect of Credit Linked Notes, upon the holder of any Note of such Series giving to the Issuer in accordance with Condition 23 not less than 15 nor more than 30 days’ notice or such other period of notice as is specified in the applicable Pricing Supplement (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, in whole (but not in part), such Note on the date specified in the applicable Pricing Supplement as the **Noteholder Optional Redemption Date** (which date shall, in the case of a Floating Rate Note, be an Interest Payment Date) and at the amount specified as the **Noteholder Optional Redemption Amount** in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Noteholder Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Pricing Supplement.

In order to exercise the right to require redemption of the Note, the holder of the Note must (i) if such Note is in definitive form, deliver such Note at the specified office of the relevant Paying Agent (in the case of Bearer Notes not cleared through the CMU Service) or the relevant Registrar (in the case of Registered Notes not cleared through CREST nor the CMU Service) on any Business Day at any time during normal business hours of such Paying Agent or Registrar, as the case may be, falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of the relevant Paying Agent (in the case of the Bearer Notes) or the relevant Registrar (in the case of Registered Notes not cleared through CREST nor the CMU Service) in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition, (ii) if such Note is represented by a Global Note (which is not cleared through the CMU Service) or Global Certificate, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on instruction by Euroclear and Clearstream, Luxembourg or DTC or any common depositary or safekeeper, as the case may be, to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg or DTC from time to time and, at the same time, present or procure the presentation of the relevant Global Note or Global

Certificate to the Agent for notation accordingly, (iii) if such Note is cleared through CREST, deliver at any time during normal business hours of the relevant Registrar, falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the relevant Registrar in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 5(c), or (iv) if such Note is cleared through the CMU Service, deliver at any time during normal business hours of the CMU Lodging and Paying Agent, falling within the notice period, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the CMU Lodging and Paying Agent in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 5(c).

(d) *Early Redemption Amounts*

For the purposes of Condition 19, Condition 10(k)(v), Condition 10(u)(a)(ii) and Condition 5(i) and (j), each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of a Note other than an Index Linked Interest Note, an Index Linked Redemption Note, an Equity Linked Interest Note, an Equity Linked Redemption Note, a Credit Linked Note, a Currency Linked Interest Note, a Currency Linked Redemption Note, a Commodity Linked Interest Note, a Commodity Linked Redemption Note, a Government Bond Linked Interest Note, a Government Bond Linked Redemption Note, a Fund Linked Interest Note, a Fund Linked Redemption Note, an Inflation Index Linked Interest Note, an Inflation Index Linked Redemption Note, a Certificate Linked Interest Note or a Certificate Linked Redemption Note, where the Final Redemption Amount is equal to the Issue Price, at the Final Redemption Amount thereof, or
- (ii) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

RP means the Reference Price; and

AY means the accrual yield specified in the applicable Pricing Supplement (**Accrual Yield**) expressed as a decimal; and

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

or on such other calculation basis as may be specified in the applicable Pricing Supplement; or

- (iii) if neither (i) nor (ii) above apply, the Early Redemption Amount in respect of each nominal amount of the Notes equal to the Calculation Amount will be either (i) an amount in the Specified Currency determined by the Calculation Agent which represents the fair market value of such Calculation Amount immediately prior to the

date on which the Notes become redeemable (ignoring for the purposes of a redemption pursuant to Condition 5(i), the relevant unlawfulness, illegality or prohibition and for the purposes of a redemption pursuant to either Condition 10(k)(v) or Condition 10(u)(a)(ii), ignoring the relevant Constraint Event) less (except in the case of any early redemption pursuant to Condition 19) the proportionate cost to the Issuer and/or its Affiliates of unwinding any underlying and/or related hedging and funding arrangements in respect of the Notes (including without limitation, any equity options hedging the Issuer's obligations under the Notes) and for the purposes of determining the fair market value of such Calculation Amount for the purposes of Condition 19, no account shall be taken of the financial condition of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes, or (ii) such other amount determined by reference to the provisions in the applicable Pricing Supplement.

(e) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement in accordance with Condition 4(b).

(f) *Purchases*

The Issuer may at any time purchase beneficially or procure others to purchase beneficially for its account Notes of any Series (provided that, in the case of definitive Bearer Notes, all unmatured Receipts and Coupons appertaining thereto are purchased therewith) in the open market, by tender (available to all Noteholders of a Series alike) or by private treaty. Notes purchased or otherwise acquired by the Issuer may be held or resold or, at the discretion of the Issuer, surrendered to the Agent for cancellation (together with (in the case of definitive Bearer Notes) any unmatured Coupons or Receipts attached thereto or purchased therewith).

(g) *Cancellation*

All Notes which are redeemed or purchased or otherwise acquired as aforesaid and surrendered to the Agent for cancellation will forthwith be cancelled (together, in the case of definitive Bearer Notes, with all matured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption) and thereafter may not be re-issued or resold.

(h) *Late Payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b) or (c) above or upon its becoming due and repayable as provided in Condition 19 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (d)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (I) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (II) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) and notice to that effect has been given to the Noteholders in accordance with Condition 23.

(i) *Illegality*

In the event that the Issuer determines in good faith that either the performance of its obligations under a Series of Notes or that any arrangements made to hedge its position under such Notes has or will become unlawful, illegal, or otherwise prohibited in whole or in part under any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer may, having given not more than 30 nor less than 3 days' notice to Noteholders in accordance with Condition 23 (which notice shall be irrevocable), redeem all, but not some only, of the Notes of such Series, each Note being redeemed at the relevant Early Redemption Amount (determined in accordance with Condition 5(d)) together with, if so specified in the applicable Pricing Supplement, accrued interest.

(j) *Taxation*

In the event that the Issuer determines in good faith that either the performance of its obligations under a Series of Notes or that any arrangements made to hedge its position under such Notes: (i) has resulted in; or (ii) will result in (following a change in any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof), the Issuer or any affiliate not being entitled to tax relief in respect of any losses, costs or expenses incurred in relation to such Notes or hedging arrangements, the Issuer may, having given not more than 30 nor less than 3 days' notice to Noteholders in accordance with Condition 23 (which notice shall be irrevocable), redeem all, but not some only, of the Notes of such Series, each Note being redeemed at the relevant Early Redemption Amount (determined in accordance with Condition 5(d)) together with, if so specified in the applicable Pricing Supplement, accrued interest.

(k) *U.S. Withholding Tax on Dividend Equivalent Payments*

In the event that the Issuer determines in good faith that payment obligations under a Series of Notes or any arrangements made to hedge its position under such Notes are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity and that these payments have or will become subject to U.S. withholding tax, the Issuer may, having given not more than 30 nor less than 3 days' notice to Noteholders in accordance with Condition 23 (which notice shall be irrevocable), redeem all, but not some only, of the Notes of such Series, each Note being redeemed at the relevant Early Redemption Amount (determined in accordance with Condition 5(d)) together with, if so specified in the applicable Pricing Supplement, accrued interest.

(l) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition, subject as provided in the applicable Pricing Supplement.

6. Currency Linked Notes

If the Notes are specified as Currency Linked Interest Notes and/or Currency Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 6 apply, as applicable, as modified by the applicable Pricing Supplement.

(a) *Redemption of Currency Linked Notes*

Unless previously redeemed or purchased and cancelled, each nominal amount of the Currency Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer at the Final Redemption

Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date.

(b) *Adjustments to a Currency Exchange Rate*

(i) Adjustments and Determination

If a day on which a Currency Exchange Rate is to be determined is not a Currency Business Day, such day may be deferred, brought forward or omitted as determined by the Calculation Agent.

(ii) Notice

Upon the Calculation Agent making a determination pursuant to (i) above, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of such determination.

(c) *Definitions applicable to Currency Linked Notes*

Averaging Date means, subject as provided in Condition 6(b)(i) above, each date specified as an Averaging Date in the applicable Pricing Supplement.

Currency Business Day means a day on which the relevant Currency Exchange Rate can, in the determination of the Issuer, be determined.

Currency Exchange Rate means the currency exchange rate specified in the applicable Pricing Supplement as determined by the Calculation Agent with reference to the Screen Page, provided that if the Calculation Agent determines that such rate is not displayed on the relevant Screen Page, the Currency Exchange Rate shall be determined by the Calculation Agent in good faith acting in a commercially reasonable manner.

Observation Date means, subject as provided in Condition 6(b)(i) above, each date specified as an Observation Date in the applicable Pricing Supplement.

Screen Page means the screen page for the Currency Exchange Rate set out in the applicable Pricing Supplement.

Valuation Time means the time specified in the applicable Pricing Supplement.

Valuation Date means, subject as provided in Condition 6(b)(i) above, the date specified as the Valuation Date in the applicable Pricing Supplement.

7. Index Linked Notes

If the Notes are specified as Index Linked Interest Notes and/or Index Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 7 apply, as applicable, as modified by the applicable Pricing Supplement.

(a) *Redemption of Index Linked Notes*

Unless previously redeemed or purchased and cancelled, each nominal amount of the Index Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date.

(b) *Adjustments to an Index*

(i) Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (a **Successor Index Sponsor**) acceptable to the Calculation Agent or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then, in each case, that index (the **Successor Index**) will be deemed to be the Index.

(ii) Modification and Cessation of Calculation of an Index

If (A) on or prior to the Valuation Date or an Averaging Date the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an **Index Modification**) or permanently cancels the Index and no Successor Index exists (an **Index Cancellation**), or (B) on the Valuation Date or an Averaging Date the Index Sponsor or (if applicable) the Successor Index Sponsor fails to calculate and announce a relevant Index (an **Index Disruption** and together with an Index Modification and an Index Cancellation, each an **Index Adjustment Event**), then the Issuer may take the action described in (a) or (b) below:

- (a) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Notes and, if so, to calculate the Reference Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on the Valuation Date or that Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation but using only those securities/commodities that comprised that Index immediately prior to that Index Adjustment Event;
- (b) give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

(iii) Notice

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of the action proposed to be taken in relation thereto.

(iv) Correction of an Index

If Correction of an Index is specified as applying in the applicable Pricing Supplement and the official closing level of an Index published on the Valuation Date or an Averaging Date is subsequently corrected and the correction (the **Corrected Index Level**) is published by the Index Sponsor or (if applicable) the Successor Index Sponsor prior to the Correction Cut-Off Date specified in the applicable Pricing Supplement, then such Corrected Index Level shall be deemed to be the closing level for such Index for the Valuation Date or such Averaging Date, as the case may be, and the Calculation Agent shall use such Corrected Index Level in

determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Index Linked Interest Notes in the applicable Pricing Supplement) and/or the Final Redemption Amount (in respect of Notes specified as Index Linked Redemption Notes in the applicable Pricing Supplement).

(c) *Definitions applicable to Index Linked Notes*

Averaging Date means each date specified as an Averaging Date in the applicable Pricing Supplement or (if any such date is not a Scheduled Trading Day) the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if **Omission** is specified in the applicable Pricing Supplement as applying, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Index Linked Interest Notes in the applicable Pricing Supplement) and/or the Final Redemption Amount (in respect of Notes specified as Index Linked Redemption Notes in the applicable Pricing Supplement) provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if **Postponement** is specified in the applicable Pricing Supplement as applying, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified in the applicable Pricing Supplement as applying:
 - (i) where the Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether the eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below; and
 - (ii) where the Notes relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall

determine the relevant level, price or amount for such Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below;

Disrupted Day means (i) where the relevant Index is specified in the applicable Pricing Supplement as not being a Multi-Exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred or (ii) where the relevant Index is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any Scheduled Trading Day on which (a) the Index Sponsor fails to publish the level of the Index, (b) any Related Exchange fails to open for trading during its regular trading session or (c) a Market Disruption Event has occurred.

Early Closure means the closure on any Exchange Business Day of the Exchange in respect of any Component Security or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange, as the case may be, at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange, as the case may be, on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

Exchange means:

- (a) where the relevant Index is not specified in the applicable Pricing Supplement as being a Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) where the relevant Index is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, in relation to each component security of that Index (each a **Component Security**), the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

Exchange Business Day means either (i) where the relevant Index is not specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (ii) where the relevant Index is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, any Scheduled Trading Day on which (a) the Index Sponsor publishes the level of the Index and (b) each Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

Exchange Disruption means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on any Related Exchange.

Indices and **Index** mean, subject to adjustment in accordance with Condition 7(b), the indices or index specified in the applicable Pricing Supplement and related expressions shall be construed accordingly.

Index Sponsor means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Pricing Supplement.

Market Disruption Event means, in respect of an Index,

- (x) where such Index is specified in the Pricing Supplement as not being a Multi-Exchange Index:
- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
 - (i) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) on any relevant Exchange(s) relating to securities that comprise 20 per cent. or more of the level of the relevant Index; or
 - (B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
 - (ii) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s), securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material; or

- (y) where such Index is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, in respect of a Component Security included in such Index either:
 - (I) the occurrence or existence, in respect of any Component Security, of:
 - (i) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the

relevant Valuation Time in respect of the Exchange in respect of such Component Security;

- (ii) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange in respect of such Component Security; OR
- (iii) an Early Closure in respect of such Component Security, which the Calculation Agent determines is material; AND

either:

- (1) where the applicable Pricing Supplement does not specify that the X Percentage applies, the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
- (2) where the applicable Pricing Supplement specifies that the X Percentage applies, the sum of (A) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists and (B) the X Percentage, comprises 20 per cent. or more of the level of the Index:

OR

- (II) the occurrence or existence, in respect of futures or options contracts relating to the Index, of:
 - (a) a Trading Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange;
 - (b) an Exchange Disruption at any time during the one hour period that ends at the Valuation Time in respect of any Related Exchange; or
 - (c) an Early Closure,

in each case in respect of such futures or options contracts and which the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index or in respect of a Component Security at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the Index or such Component Security at that time, then the relevant percentage contribution of that security or Component Security, as the case may be, to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that security or Component Security, as the case may be, and (ii) the overall level of that Index, in each case either (a) except where the relevant Index is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, immediately before the occurrence of such Market Disruption Event or (b) where the relevant Index is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 23 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been an Averaging Date or a Valuation Date,

as the case may be. Without limiting the obligation of the Calculation Agent to give notice to the Noteholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Noteholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

Reference Price means, in respect of an Index, an amount equal to the official closing level of the Index as determined by the Calculation Agent (or if a Valuation Time other than the Scheduled Closing Time is specified in the applicable Pricing Supplement, the level of the Index determined by the Calculation Agent at such Valuation Time) on (i) if a Valuation Date is specified in the applicable Pricing Supplement, the Valuation Date (as defined below) or (ii) if Averaging Dates are specified in the applicable Pricing Supplement, an Averaging Date and, in either case, if specified in the applicable Pricing Supplement, without regard to any subsequently published correction.

Related Exchange means, in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where “All Exchanges” is specified as the Related Exchange in the applicable Pricing Supplement, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or option contracts relating to such Index.

Scheduled Closing Time means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

Scheduled Trading Day means (i) where the relevant Index is specified in the applicable Pricing Supplement as not being a Multi-Exchange Index, any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions or (ii) where the relevant Index is specified in the applicable Pricing Supplement as being a Multi-Exchange Index, (a) any day on which the Index Sponsor is scheduled to publish the level of that Index, (b) each Related Exchange is scheduled to be open for trading for its regular trading session and (c) where the applicable Pricing Supplement specifies that the X Percentage applies in relation to such Index, no more than 20 per cent. of the Component Securities that comprise the level of such Index are scheduled to be unavailable for trading on the relevant Exchange(s) by virtue of such day not being a day upon which any such relevant Exchange is scheduled to be open for trading for its regular trading sessions (such unavailable percentage being the **X Percentage**).

For the purposes of determining the X Percentage, the relevant percentage contribution of each Component Security unavailable for trading shall be based on a comparison of (a) the portion of the level of that Index to that Component Security relative to (b) the overall level of that Index, in each case using the official opening weightings as published by the relevant Index Sponsor as part of the market “opening data”.

Strike Price means the amount specified as such in the applicable Pricing Supplement.

Scheduled Valuation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

Trading Disruption means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange, as the case may be, or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on any Related Exchange.

Valid Date means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

Valuation Date means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (a) where the Notes are specified in the applicable Pricing Supplement to relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine the Reference Price in the manner set out in the applicable Pricing Supplement or, if not set out or not practicable, determine the Reference Price by determining the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in the Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day); or
- (b) where the Notes are specified in the applicable Pricing Supplement to relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index affected by the occurrence of a Disrupted Day (each an **Affected Index**) shall be the next following Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Index, notwithstanding the fact that such day is a Disrupted Day and (ii) the Calculation Agent shall determine the Reference Price using, in relation to the Affected Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security/commodity comprised in that Index (or if an event giving rise to a Disrupted Day has occurred in respect of the relevant security/commodity on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security/commodity as of the Valuation Time on that eighth Scheduled Trading Day).

Valuation Time means:

- (i) in respect of each Index specified in the applicable Pricing Supplement as not being a Multi-Exchange Index, the Relevant Time specified in the applicable Pricing Supplement or if no Relevant Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date or Averaging Date, as the case may be, in relation to such Index. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time; or
- (ii) in respect of each Index specified in the applicable Pricing Supplement as being a Multi-Exchange Index, (a) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of a Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the relevant Index, the close of trading on the relevant Related Exchange, and (b) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor. If, for the purposes of (a) above, the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

8. Equity Linked Notes

If the Notes are specified as Equity Linked Interest Notes and/or Equity Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 8 apply, as applicable, as modified by the applicable Pricing Supplement.

In addition, if “Exchange Traded Fund” is specified to apply in the applicable Pricing Supplement, the provisions set out in the Schedule hereto shall apply. In the case of any inconsistency between the provisions of the Schedule hereto (if applicable) and this Condition 8, the provisions set out in the Schedule hereto shall prevail.

(a) *Redemption of Equity Linked Notes*

Unless previously redeemed or purchased and cancelled, each nominal amount of Equity Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer (A) if Cash Settlement is specified in the applicable Pricing Supplement, by payment of the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date or (B) if Physical Delivery is specified in the applicable Pricing Supplement, by delivery of the Asset Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date (subject as provided below) or (C) if Cash Settlement and/or Physical Delivery is specified in the applicable Pricing Supplement, by payment of the Final Redemption Amount and/or by delivery of the Asset Amount on the terms set out in the applicable Pricing Supplement, in each case on the Maturity Date (subject as provided below).

(b) *Potential Adjustment Events, De-listing, Merger Event, Tender Offer, Nationalisation and Insolvency, Adjustments for Equity Linked Notes in respect of Underlying Equities quoted in European Currencies and Correction of Underlying Equity Prices*

- (i) If Potential Adjustment Events are specified in the applicable Pricing Supplement, then following the declaration by an Equity Issuer of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value

of the Underlying Equities and, if so, will (a) make the corresponding adjustment, if any, to any one or more of the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Pricing Supplement), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Pricing Supplement) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustment will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the Underlying Equity) including (unless “Equity Substitution” is specified as not applying in the applicable Pricing Supplement) the substitution of the Underlying Equity (the **Substituted Equity**) the subject of the Potential Adjustment Event by a share selected by the Calculation Agent from the Reference Index (the **New Equity**) and (b) determine the effective date of that adjustment. Unless “Equity Substitution” is specified as not applying in the applicable Pricing Supplement, if the Calculation Agent selects a New Equity in substitution for the Substituted Equity, the Issuer shall make such other adjustments to these Conditions as it deems appropriate. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Underlying Equities traded on that options exchange.

In making any determination in respect of any such adjustment, the Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Calculation Agent shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Calculation Agent, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Noteholders, Receiptholders or Couponholders.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 23, stating the adjustment to the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Pricing Supplement), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Pricing Supplement) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Pricing Supplement and giving brief details of the Potential Adjustment Event.

- (ii) If (x) De-listing, Merger Event, Nationalisation and Insolvency is specified as applying in the applicable Pricing Supplement and/or (y) Tender Offer is specified as applying in the applicable Pricing Supplement and (in the case of (x)) a De-listing, Merger Event, Nationalisation or Insolvency occurs or (in the case of (y)) a Tender Offer occurs, in each case, in relation to an Underlying Equity, the Issuer may:
 - (A) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Pricing

Supplement), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Pricing Supplement) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Pricing Supplement to account for the De-listing, Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, including (unless “Equity Substitution” is specified as not applying in the applicable Pricing Supplement) the substitution of the Substituted Equity the subject of the De-listing, Merger Event, Nationalisation, Insolvency or Tender Offer by a New Equity and determine the effective date of that adjustment; or

- (B) give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, with each Specified Amount being redeemed at the Early Redemption Amount (determined in accordance with the applicable Pricing Supplement) together with, if so specified in the applicable Pricing Supplement, accrued interest.

If the provisions of Condition 8(b)(ii)(A) apply the Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, as the case may be, made by an options exchange to options on the Underlying Equities traded on that options exchange.

Unless “Equity Substitution” is specified as not applying in the applicable Pricing Supplement, if the Calculation Agent selects a New Equity in substitution for the Substituted Equity, the Issuer shall make such other adjustments to these Conditions as it deems appropriate.

In making any determination in respect of any such adjustment, the Issuer and/or Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Issuer and/or Calculation Agent shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Calculation Agent, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Noteholders, Receiptholders or Couponholders.

Upon the occurrence (if applicable) of a De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 23 stating the occurrence of the De-listing, Merger Event, Nationalisation or Insolvency or Tender Offer, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

- (iii) In respect of Equity Linked Notes relating to Underlying Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty establishing the European Community, as amended, if such Underlying Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, then the Calculation Agent will adjust any one or more of the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes

specified as Equity Linked Interest Notes in the applicable Pricing Supplement), the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Pricing Supplement) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Pricing Supplement as the Calculation Agent determines to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this Condition 8(b)(iii) will affect the currency denomination of any payments in respect of the Notes.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 23, stating the adjustment to the Final Redemption Amount and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Pricing Supplement.

- (iv) If Correction of Underlying Equity Prices is specified as applying in the applicable Pricing Supplement and the price of an Underlying Equity published on the Valuation Date or an Averaging Date, as the case may be, is subsequently corrected and the correction (the **Corrected Underlying Equity Price**) is published on the relevant Exchange prior to the Correction Cut-Off Date specified in the applicable Pricing Supplement, then such Corrected Underlying Equity Price shall be deemed to be the closing price for such Underlying Equity for the Valuation Date or the Averaging Date, as the case may be, and the Calculation Agent shall use such Corrected Underlying Equity Price in determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as Equity Linked Interest Notes in the applicable Pricing Supplement) and/or the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Pricing Supplement).

(c) *Physical Delivery*

- (i) If Physical Delivery is specified in the applicable Pricing Supplement as applying in relation to an Equity Linked Redemption Note and the Notes are in definitive bearer form, the Asset Amount will be delivered at the risk of the relevant Noteholder, in the manner provided in Condition 9 on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the **Delivery Date**), provided that the Asset Transfer Notice (as defined in Condition 9) is duly delivered and copied to the Issuer as provided in Condition 9, not later than the close of business in each place of receipt on the Cut-Off Date specified in the applicable Pricing Supplement.

If, in respect of any Note in definitive form, the holder thereof fails to deliver an Asset Transfer Notice as provided herein with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, then the Asset Amount(s) in respect of such Note will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, in such circumstances such Noteholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the originally designated Delivery Date and no liability in respect thereof shall attach to the Issuer.

If, in respect of any Note in definitive form, the holder thereof fails to give an Asset Transfer Notice as provided herein with a copy to the Issuer, not later than the close

of business in each place of receipt on the Final Date, then the Issuer shall have no further liability or obligation whatsoever in respect of such Note.

- (ii) If Physical Delivery is specified in the applicable Pricing Supplement as applying in relation to an Equity Linked Redemption Note and the Notes are Bearer Notes represented by a Global Note, or are Registered Notes represented by a Global Certificate the Asset Amount(s) will be delivered at the risk of the relevant Noteholder, in the manner provided in Condition 9 on the Maturity Date (such date, subject to adjustment in accordance with Condition 8(c)(iii) below, also the **Delivery Date**).
- (iii) If, prior to the delivery of the Asset Amount(s) in accordance with this Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Note shall be postponed until the date on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder in accordance with Condition 23. Such Noteholder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Asset Amount(s) pursuant to this paragraph. Where delivery of the Asset Amount(s) has been postponed as provided in this paragraph the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Asset Amount(s) in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the **Election Notice**) is given to the Noteholders in accordance with Condition 23. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 23.

Where the Asset Amount is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Noteholders will receive an Asset Amount comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Noteholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Asset Amounts), and an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets which have not been delivered, as calculated by the Calculation Agent from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 23.

For the purposes of the Notes (i) the Issuer shall be under no obligation to register or procure the registration of any Noteholder or any other person as the registered shareholder in the register of members of any Equity Issuer, (ii) the Issuer shall not be obliged to account to any Noteholder or any other person for any entitlement received or that is receivable in respect of any Underlying Equities comprising the Asset Amount(s) in respect of any Note if the date on which the Underlying Equities are first traded on the relevant Exchange ex such entitlement is on or prior to the Maturity Date and (iii) any interest, dividend or other distribution in respect of any Asset Amount will be payable to the party that would receive such interest, dividend or other distribution according to market practice for a sale of the relevant Underlying Equity executed on the Maturity Date and to be delivered in the same manner as the Asset Amount. Any such interest dividend or other distribution to be paid to a

Noteholder shall be paid to the account specified in the relevant Asset Transfer Notice.

(d) *Failure to Deliver due to Illiquidity*

If Failure to Deliver due to Illiquidity is specified as applying in the applicable Pricing Supplement and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Asset Amount (the **Affected Relevant Assets**), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a Failure to Deliver), then:

- (i) subject as provided elsewhere in these Conditions and/or the applicable Pricing Supplement, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Delivery Date in accordance with Condition 8(c) and Condition 9; and
- (ii) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Noteholder in respect of each Specified Amount the Failure to Deliver Settlement Price on the fifth Business Day following the date the Failure to Deliver Notice is given to the Noteholders in accordance with Condition 23. Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with Condition 23. The Calculation Agent shall give notice (such notice a **Failure to Deliver Notice**) as soon as reasonably practicable to the Noteholders in accordance with Condition 23 that the provisions of this Condition 8(d) apply.

(e) *Definitions applicable to Equity Linked Notes*

Affiliate means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity, directly or indirectly, under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity. Notwithstanding the foregoing, the term "Affiliate" shall not include, in the context of the Issuer or any other member of the Group, (i) the United Kingdom government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Investments Limited (or any directors, officers, employees or entities thereof) or (ii) any persons or entities controlled by or under common control with the United Kingdom government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiary or subsidiary undertakings (including The Royal Bank of Scotland N.V. and each of its subsidiary or subsidiary undertakings).

Asset Amount has the meaning given in the applicable Pricing Supplement.

Averaging Date means each date specified as an Averaging Date in the applicable Pricing Supplement or (if any such date is not a Scheduled Trading Day) the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if **Omission** is specified in the applicable Pricing Supplement as applying, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Rate of Interest and/or Interest Amount(s) (in respect of Notes specified as

Equity Linked Interest Notes in the applicable Pricing Supplement) and/or the Final Redemption Amount (in respect of Notes specified as Equity Linked Redemption Notes in the applicable Pricing Supplement) provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

- (b) if **Postponement** is specified in the applicable Pricing Supplement as applying, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or
- (c) if **Modified Postponement** is specified in the applicable Pricing Supplement as applying:
 - (i) where the Notes relate to a single Underlying Equity, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether the eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below; and
 - (ii) where the Notes relate to a Basket of Underlying Equities, the Averaging Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the **Scheduled Averaging Date**) and the Averaging Date for an Underlying Equity affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Underlying Equity. If the first succeeding Valid Date in relation to such Underlying Equity has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for such Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below;

De-listing means, in respect of any Underlying Equity, the Exchange announces that pursuant to the rules of such Exchange, such Underlying Equity ceases (or will cease), to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) or another exchange or quotation system located in another country which exchange or quotation system and country is deemed acceptable by the Calculation Agent.

Disruption Cash Settlement Price means an amount equal to the fair market value of the relevant Note (but not taking into account any interest accrued on such Note as such interest shall be paid pursuant to Conditions 3 and 4) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs to the Issuer and/or any Affiliate of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

Disrupted Day means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred.

Exchange means, in respect of an Underlying Equity, each exchange or quotation system specified as such for such Underlying Equity in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Exchange).

Exchange Business Day means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

Failure to Deliver Settlement Price means, in respect of each Specified Amount, the fair market value of the Affected Relevant Assets on a Business Day selected by the Calculation Agent prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost to the Issuer and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements (including but not limited to any options or selling or otherwise realising any Relevant Asset or other instruments of any type whatsoever which the Issuer and/or any of its Affiliates may hold as part of such hedging arrangements), all as calculated by the Calculation Agent.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding up of, or any analogous proceeding affecting, an Equity Issuer (a) all the Underlying Equities of that Equity Issuer are required to be transferred to a trustee, liquidator or other similar official or (b) holders of the Underlying Equities of that Equity Issuer become legally prohibited from transferring them.

Market Disruption Event means, in respect of an Underlying Equity:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time of:
 - (i) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise;
- (A) relating to the Underlying Equity on the relevant Exchange; or

- (B) in futures or options contracts relating to the Underlying Equity on any relevant Related Exchange; or
- (ii) any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, the Underlying Equities on the Exchange, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Underlying Equity on any relevant Related Exchange,
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or if earlier (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

The Calculation Agent shall give notice as soon as practicable to the Noteholders in accordance with Condition 23 of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date or an Averaging Date, as the case may be. Without limiting the obligation of the Calculation Agent to give notice to the Noteholders as set forth in the preceding sentence, failure by the Calculation Agent to notify the Noteholders of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day.

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of any relevant Underlying Equities, any:

- (a) reclassification or change of such Underlying Equities that results in a transfer of, or an irrevocable commitment to transfer all such Underlying Equities outstanding to another entity or person; or
- (b) consolidation, amalgamation, merger or binding share exchange of an Equity Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Issuer is the continuing entity and which does not result in any such reclassification or change of all such Underlying Equities outstanding); or
- (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Equities of the Equity Issuer that results in a transfer of or an irrevocable commitment to transfer all such Underlying Equities (other than such Underlying Equities owned or controlled by such other entity or person); or
- (d) consolidation, amalgamation, merger or binding share exchange of the Equity Issuer or its subsidiaries with or into another entity in which the Equity Issuer is the continuing entity and which does not result in a reclassification or change of all such Underlying Equities outstanding but results in the outstanding Underlying Equities

(other than Underlying Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Equities immediately following such event,

in each case where the Merger Date is on or before the Valuation Date or, if the Notes are to be redeemed by delivery of Underlying Equities, the Maturity Date.

Nationalisation means that all the Underlying Equities or all or substantially all the assets of an Equity Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

Potential Adjustment Event means any of the following:

- (a) a subdivision, consolidation or reclassification of relevant Underlying Equities (unless resulting in a Merger Event), or a free distribution or dividend of any such Underlying Equities to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Underlying Equities of (i) such Underlying Equities or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of an Equity Issuer equally or proportionately with such payments to holders of such Underlying Equities or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Issuer as a result of a spin-off or other similar transaction or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (c) an extraordinary dividend as determined by the Calculation Agent;
- (d) a call by an Equity Issuer in respect of relevant Underlying Equities that are not fully paid;
- (e) a repurchase by an Equity Issuer or any of its subsidiaries of relevant Underlying Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (f) in respect of an Equity Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Issuer, pursuant to a shareholder rights plan or arrangement directed against hostile take-overs that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that has or may have, in the opinion of the Calculation Agent, a diluting, concentrative or other effect on the theoretical value of the relevant Underlying Equities.

Reference Index means, in relation to a Substituted Equity (as defined above), the index (a) of which the Substituted Equity is a component, or of which it has been a component of at any time during the six months immediately preceding the relevant substitution, and (b) over which futures contracts are actively traded, as determined by the Calculation Agent. If more than one index satisfies the above criteria or if no index satisfies the above criteria, the

Calculation Agent shall determine the Reference Index for the Substituted Equity by reference to such criteria as it deems appropriate.

Reference Price means, in respect of an Underlying Equity, an amount equal to the official closing price (or the price at the Valuation Time (A) if a Valuation Date is specified in the applicable Pricing Supplement, on the Valuation Date or (B) if Averaging Dates are specified in the applicable Pricing Supplement, on an Averaging Date) of the Underlying Equity quoted on the relevant Exchange and, if specified in the applicable Pricing Supplement, without regard to any subsequently published correction as determined by or on behalf of the Calculation Agent (or if, in the opinion of the Calculation Agent, no such official closing price (or, as the case may be, the price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Pricing Supplement) can be determined at such time and, if the Valuation Date or such Averaging Date, as the case may be is not a Disrupted Day, an amount determined by the Calculation Agent in good faith to be equal to the arithmetic mean of the closing fair market buying price (or the fair market buying price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Pricing Supplement) and the closing fair market selling price (or the fair market selling price at the Valuation Time on the Valuation Date or such Averaging Date, as the case may be, if so specified in the applicable Pricing Supplement) for the Underlying Equity based, at the Calculation Agent's discretion, either on the arithmetic mean of the foregoing prices or the middle market quotations provided to it by two or more financial institutions (as selected by the Calculation Agent) engaged in the trading of the Underlying Equity or on such other factors as the Calculation Agent shall decide). The amount determined pursuant to the foregoing shall be converted, if Exchange Rate is specified as applying in the applicable Pricing Supplement, into the Specified Currency at the Exchange Rate and such converted amount shall be the Reference Price.

Related Exchange means, in relation to an Underlying Equity, each exchange or quotation system specified as such in relation to such Underlying Equity in the applicable Pricing Supplement, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Underlying Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Underlying Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided that where "All Exchanges" is specified as the Related Exchange in the applicable Pricing Supplement, Related Exchange shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Underlying Equity.

Settlement Disruption Event means an event beyond the control of the Issuer, as a result of which, in the opinion of the Calculation Agent, delivery of the Asset Amount by or on behalf of the Issuer in accordance with these Conditions and/or the applicable Pricing Supplement is not practicable.

Scheduled Closing Time means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

Scheduled Trading Day means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

Scheduled Valuation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been the Valuation Date.

Strike Price means the amount specified as such in the applicable Pricing Supplement.

Tender Offer means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Equity Issuer, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

Underlying Equities and **Underlying Equity** mean the equity securities or equity security specified as such in the applicable Pricing Supplement (which may, for the avoidance of doubt, include shares or units in exchange traded funds) and related expressions shall be construed accordingly.

Valuation Date means the date specified as such in the applicable Pricing Supplement or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day unless in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day then:

- (a) where the Notes are specified in the applicable Pricing Supplement to relate to a single Underlying Equity, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall, where practicable, determine the Reference Price in the manner set out in the applicable Pricing Supplement or, if not set out or not so practicable, determine the Reference Price in accordance with its good faith estimate of the Reference Price as of the Valuation Time on that eighth Scheduled Trading Day; or
- (b) where the Notes are specified in the applicable Pricing Supplement to relate to a Basket of Underlying Equities the Valuation Date for each Underlying Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Underlying Equity affected (each an **Affected Equity**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Equity. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Equity, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine, where practicable, the Reference Price using, in relation to the Affected Equity, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using its good faith estimate of the value for the Affected Equity as of the Valuation Time on that eighth Scheduled Trading Day and otherwise in accordance with the above provisions.

Valid Date means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

Valuation Time means the Valuation Time specified in the applicable Pricing Supplement or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the Valuation Date or Averaging Date, as the case may be in relation to each Underlying Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

9. Physical Delivery

- (a) *Notes represented by one or more Global Notes or Global Certificates (in the case of Notes not cleared through the CMU Service)*

If Physical Delivery is specified in the applicable Pricing Supplement as applying in relation to any Note and if the Notes are represented by one or more Global Notes or Global Certificates, delivery of the Asset Amount(s) will (subject as provided below) be made against presentation or surrender, as the case may be, of the relevant Global Note or Global Certificate at the specified office of any Paying Agent outside the United States or Registrar (as the case may be). A record of each delivery made against presentation or surrender of such Global Note will be made on such Global Note on behalf of the Issuer by the Paying Agent to which such Global Note is presented for the purpose of making such delivery, and such record shall be *prima facie* evidence that the delivery in question has been made. A record of each delivery made against presentation or surrender of the Global Certificate will be made by the Registrar, and such record shall be *prima facie* evidence that the delivery in question has been made.

The holder of a Global Note or registered holder of the Global Certificate shall be the only person entitled to receive delivery of the Asset Amounts in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by delivery to, or to the order of, the holder of such Global Note or Global Certificate in respect of each amount so delivered. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each delivery so made by the Issuer to, or to the order of, the holder of such Global Note or Global Certificate. No person other than the holder of such Global Note or Global Certificate shall have any claim against the Issuer in respect of any deliveries due on that Global Note or Global Certificate.

For the avoidance of doubt, no Asset Transfer Notice will be required.

- (b) *Notes in definitive form and Notes represented by one or more Global Notes cleared through the CMU Service*

If Physical Delivery is specified in the applicable Pricing Supplement as applying in relation to any Note and the Notes are (i) in definitive form or (ii) represented by one or more Global Notes and cleared through the CMU Service, in order to obtain delivery of the Asset Amount(s) in respect of any such Note, the relevant Noteholder must deliver (i) if such Note is a Bearer Note (other than Notes cleared through the CMU Service), to any Paying Agent or (ii) if such Note is a Registered Note (other than Notes cleared through the CMU Service), to the Registrar or any Paying Agent or (iii) if such Note is cleared through the CMU Service, to the CMU Lodging and Paying Agent, in each case with a copy to the Issuer, not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below).

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Registrar or any Paying Agent or the CMU Lodging and Paying Agent (as the case may be) and such Note must be delivered together with the duly completed Asset Transfer Notice.

An Asset Transfer Notice must:

- (1) specify the name and address of the relevant Noteholder, the person from whom the Issuer may obtain details for the delivery of the Asset Amount and any details

required for delivery of the Asset Amount set out in the applicable Pricing Supplement;

- (2) include an undertaking to pay all Delivery Expenses;
- (3) specify an account to which any amount payable pursuant to Condition 10(n) (in the case of Credit Linked Notes) or any other cash amounts specified in the applicable Pricing Supplement as being payable are to be paid;
- (4) contain such certificates as to compliance with all applicable laws and regulations (including, without limitation, U.S. securities laws and regulations) as the Issuer may require;
- (5) certify, *inter alia*, that the beneficial owner of such Note is not a U.S. person (as defined in the Asset Transfer Notice) or a person who purchased such Note for resale to a U.S. person, that the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (6) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by the Registrar or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Failure to properly complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Conditions shall be made by the relevant Paying Agent or the Registrar, as the case may be, after consultation with the Issuer, and shall be conclusive and binding on the Issuer and the relevant Noteholder.

(c) *Delivery*

Delivery of the Asset Amount(s) in respect of each Note shall be made at the risk of the relevant Noteholder and, in the case of Notes in definitive form, in such commercially reasonable manner as the Calculation Agent shall determine and notify to the person designated by the Noteholder in the relevant Asset Transfer Notice or in such manner as is specified in the applicable Pricing Supplement. Delivery shall be subject to compliance with all applicable laws and regulations. All Delivery Expenses arising from the delivery of the Asset Amount(s) in respect of such Notes shall be for the account of the relevant Noteholder and no delivery of the Asset Amount(s) shall be made until all Delivery Expenses have been paid to the satisfaction of the Issuer by the relevant Noteholder.

After delivery of the Asset Amount(s) and for the Intervening Period, none of the Issuer, the Calculation Agent and any other person shall at any time (i) be under any obligation to deliver or procure delivery to any Noteholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (iii) be under any liability to a Noteholder in respect of any loss or damage which such Noteholder may sustain or suffer as a result, whether directly or indirectly, of that person being registered during such Intervening Period as legal owner of such securities or obligations.

As used herein:

Asset Amount is as specified in the applicable Pricing Supplement or, in the case of Credit Linked Notes, as defined in Condition 10(p).

Asset Transfer Notice means a duly completed asset transfer notice substantially in the form set out in the Agency Agreement.

Delivery Expenses means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Asset Amount.

Intervening Period means such period of time as any person other than the relevant Noteholder shall continue to be registered as the legal owner of any securities or other obligations comprising the Asset Amount.

10. Credit Linked Notes

If the Notes are specified as Credit Linked Notes in the applicable Pricing Supplement, the provisions of this Condition 10 apply, as applicable, as modified by the applicable Pricing Supplement.

The applicable Pricing Supplement shall specify whether the Notes are Single Name Credit Linked Notes, First-to-Default Credit Linked Notes, Nth-to-Default Credit Linked Notes, Linear Basket Notes or any other type of Credit Linked Notes.

(a) Redemption of Credit Linked Notes

Unless (i) previously redeemed or purchased and cancelled, or (ii) the Conditions to Settlement have been satisfied on or prior to the Observation Cut-off Date and the related Event Determination Date has not been reversed on or prior to the relevant Auction Final Price Determination Date, final Valuation Date, Physical Settlement Date (or, if earlier, Delivery Date), or the Maturity Date as applicable or (iii) Condition 10(j) applies, subject to Conditions 10(e) and 10(u), each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Scheduled Maturity Date.

If the Conditions to Settlement are satisfied on or prior to the Observation Cut-Off Date, and the related Event Determination Date has not been reversed on or prior to the relevant Auction Final Price Determination Date, final Valuation Date, Physical Settlement Date (or, if earlier, Delivery Date), or the Maturity Date as applicable, subject to Conditions 10(e), (i) and (j) then:

- (i) if Cash Settlement is specified as the Settlement Method in the applicable Pricing Supplement (or if Cash Settlement is specified as the Fallback Settlement Method, or no Fallback Settlement Method is specified in the Pricing Supplement, and Condition 10(d) requires that the Issuer redeem the Notes in accordance with Condition 10(b)), the provisions of Condition 10(b) shall apply, or
- (ii) if Physical Settlement is specified as the Settlement Method in the applicable Pricing Supplement (or if Physical Settlement is specified as the Fallback Settlement Method and Condition 10(d) requires that the Issuer redeem the Notes in accordance with Condition 10(c)), the provisions of Condition 10(c) shall apply, or

- (iii) if Auction Settlement is specified as the Settlement Method in the applicable Pricing Supplement, the provisions of Condition 10(d) shall apply.
- (b) *Cash Settlement*
 - (i) If (1) Cash Settlement is specified as the Settlement Method in the applicable Pricing Supplement (or if Cash Settlement is specified as the Fallback Settlement Method, or no Fallback Settlement Method is specified in the Pricing Supplement, and in each case Condition 10(d) requires that the Issuer redeem the Notes in accordance with this Condition 10(b)) and (2) the Conditions to Settlement are satisfied on or prior to the Observation Cut-Off Date, the Issuer shall give notice (such notice a **Cash Settlement Notice**) to the Noteholders as soon as reasonably practicable following the final Valuation Date in accordance with Condition 23 of the redemption of the Notes and the Credit Event Redemption Date, and provided that the related Event Determination Date has not been reversed on or prior to the final Valuation Date, subject to Conditions 10(e) and 10(u), on the Credit Event Redemption Date the Issuer shall redeem the Notes as follows:
 - (A) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Notes are not Linear Basket Notes, each Note in whole; or
 - (B) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Note is a Linear Basket Note, a percentage of the nominal amount of each Note equal to the Applicable Percentage determined by reference to the Reference Entity Nominal Amount of the Reference Entity in respect of which the Credit Event occurred; or
 - (C) if the Credit Event is a Multiple Exercise Restructuring Credit Event, a portion of the nominal amount equal to the Applicable Percentage determined by reference to the Exercise Amount specified in the Credit Event Notice relating to the relevant Credit Event.
 - (ii) Each Note shall be redeemed by the Issuer by payment in respect of each nominal amount of the Notes equal to the Calculation Amount of the Credit Event Redemption Amount. Payment by the Issuer of the Credit Event Redemption Amount (in respect of each Calculation Amount) shall fully and effectively discharge the Issuer's obligation to redeem the Applicable Percentage of the relevant Note. For the avoidance of doubt, an Event Determination Date and satisfaction of the Conditions to Settlement may occur at any time on or prior to the Scheduled Maturity Date or the Observation Cut-Off Date, as applicable, notwithstanding that the Cash Settlement Notice may be given after satisfaction of the Conditions to Settlement, and in some cases significantly later. Unless the relevant Credit Event is a Multiple Exercise Restructuring Credit Event, the Note is a Linear Basket Note or if otherwise stated in the applicable Pricing Supplement, the Conditions to Settlement may only be satisfied on one occasion and consequently an Event Determination Date may only occur and a Cash Settlement Notice may only be delivered on one occasion. In the case of First-to-Default Credit Linked Notes or Nth-to-Default Credit Linked Notes, if Conditions to Settlement are purported to be satisfied in respect of more than one Reference Entity on the same date, the Calculation Agent shall determine in its sole and absolute discretion which Reference Entity is the Reference Entity in respect of which the Conditions to Settlement are satisfied.

If the Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 10(b), subject to Condition 10(u), upon payment of the Credit Event Redemption Amounts in respect of the Notes the Issuer shall have discharged

its obligations in respect of the Applicable Percentage of the Notes and shall have no other liability or obligation whatsoever in respect of the Applicable Percentage of the Notes. The Credit Event Redemption Amount may be less than the nominal amount of the Notes equal to the Calculation Amount. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(c) *Physical Settlement*

- (i) If (1) Physical Settlement is specified as the Settlement Method in the applicable Pricing Supplement (or if Physical Settlement is specified as the Fallback Settlement Method and Condition 10(d) requires that the Issuer redeem the Notes in accordance with this Condition 10(c)) and (2) the Conditions to Settlement are satisfied on or prior to the Observation Cut-Off Date, then the Issuer shall give notice (such notice a **Notice of Physical Settlement**) to the Noteholders in accordance with Condition 23 of the redemption of the Notes and the expected Physical Settlement Date determined by the Calculation Agent in its sole and absolute discretion, and provided that the related Event Determination Date has not been reversed on or prior to the final Valuation Date, Physical Settlement Date or, if earlier, Delivery Date, as applicable, the Issuer shall, subject to Conditions 10(e) and 10(u), redeem the Notes as follows:

(A) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Notes are not Linear Basket Notes, each Note in whole; or

(B) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Notes are Linear Basket Notes, a percentage of the nominal amount of each Note equal to the Applicable Percentage determined by reference to the Reference Entity Nominal Amount of the Reference Entity in respect of which the Credit Event occurred; or

(C) if the Credit Event is a Multiple Exercise Restructuring Credit Event, a portion of the nominal amount of each Note equal to the Applicable Percentage determined by reference to the Exercise Amount specified in the Credit Event Notice relating to the relevant Credit Event.

- (ii) Each Note shall be redeemed by the Issuer by Delivery in respect of each nominal amount of the Notes equal to the Calculation Amount of the Deliverable Obligations comprised in the Asset Amount, in accordance with and subject to Condition 9 and Conditions 10(m) and 10(n). Delivery by the Issuer of the Deliverable Obligations comprised in the Asset Amount and/or payment of the Partial Cash Settlement Amount in accordance with Condition 10(n) (in respect of each Calculation Amount), if applicable, shall fully and effectively discharge the Issuer's obligation to redeem the Applicable Percentage of the relevant Note. For the avoidance of doubt, an Event Determination Date and satisfaction of the Conditions to Settlement may occur at any time on or prior to the Scheduled Maturity Date or the Observation Cut-Off Date, as applicable, notwithstanding that the Notice of Physical Settlement may be given later, and in some cases significantly later.
- (iii) Following delivery of a Notice of Physical Settlement, the Issuer may notify the Noteholders (each such notification, a **NOPS Amendment Notice**) that the Issuer is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective in accordance with Condition 23.

If the Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 10(c) subject to Condition 10(u), upon Delivery of the Deliverable Obligations comprising the Asset Amount and/or payment of the Cash Settlement Amounts, as the case may be, the Issuer shall have discharged its obligations in respect of the Applicable Percentage of the Notes and shall have no other liability or obligation whatsoever in respect of the Applicable Percentage of the Notes. The aggregate value of such Deliverable Obligations and/or the Cash Settlement Amount may be less than the nominal amount of the Notes equal to the Calculation Amount. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(d) *Auction Settlement*

(i) Subject to Conditions 10(e) and 10(j), if (i) Auction Settlement is specified as the Settlement Method in the applicable Pricing Supplement, (ii) the Conditions to Settlement are satisfied on or prior to the Observation Cut-Off Date, and the related Event Determination Date has not been reversed on or prior to the Auction Final Price Determination Date, and (iii) an Auction Final Price Determination Date occurs with respect to an Applicable Auction, then the Issuer shall give an Auction Settlement Notice to the Noteholders as soon as reasonably practicable following the Auction Final Price Determination Date in accordance with Condition 23 and, subject to Conditions 10(e) and 10(t), on the Auction Credit Event Redemption Date redeem the Notes as follows:

(A) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and/or the Notes are not Linear Basket Notes, each Note in whole; or

(B) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Notes are Linear Basket Notes, a portion of the nominal amount of each Note equal to the Applicable Percentage determined by reference to the Reference Entity Nominal Amount of the Reference Entity in respect of which the Credit Event occurred; or

(C) if the Credit Event is a Multiple Exercise Restructuring Credit Event, a portion of the nominal amount of each Note equal to the Applicable Percentage determined by reference to the Exercise Amount specified in the Credit Event Notice relating to the relevant Credit Event.

(ii) Each Note shall be redeemed by the Issuer by payment in respect of each nominal amount of the Notes equal to the Calculation Amount of the Auction Credit Event Redemption Amount. Payment by the Issuer of the Auction Credit Event Redemption Amount shall (in respect of each Calculation Amount) fully and effectively discharge the Issuer's obligation to redeem the Applicable Percentage of the relevant Note.

(iii) Without prejudice to the foregoing, but without duplication of settlement, if the Calculation Agent determines:

(A) except where the Issuer exercises the Movement Option, that with respect to a Credit Event no Applicable Auction is being, or will be, held; or

(B) with respect to a Credit Event and any relevant Applicable Request, Applicable Resolution and/or Applicable Auction, that (I) an Auction Cancellation Date has occurred, (II) a No Auction Announcement Date has occurred (and, in circumstances where such No Auction Announcement Date occurs pursuant to subparagraph (ii) of the definition of No Auction Announcement Date, the Issuer has not exercised the Movement Option), (III) ISDA has publicly announced that a relevant

Credit Derivatives Determinations Committee has Resolved, following a relevant Credit Event Resolution Request Date, not to determine the matters described in the definition of Credit Event Resolution Request Date, or (IV) an Event Determination Date was determined pursuant to sub-paragraph (i) of the definition of Event Determination Date and no relevant Credit Event Resolution Request Date has occurred on or prior to the date falling three Business Days after such Event Determination Date; or

(C) that the Event Determination Date was determined pursuant to sub-paragraph (ii)(B)(II) of the definition of Event Determination Date and the Issuer elects to apply the Fallback Settlement Method,

the Issuer shall, subject to the occurrence of a Credit Event and satisfaction of the Conditions to Settlement, notwithstanding that Auction Settlement is specified as applicable in the relevant Pricing Supplement, redeem each Note in accordance with Condition 10(b) if either “Cash Settlement” is specified in the applicable Pricing Supplement as the Fallback Settlement Method or if no Fallback Settlement Method is specified in the Pricing Supplement, or in accordance with Condition 10(c) if “Physical Settlement” is specified in the applicable Pricing Supplement as the Fallback Settlement Method.

- (iv) If “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement and the Calculation Agent determines in respect of a Restructuring Credit Event that a No Auction Announcement Date has occurred pursuant to sub-paragraph (ii) of the definition of No Auction Announcement Date, the Issuer may elect in its sole and absolute discretion to exercise the Movement Option. If the Movement Option is exercised by the Issuer, then provided the related Event Determination Date is not reversed on or prior to the relevant Auction Final Price Determination Date, the Notes shall be redeemed on the Auction Credit Event Redemption Date at their Auction Credit Event Redemption Amount, for which purposes the Auction Credit Event Redemption Date and the Auction Credit Event Redemption Amount shall be determined by reference to the relevant Parallel Auction selected by the Issuer on exercising the Movement Option. If the Movement Option is exercised by the Issuer, all references in this Condition 10 to “Applicable Auction”, “Applicable Auction Settlement Terms”, “Auction Cancellation Date”, “Auction Final Price Determination Date” and “Auction Settlement Date” shall be deemed to be references to the “Parallel Auction”, “Parallel Auction Settlement Terms”, “Parallel Auction Cancellation Date”, “Parallel Auction Final Price Determination Date” and “Parallel Auction Settlement Date” and the terms of this Condition 10 shall be construed accordingly. If the Movement Option is not exercised, the Issuer shall redeem each Note in accordance with Condition 10(b) if Cash Settlement is specified in the applicable Pricing Supplement as the Fallback Settlement Method, or if no Fallback Settlement Method is specified in the Pricing Supplement, or in accordance with Condition 10(c) if Physical Settlement is specified in the applicable Pricing Supplement as the Fallback Settlement Method.
- (v) For the avoidance of doubt, an Event Determination Date and satisfaction of the Conditions to Settlement may occur at any time on or prior to the Observation Cut-Off Date, as applicable, notwithstanding that the Auction Settlement Notice may be given later, and in some cases significantly later. Unless the relevant Credit Event is a Multiple Exercise Restructuring Credit Event, the Note is a Linear Basket Note or if otherwise stated in the applicable Pricing Supplement, the Conditions to Settlement may only be satisfied on one occasion and consequently an Event Determination Date

may only occur and an Auction Settlement Notice may only be delivered on one occasion. In the case of First-to-Default Credit Linked Notes or Nth-to-Default Credit Linked Notes, if the Conditions to Settlement are purported to be satisfied in respect of more than one Reference Entity on the same date, the Calculation Agent shall determine in its sole and absolute discretion which Reference Entity is the Reference Entity in respect of which the Conditions to Settlement are satisfied.

If the Conditions to Settlement are satisfied and the Notes become redeemable in accordance with this Condition 10(d), subject to Condition 10(u), upon payment of the Auction Credit Event Redemption Amounts in respect of the Applicable Percentage of the Notes the Issuer shall have discharged its obligations in respect of the Applicable Percentage of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Auction Credit Event Redemption Amount may be less than the nominal amount of the Notes equal to the Calculation Amount. Any shortfall shall be borne by the Noteholders and no liability shall attach to the Issuer.

(e) *Redemption Suspension*

If, following the determination of an Event Determination Date in accordance with subparagraph (i) of the definition of Event Determination Date but prior to the Physical Settlement Date, a Delivery Date or, to the extent applicable, a final Valuation Date, the Calculation Agent determines that a Suspension Event has occurred the timing requirements of Conditions 9 and 10 relating to Physical Settlement Dates, Delivery Dates, the Physical Settlement Period, Valuation Dates, Credit Event Redemption Date(s), as applicable, or any other provision that pertains to redemption and settlement of the Notes, shall toll and remain suspended until the Suspension Event Cessation Date. During such suspension period, the Issuer is not obliged to take any action in connection with the redemption and settlement of the Notes. The relevant timing requirements and redemption and settlement provisions, as applicable, that have previously tolled or been suspended shall resume on the Business Day following the relevant Suspension Event Cessation Date with the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Condition 10(e). Without prejudice to any amounts payable pursuant to Condition 10(i), no additional amounts shall be payable by the Issuer in connection with any such suspension.

(f) *Accrual of Interest and Interest Payment Postponement*

- (i) If Condition 10(b), Condition 10(c) or Condition 10(d) applies in respect of the Notes, subject to Condition 10(j), and

(A) **Accrual of Interest upon Credit Event** is specified as not applying in the applicable Pricing Supplement, each Note shall cease to bear interest from the Interest Payment Date (or, if none, the Interest Commencement Date) immediately preceding the Event Determination Date, or if the Event Determination Date is an Interest Payment Date (or, as the case may be, the Interest Commencement Date) such Interest Payment Date (or, as the case may be, the Interest Commencement Date); or

(B) **Accrual of Interest upon Credit Event** is specified as applying in the applicable Pricing Supplement, each Note shall cease to bear interest from the Event Determination Date and the final payment of interest shall be payable on the Credit Event Redemption Date, Auction Credit Event Redemption Date or Physical Settlement Date or Partial Cash Settlement Date, as applicable and no further interest shall be payable in respect of such delay; and

Provided Further That if

(A) the Notes are redeemed pursuant to Condition 10(g), Condition 10(h) or Condition 10(i); or

(B) Condition 10(j) applies pursuant to an adjustment to, or reversal of, an Event Determination Date,

then interest will accrue as provided in Condition 10(g), Condition 10(h), Condition 10(i) or Condition 10(j), as the case may be.

(ii) If, an Applicable Request in respect of a Credit Event is made on or prior to any Interest Payment Date or the Scheduled Maturity Date in respect of which an Applicable Resolution has not been published, the payment of interest (if any) scheduled to be paid to Noteholders on or about such Interest Payment Date or the Scheduled Maturity Date, will be suspended. If in connection with such Applicable Request either (i) an Applicable DC Credit Event Announcement is made but the Calculation Agent determines that the Event Determination Date relating thereto is a date falling after such Interest Payment Date or the Scheduled Maturity Date, or (ii) an Applicable DC No Credit Event Announcement is made, payment of the suspended interest for such Interest Payment Date or Scheduled Maturity Date, as applicable, will be made two Business Days after the date the Event Determination Date is so determined or the date of Applicable DC No Credit Event Announcement, as applicable. If in connection with such Applicable Request, an Applicable DC Credit Event Announcement is made and the Calculation Agent determines that the Event Determination Date relating thereto is a date falling on or prior to such Interest Payment Date or the Scheduled Maturity Date, no payment of the suspended interest will be made and interest accrual prior to such Event Determination Date will be determined in accordance with sub-paragraph (i) above.

(iii) No additional amount in respect of interest and no adjustment shall be made to the amount of any interest in connection with the delay or postponement of any payment of interest pursuant to sub-paragraph (ii) above. For the avoidance of doubt, no interest shall accrue on any Note after the Scheduled Maturity Date as a result of a suspension of interest pursuant to this Condition 10(f) (unless Condition 3(d) applies and upon due presentation of a Note for redemption payment of principal is improperly withheld or refused by the Issuer). The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 23 as soon as reasonably practicable should any payment of interest be suspended and/or postponed pursuant to this Condition 10(f).

(g) *Repudiation/Moratorium Extension*

(i) Where Repudiation/Moratorium is specified as a Credit Event in the applicable Pricing Supplement, the provisions of this Condition 10(g) shall apply.

(ii) Where the Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date but the Repudiation/Moratorium Extension Condition has been satisfied in respect of a Potential Repudiation/Moratorium which occurred with respect to an Obligation of a relevant Reference Entity on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) or, Condition 10(i) applies, and the Repudiation/Moratorium Evaluation Date in respect of such Potential Repudiation/Moratorium may or will, in the sole determination of the Calculation Agent, fall after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the

relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), then the Calculation Agent may deliver a Repudiation/Moratorium Extension Notice to the Noteholders in accordance with Condition 23. If the Repudiation/Moratorium Extension Condition is satisfied and an Event Determination Date does not occur on or prior to the final day of the Notice Delivery Period:

(A) subject to Condition 10(u) and provided that there are no other Maturity Date Extension Events outstanding as at the Repudiation/Moratorium Evaluation Date, each Note will be redeemed by the Issuer at the Final Redemption Amount on the fifth Business Day following the Repudiation/Moratorium Evaluation Date; and

(B) in the case of interest bearing Notes only, the Issuer shall be obliged (x) to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each nominal amount of the Notes equal to the Calculation Amount and the Additional Amount Period ending on (but excluding) the Repudiation/Moratorium Evaluation Date, but, in each case, shall only be obliged to make such payments of interest on the fifth Business Day following the Repudiation/Moratorium Evaluation Date and no further or other amount in respect of interest shall be payable.

(h) *Grace Period Extension*

(i) If “Grace Period Extension” is specified as applying in the applicable Pricing Supplement, the provisions of this Condition 10(h) shall apply.

(ii) Where the Conditions to Settlement have not been satisfied on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) but a Potential Failure to Pay has occurred or may, in the sole determination of the Calculation Agent, have occurred with respect to one or more Obligation(s) in respect of which a Grace Period is applicable on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) (and such Grace Period(s) is/are continuing as at the Scheduled Maturity Date), then:

(A) where an Event Determination Date in respect of the Failure to Pay does not occur on or prior to the last day of the Notice Delivery Period:

(I) subject to Condition 10(u) and provided that there are no other Maturity Date Extension Events outstanding as at the Grace Period Extension Date, each Note will be redeemed by the Issuer at the Final Redemption Amount on the Grace Period Extension Date; and

(II) in the case of interest bearing Notes, the Issuer shall be obliged (x) to pay interest calculated as provided herein, accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each nominal amount of the Notes equal to the Calculation Amount and the Additional Amount Period ending on (but excluding) the Grace Period Extension Date, but, in each case, shall only be obliged

to make such payment of interest on the Grace Period Extension Date and no further or other amount in respect of interest shall be payable; or

(B) where a Failure to Pay has occurred on or prior to the last day of the Notice Delivery Period, the provisions of Condition 10(b), Condition 10(c) or Condition 10(d), as applicable, shall apply to the Notes.

(i) *Maturity Date Extension*

(i) If on the Scheduled Maturity Date the Calculation Agent determines that on or prior to such date:

(A) a Potential Repudiation/Moratorium may have occurred;

(B) a Potential Failure to Pay may have occurred;

(C) an Applicable Request has been made on or prior to such date in respect of which an Applicable Resolution has not been published; or

(D) without duplication, in the opinion of the Calculation Agent, a Credit Event may have occurred in relation to which the Conditions to Settlement have not been satisfied (such Credit Event, a **Postponement Credit Event**), and

in each case, in respect of which an Event Determination Date has not occurred as at the Scheduled Maturity Date (each such event a **Maturity Date Extension Event**), the Calculation Agent shall notify the Noteholders in accordance with Condition 23 that the Notes will not be redeemed on the Scheduled Maturity Date. In such circumstances, the Notes will be redeemed as follows:

(I) with respect to a Potential Repudiation/Moratorium, in accordance with Condition 10(g), unless an Event Determination Date occurs on or prior to the last day of the Notice Delivery Period and is not reversed pursuant to Condition 10(j), in which case the Notes shall be redeemed pursuant to Condition 10(b), 11(c) or 11(d), as applicable;

(II) with respect to a Potential Failure to Pay, in accordance with Condition 10(h), unless an Event Determination Date occurs on or prior to the last day of the Notice Delivery Period and is not reversed pursuant to Condition 10(j), in which case the Notes shall be redeemed pursuant to Condition 10(b), 11(c) or 11(d), as applicable; or

(III) with respect to an Applicable Request or a Postponement Credit Event, if an Event Determination Date occurs on or prior to the Observation Cut-Off Date and is not reversed pursuant to Condition 10(j), in accordance with Condition 10(b), 11(c) or 11(d), as applicable; or

(IV) with respect to an Applicable Request or a Postponement Credit Event, if an Event Determination Date does not occur on or prior to the Observation Cut-Off Date or an Event Determination Date is reversed pursuant to Condition 10(j), subject to Condition 10(u) and provided that there are no other Maturity Date Extension Events outstanding as at the Observation Cut-Off Date, each Note will be redeemed by the Issuer at its Final Redemption Amount on the second Business Day following the Observation Cut-Off Date (the **Postponed Maturity Date**) and in the case of interest bearing Notes only the Issuer shall, without duplication and without prejudice to Condition 10(i), be obliged (x) to pay interest calculated as provided herein accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date or, if none, the Interest Commencement Date to (but excluding) the

Scheduled Maturity Date and (y) to pay an Additional Interest Amount in respect of each nominal amount of the Notes equal to the Calculation Amount and the Additional Amount Period ending on (but excluding) the Postponed Maturity Date, but, in each case, shall only be obliged to make such payment of interest on the Postponed Maturity Date and no further or other amount in respect of interest shall be payable.

- (ii) A Maturity Date Extension Event will be deemed to be outstanding on any date, if the period specified in (I), (II), (III) or (IV) in respect of the relevant Maturity Date Extension Event in which an Event Determination Date may occur has not expired as at such date.

(j) *Reversals of DC Resolutions and adjustments to Event Determination Dates*

- (i) Notwithstanding anything to the contrary herein, no Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that the Calculation Agent determines that, prior to the Auction Final Price Determination Date in respect of an Applicable Auction, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Maturity Date as applicable, an Applicable DC No Credit Event Announcement occurs with respect to the relevant Reference Entity or Obligation thereof.
- (ii) Notwithstanding anything to the contrary herein, no Succession Event will occur, and any Succession Event previously determined with respect to a Reference Entity shall be deemed not to have occurred, if, or to the extent that ISDA publicly announces that a previous Succession Event Resolution has been reversed by a subsequent DC Resolution of the relevant Credit Derivatives Determination Committee, unless the prior Succession Event Resolution or any prior determination by the Calculation Agent has resulted in the identification of one or more Successors or the identification of one or more Substitute Reference Obligations.
- (iii) Notwithstanding anything to the contrary in these Conditions, following the determination of an Event Determination Date, if, in accordance with the Condition 10(i)(i):

(A) such Event Determination Date is deemed to have occurred on a date that is earlier than the date originally determined to be the Event Determination Date for the purposes of the Notes as a result of the application of the definition of Event Determination Date and/or any Applicable Request or Applicable Resolution then

(I) if the Notes are redeemed pursuant to Condition 10(b) or 10(d), an amount equal to the relevant EDD Adjustment Amount (if any) shall be deducted to the fullest extent possible from the Credit Event Redemption Amount or Auction Credit Event Redemption Amount, as applicable; or

(II) if the Notes are redeemed pursuant to Condition 10(c), Deliverable Obligations (rounded up to the nearest whole number or denomination or other minimum amount in which the relevant Deliverable Obligations may be Delivered) with an Outstanding Principal Balance or Due and Payable Amount (rounded up to the nearest whole number or denomination or other minimum amount in which the relevant Deliverable Obligations may be Delivered), as applicable, having a market value equal to (or, where rounding upwards applies, greater than) the relevant EDD Adjustment Amount (if any) as of the relevant Delivery Date, as determined by the Calculation Agent in its sole and absolute discretion, shall be deducted to the fullest extent possible from

the Asset Amount (or deducted from the Partial Cash Settlement Amount payable pursuant to Condition 10(n), if applicable). If the market value of the Outstanding Principal Balance or Due and Payable Amount or Deliverable Obligations so deducted is, due to rounding, greater than the relevant EDD Adjustment Amount, the Issuer shall pay an amount determined by the Calculation Agent in its sole and absolute discretion to Noteholders as soon as reasonably practicable in respect of the excess portion of such Deliverable Obligations; or

(B) If an Applicable DC No Credit Event Announcement occurs following the determination of an Event Determination Date but prior to the related Auction Final Price Determination Date in respect of an Applicable Auction, a Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Observation Cut-off Date, as applicable, then the Event Determination Date originally determined for the purposes of the Notes shall be deemed not to have occurred (an **Event Determination Date Reversal**). The occurrence of an Event Determination Date Reversal shall not prejudice the occurrence or determination of any subsequent Event Determination Date(s) in relation to the relevant Reference Entity (if applicable). Notwithstanding Condition 3(d) and Condition 10(f), each Note shall recommence to accrue interest (in accordance with Condition 3) from the Interest Payment Date (the **Interest Recommencement Date**) immediately following the Applicable DC No Credit Event Announcement, and an amount equal to the Additional EDD Interest Amount shall be payable on such Interest Recommencement Date. For the avoidance of doubt, in no circumstances shall interest accrue on any Note on or after the Scheduled Maturity Date (unless Condition 3(d) applies and upon due presentation of a Note for redemption payment of principal is improperly withheld or refused by the Issuer).

(k) *Succession Event*

- (i) With respect to any Reference Entity (other than a Sovereign Reference Entity), the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the legally effective date of the relevant Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth in the definition of “Successor” have been met, or which entity qualifies under paragraph (a)(vi) of the definition of “Successor”, as applicable, provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in the definitions of “Successor”, in sub-paragraph (i) of the definition of “Succession Event Resolution Request Date” and sub-paragraph (ii)(A) of the definition of “Succession Event Resolution Request Date”, are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the certain credit derivative transactions has occurred, and in each case the Calculation Agent determines that such resolution is an Applicable Resolution. In calculating the percentages used to determine whether the relevant thresholds set forth in the definition of “Successor” have been met, or which entity qualifies under sub-paragraph (a)(vi) of such definition, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall notify the Issuer of such calculation. A copy of the notice of any determination of a Successor shall be given to Noteholders

in accordance with Condition 23, provided that failure to deliver such notice shall not invalidate the occurrence of the Succession Event.

- (ii) With respect to any Sovereign Reference Entity, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under sub-paragraph (b) of the definition of “Successor”; provided that the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraph (b) of the definition of “Successor” and sub-paragraphs (i) and (ii)(A) of the definition of “Succession Event Resolution Request Date” are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred, and in each case the Calculation Agent determines that such Resolution is an Applicable Resolution. A copy of the notice of any determination of a Successor shall be given to Noteholders in accordance with Condition 23, provided that failure to deliver such notice shall not invalidate the occurrence of the Succession Event.

- (iii) Where the Notes are Single Name Credit Linked Notes:

(A) Where a Succession Event has occurred and more than one Successor has been identified in accordance with these Conditions, each such Successor will be deemed to be a Reference Entity for purposes of the Notes and, to the extent applicable, the Calculation Agent shall apportion any outstanding principal amounts or any other relevant calculation amounts equally in relation to each Successor.

(B) If one or more of the Successors to the Reference Entity have not assumed the Reference Obligation (if any) specified in the applicable Pricing Supplement, the Calculation Agent may select a Substitute Reference Obligation in accordance with the definition of “Substitute Reference Obligation”.

(C) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event:

- (1) the provisions of this Condition 10 shall be deemed to apply to the aggregate nominal amount of the Notes represented by that Reference Entity only (the **Partial Principal Amount**) and all the provisions shall be construed accordingly;
- (2) following satisfaction of the Conditions to Settlement, the Notes shall be deemed to be redeemed pro rata in an amount equal to the Partial Principal Amount only;
- (3) the Notes in an amount equal to the Aggregate Nominal Amount less the Partial Principal Amount shall remain outstanding (the **Remaining Amount**) and interest (if applicable) shall accrue on the Remaining Amount as provided for in the Conditions and the applicable Pricing Supplement (adjusted in such manner as the Calculation Agent determines to be appropriate);

- (4) the provisions of these Conditions shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event; and
 - (5) the applicable Pricing Supplement may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- (iv) Where the Notes are Linear Basket Notes:
 - (A) Where a Succession Event has occurred in respect of a Reference Entity (each such Reference Entity, a **Succession Event Reference Entity** and the Reference Entities unaffected by such Succession Event or any previous Succession Event, the **Non-Succession Event Reference Entities**) and more than one Successor has been identified by the Calculation Agent, each such Successor will be deemed to be a Reference Entity for the purposes of the Notes (in such respect, each a **Successor Reference Entity**). The Reference Entity Nominal Amount for each Successor Reference Entity shall be equal to the Reference Entity Nominal Amount of the original Reference Entity divided by the number of Successors, provided that where the Successor Reference Entity is also a Reference Entity, the Reference Entity Notional Amount of such Successor Reference Entity determined as aforesaid shall be added to the subsisting Reference Entity Nominal Amount of such Reference Entity, subject to Condition 10(k)(ix).
 - (B) Following the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to any Reference Entity, either a Non-Succession Event Reference Entity or a Successor Reference Entity, the Applicable Percentage of the Notes shall be redeemed in accordance with the provisions of these Conditions.
- (v) Where the Notes are First-to-Default Credit Linked Notes:
 - (A) Where a Succession Event has occurred in respect of a Reference Entity (each such Reference Entity, a **Succession Event Reference Entity** and the Reference Entities unaffected by such Succession Event or any previous Succession Event, the **Non-Succession Event Reference Entities**) and more than one Successor has been identified by the Calculation Agent, each Note will subsequently reference a number of Baskets (each a **New Basket**) equal to the number of Successors, and each Successor will be a Reference Entity for the purposes of one of the New Baskets and each of the original Reference Entities prior to the Succession Event, other than the Succession Event Reference Entity, shall be a Reference Entity for the purposes of each and every one of the New Baskets. The Aggregate Nominal Amount of the Notes shall be apportioned equally between each New Basket (each portion a **New Basket Nominal Amount**). Thereafter, the occurrence of the first Credit Event will be assessed separately for each New Basket and only the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of a Reference Entity in a New Basket will cause the Notes to be redeemed in part in a proportion which the New Basket Nominal Amount bears to the Aggregate Nominal Amount of the Notes as of the Issue Date (the **New Basket Relevant Proportion**).
 - (B) Consequently, where all Non-Succession Event Reference Entities and all Successor Reference Entities are considered together:
 - (1) the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of a Non-Succession Event Reference Entity will be a

Credit Event for the purposes of each and every New Basket and each and every New Basket Nominal Amount of the Notes and will cause the Notes to be redeemed in full in accordance with this Condition 10; and

- (2) the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of a Successor Reference Entity will be a Credit Event only in respect of the New Basket for which the relevant Successor Reference Entity is a Reference Entity and will cause the New Basket Relevant Proportion of the Notes to be redeemed in accordance with this Condition 10.

(C) Following a partial redemption of the Notes pursuant to this sub-paragraph (v), interest shall accrue on the remaining outstanding nominal amount of the Notes immediately following the partial redemption (the **New Basket Outstanding Principal Amount**) as provided for in these conditions (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate) and the Calculation Agent shall continue to assess the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of any Reference Entity for the purposes of the remaining New Baskets and the New Basket Outstanding Principal Amount in accordance with this Condition 10(k)(v).

- (vi) Where the Notes are N^{th} -to-Default Credit Linked Notes:

(A) Where a Succession Event has occurred in respect of a Reference Entity (each such Reference Entity, a **Succession Event Reference Entity** and the Reference Entities unaffected by such Succession Event or any previous Succession Event, the **Non-Succession Event Reference Entities**) and more than one Successor has been identified by the Calculation Agent, each Note will subsequently reference a number of Baskets (each a **New Basket**) equal to the number of Successors, and each Successor will be a Reference Entity for the purposes of one of the New Baskets and each of the original Reference Entities prior to the Succession Event, other than the Succession Event Reference Entity, shall be a Reference Entity for the purposes of each and every one of the New Baskets. The Aggregate Nominal Amount of the Notes shall be apportioned equally between each New Basket (each portion a **New Basket Nominal Amount**). Thereafter, the occurrence of a Credit Event in respect of the N^{th} Reference Entity will be assessed separately for each New Basket and only the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of the N^{th} Reference Entity in a New Basket will cause the Notes to be redeemed in part in a proportion which the New Basket Nominal Amount for the relevant New Basket bears to the Aggregate Nominal Amount of the Notes as of the Issue Date (the **New Basket Relevant Proportion**).

(B) Consequently, where all Non-Succession Reference Entities and all Successor Reference Entities are considered together:

- (1) the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of the N^{th} Reference Entity, where such N^{th} Reference Entity and each previous Reference Entity in respect of which the Conditions to Settlement have been satisfied are Non-Succession Event Reference Entities, will be the N^{th} Credit Event for the purposes of each and every New Basket and each and every New Basket Nominal Amount of the Notes and will cause the Notes to be redeemed in full in accordance with this Condition 10;
- (2) the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of the N^{th} Reference Entity, where either such N^{th} Reference Entity or one previous Reference Entity in respect of which the

Conditions to Settlement have been satisfied is a Successor Reference Entity, will be the N^{th} Credit Event only in respect of the New Basket in respect of which the relevant Successor Reference Entity is a Reference Entity. Thereafter the New Basket Relevant Proportion of each Note shall be redeemed in accordance with this Condition 10; and

- (3) the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of the N^{th} Reference Entity where either such N^{th} Reference Entity and one or more previous Reference Entity in respect of which the Conditions to Settlement have been satisfied are Successor Reference Entities or such N^{th} Reference Entity is a Non-Succession Reference Entity but two or more previous Reference Entities in respect of which the Conditions to Settlement have been satisfied are Successor Reference Entities, will not be the N^{th} Credit Event in respect of any of the New Baskets and will not cause the Notes to be redeemed either in part or in whole.

(C) Following a partial redemption of the Notes pursuant to this sub-paragraph (vi), interest shall accrue on the remaining outstanding nominal amount of the Notes immediately following the partial redemption (the **New Basket Outstanding Principal Amount**) as provided for in these conditions (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate) and the Calculation Agent shall continue to assess the occurrence of a Credit Event and satisfaction of the Conditions to Settlement in respect of the N^{th} Reference Entity for the purposes of the remaining New Baskets and the New Basket Outstanding Principal Amount in accordance with this Condition 10(k)(vi).

- (vii) The provisions of these Conditions shall apply to any subsequent Succession Events. For the avoidance of doubt, the provisions of this Condition 10(k)(iii), (iv), (v) and (vi) shall apply to each Succession Event, provided that the Calculation Agent may make any adjustments to the Reference Entities and/or Baskets (including any New Baskets) as it determines, in its sole discretion, are necessary to reflect the occurrence of a Succession Event.
- (viii) Where the effect of the foregoing provisions would be to specify a Reference Entity more than once with respect to the Notes or, in the case of Condition 10(k)(v) and (vi) above, a New Basket, that Reference Entity shall be deemed to be specified only once.
- (ix) Save as otherwise provided in the applicable Pricing Supplement, where any Reference Entity (the **Surviving Reference Entity**) (other than a Reference Entity that is subject to a Succession Event) would be a Successor to any other Reference Entity (the **Legacy Reference Entity**) pursuant to a Succession Event through the application of the foregoing provisions, (I) if Fixed Number of Reference Entities is not specified as applicable in the applicable Pricing Supplement, such Surviving Reference Entity shall be deemed a Successor to the Legacy Reference Entity or (II) if Fixed Number of Reference Entities is specified as applicable in the applicable Pricing Supplement, such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity and the Calculation Agent shall select an additional entity to constitute a Reference Entity in replacement of the Legacy Reference Entity, and, in respect of Linear Basket Notes, in respect of the Reference Entity Nominal Amount relating to such Legacy Reference Entity (such entity an **Additional Reference Entity**) such that the number of Reference Entities in respect of the Notes, or in respect of each New Basket, prior to the Succession Event is equal to the number of Reference Entities following the Succession Event, provided that if, in respect of any First-to-Default Notes or N^{th} -to-Default Notes the Legacy Reference Entity is a Reference Entity in respect of more than one New Basket, the Calculation

Agent shall select an Additional Reference Entity to replace such Legacy Reference Entity in each New Basket, each of which Additional Reference Entities may be different entities. Each Additional Reference Entity shall be of the same Transaction Type (as defined in the 2005 Matrix Supplement) with a comparable credit rating as the Surviving Reference Entity, and shall be principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, where “Geographical Region” means such region determined in good faith by the Calculation Agent to give best effect to then current market practice in respect of the Surviving Reference Entity, as determined by the Calculation Agent in its sole and absolute discretion. Any such Additional Reference Entity will be deemed to be a Reference Entity for the purposes of the Notes and all references in these Credit Linked Conditions to a “Reference Entity” or “Reference Entities” shall be construed accordingly.

If one or more Additional Reference Entities are selected, the Calculation Agent may select a Substitute Reference Obligation in respect of each such Additional Reference Entity in accordance with the definition of “Substitute Reference Obligation”.

- (x) Unless “Merger Event not Applicable” is specified in the applicable Pricing Supplement, in the event that (x) the Issuer becomes a Successor to any Reference Entity as a result of the application of the foregoing provisions, (y) the Issuer and any Reference Entity become Affiliates or (z) the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets to, a Reference Entity or the Issuer (as applicable) (each a **Merger Event**), then the Issuer may, but shall not be obliged to, on giving not more than 30 nor less than 15 days’ notice to Noteholders (the **Merger Event Notice**), redeem all but not some of the Notes at the Early Redemption Amount specified in the Merger Event Notice.
- (xi) The applicable Pricing Supplement may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- (l) *Restructuring Credit Event*
 - (i) If (A) Restructuring is specified in the applicable Pricing Supplement as being an applicable Credit Event; (B) either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement and (C) a Restructuring Credit Event occurs, then (unless otherwise specified in the applicable Pricing Supplement), the Issuer may deliver multiple Credit Event Notices with respect to such Restructuring, each such Credit Event Notice setting forth the amount of the Aggregate Nominal Amount of the Notes or, if the Notes are Linear Basket Notes, of the Reference Entity Nominal Amount in respect of the relevant Reference Entity, as applicable, to which the Credit Event Notice relates (the **Exercise Amount**). If the relevant Credit Event Notice does not specify an Exercise Amount, then the Aggregate Nominal Amount of the Notes outstanding immediately prior to the delivery of such Credit Event Notice or, if the Notes are Linear Basket Notes, the Reference Entity Nominal Amount outstanding in respect of the relevant Reference Entity immediately prior to the delivery of such Credit Event Notice will be deemed to have been specified as the Exercise Amount. Accordingly, notwithstanding anything to the contrary in these Conditions, where a Restructuring has occurred and the Issuer has delivered a Credit Event Notice for an Exercise Amount that is less than the Aggregate Nominal Amount of the Notes outstanding or the Reference Entity Nominal Amount outstanding in respect of the

relevant Reference Entity, in each case as at the date immediately prior to the delivery of such Credit Event Notice, as applicable, the provisions of these Conditions shall be deemed to apply to a nominal amount of the Notes equal to the Exercise Amount only and all the provisions shall be construed accordingly. Each such Note shall be redeemed in part (such redeemed part being equal to the relevant proportion of the Exercise Amount).

- (ii) The Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Notes are denominated or any integral multiple thereof or the entire outstanding nominal amount of the Notes or the Reference Entity Nominal Amount outstanding in respect of the relevant Reference Entity, as applicable, at such time.
- (iii) The Notes shall be deemed to be redeemed pro rata in an amount equal to the Exercise Amount only. The Notes in an amount equal to, (1) in respect of Notes which are not Linear Basket Notes, the Aggregate Nominal Amount less the Exercise Amount, and, (2) in respect of Linear Basket Notes, the Aggregate Nominal Amount less (x) the sum of the Reference Entity Nominal Amounts in respect of all Reference Entities in respect of which previous Credit Events (not including the Restructuring in question) have occurred and the relevant Settlement Date for such Credit Event has occurred, and less (y) the Exercise Amount, shall remain outstanding (the **Outstanding Amount**) and interest (if applicable) shall accrue on the Outstanding Amount as provided for in these Conditions and the applicable Pricing Supplement (adjusted in such manner as the Calculation Agent determines to be appropriate).
- (iv) In respect of any subsequent Credit Event Notices delivered the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Multiple Exercise Restructuring Credit Event must be equal to the outstanding nominal amount of the Notes or the Reference Entity Nominal Amount outstanding in respect of the relevant Reference Entity, as applicable, at such time (and not a portion thereof); and
- (v) For the avoidance of doubt, (i) in the case of a First-to-Default Credit Linked Note, once a Multiple Exercise Restructuring Credit Event has occurred in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the first occurring Multiple Exercise Restructuring Credit Event; (ii) in the case of an Nth-to-Default Credit Linked Note, if a Multiple Exercise Restructuring Credit Event has occurred in respect of the Nth Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Nth Reference Entity; and (iii) in the case of a Linear Basket Note, the fact that a Multiple Exercise Restructuring Credit Event has occurred in respect of a Reference Entity shall not preclude delivery of a Credit Event Notice in respect of any other Reference Entity.
- (vi) If “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” is specified in the applicable Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may only be included in an Asset Amount (including any Amendment in a NOPS Amendment Notice), if such Deliverable Obligation (A) is a Fully Transferable Obligation and (B) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date.
- (vii) If “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then a

Deliverable Obligation may only be included in an Asset Amount (including any amendment in a NOPS Amendment Notice) if it (A) is a Conditionally Transferable Obligation and (B) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

- (viii) If the provisions of this Condition 10(l) apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.
- (ix) For the avoidance of doubt, if Restructuring is specified in the applicable Pricing Supplement as being an applicable Credit Event and neither “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” nor “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement, the Issuer may not deliver multiple Credit Event Notices with respect to a Restructuring Credit Event. If a Restructuring Credit Event occurs, the Issuer may only deliver a single Credit Event Notice in respect of such Reference Entity and, subject to satisfaction of the Conditions to Settlement and the other provisions of these Credit Linked Conditions, each Note shall be redeemed in full (or, if the Notes are Linear Basket Notes, in part) pursuant to and in accordance with Condition 10(a).
- (x) If “Multiple Holder Obligation” is specified as applicable in the applicable Pricing Supplement, notwithstanding anything to the contrary in the definition of Restructuring and this Condition 10, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (i) to (v) of the definition of “Restructuring” shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation.
- (m) *Physical Delivery*
 - (i) If any Credit Linked Note is to be redeemed by delivery of the Asset Amount(s), subject to Conditions 10(e) and 10(j), such delivery shall be made in accordance with and subject as provided in Condition 9.
 - (ii) The Issuer shall specify in the Notice of Physical Settlement the Deliverable Obligations comprising the Asset Amount that it reasonably expects to Deliver. For the avoidance of doubt, the Issuer shall be entitled to select any of the Deliverable Obligations to constitute the Asset Amount, irrespective of their market value and may substitute any Deliverable Obligations specified in the Notice of Physical Settlement on or prior to the Physical Settlement Date by delivery of a NOPS Amendment Notice.
 - (iii) In relation to each Deliverable Obligation constituting any Asset Amount, the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided below on the Physical Settlement Date Provided That if all or some of the Deliverable Obligations included in the Asset Amount in respect of a Note are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver or, if applicable, shall attempt to Deliver where possible all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or before the Final Delivery Date, Provided Further That if all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Condition 10(n) shall apply.

(n) *Partial Cash Settlement*

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising the Asset Amount in respect of a Note are not Delivered by the Final Delivery Date, the Issuer shall give notice (a **Partial Cash Settlement Notice**) to the Noteholders in accordance with Condition 23 and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date.

In the Partial Cash Settlement Notice, the Issuer must give brief details of why it is unable to deliver the relevant Undeliverable Obligations or Hedge Disruption Obligation, as the case may be.

Unless otherwise specified in the applicable Pricing Supplement, for the purposes of this Condition 10(n) the following terms shall be defined as follows:

Full Quotation means, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance equal to the Quotation Amount.

Indicative Quotation means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

Market Value means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the applicable Pricing Supplement and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (ii) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained, no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted

average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

Partial Cash Settlement Amount is deemed to be, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, less if applicable (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Asset Amount), and (ii) zero.

Partial Cash Settlement Date is deemed to be the date falling three Business Days after the calculation of the Final Price.

Quotation means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the applicable Pricing Supplement, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the applicable Pricing Supplement, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (ii) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the applicable Pricing Supplement, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day of, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (iii) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but

unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

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

Quotation Amount is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

Quotation Method is deemed to be Bid.

Reference Obligation and **Valuation Obligation** is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

Valuation Date means the date following three Business Days after the Final Delivery Date.

Valuation Method, unless specified otherwise in the Pricing Supplement, is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case “Valuation Method” is deemed to be Market.

Valuation Time is the time specified as such in the applicable Pricing Supplement, or, if no time is so specified, 11.00 a.m. in the principal trading market for the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be.

Weighted Average Quotation means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or the Hedge Disruption Obligation, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

(o) *Transaction Type Standard Terms*

In respect of a series of Notes whose Pricing Supplement specified that “Physical Settlement Matrix Standard Terms” apply and specify one or more “Transaction Types” that are included in the Physical Settlement Matrix, the terms of this Condition 10 which are set out in the Physical Settlement Matrix with respect to such “Transaction Type” shall be deemed to apply to that Series of Notes, provided that the Pricing Supplement do not specify any inconsistent terms, in which case the provisions of the Pricing Supplement shall prevail.

(p) *Definitions applicable to Credit Linked Notes*

For the purposes of this Condition 10 only, the following terms shall have the meanings set out below.

2005 Matrix Supplement means the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives definitions as published by ISDA on March 7, 2005 in effect on the Issue Date.

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

Accreting Obligation means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

Additional Amount Period means the period from and including the Scheduled Maturity Date to but excluding (i) the Repudiation/Moratorium Evaluation Date (where Condition 10(f)(i)(B) applies), (ii) the Grace Period Extension Date (where Condition 10(g)(i)(B) applies) or (iii) the Postponed Maturity Date (where Condition 10(h)(IV) applies).

Additional Deliverable Obligation means each obligation of a Reference Entity specified as such in the applicable Pricing Supplement for the purposes of the definition of “Deliverable Obligation”.

Additional EDD Interest Amount means an amount in the Specified Currency determined by the Calculation Agent in respect of each Calculation Amount per Note equal to the sum of:

(a) each Interest Amount that would have been payable per Calculation Amount, but for the operation of Condition 3(d) and Condition 10(f) and the original determination of the Event Determination Date, on each Interest Payment Date falling after the date originally determined to be the Event Determination Date, to and including the Interest Commencement Date; and

(b) interest on each such Interest Amount determined by the Calculation Agent using:

(I) a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the Interest Payment Date on which the relevant Interest Amount would

have been paid but for the operation of Condition 3(d) and the original determination of the Event Determination Date to but excluding the Interest Recommencement Date; and

(II) the number of days in the period from and including the Interest Payment Date on which the relevant Interest Amount would have been paid but for the operation of Condition 3(d) and the original determination of the Event Determination Date to but excluding the Interest Recommencement Date divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of such period is the 31st day of a month but the first day of such period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))).

Additional Interest Amount means an amount in the Specified Currency equal to the product of:

- (i) the Calculation Amount;
- (ii) the Average Overnight Rate in respect of the Additional Amount Period; and
- (iii) the number of days in the Additional Amount Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Additional Amount Period is the 31st day of a month but the first day of the Additional Amount Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of the Additional Amount Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month))).

Additional Obligation means each obligation of a Reference Entity specified as such in the applicable Pricing Supplement for the purposes of the definition of “**Obligation**”.

Additional Reference Entity has the meaning given in Condition 10(k)(ix).

Affiliate means, in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes **control** means ownership of a majority of the voting power of an entity.

Aggregate Nominal Amount means on the Issue Date the aggregate nominal amount of the Notes of such Series specified in the applicable Pricing Supplement and on any date thereafter the aggregate nominal amount of the Notes of such Series outstanding on such date (taking into account the aggregate nominal amount of the Notes of such Series on the Issue Date and any amortisations, partial redemptions or further issues of the Notes of such Series on or prior to such date).

Applicable Auction means an Auction which the Calculation Agent determines is relevant to a Credit Event with respect to a Reference Entity and Obligations thereof and which relates to deliverable obligations which would constitute Reference Obligation(s) or Deliverable Obligation(s), as applicable, under the Notes (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, reference entity, obligations and deliverable obligations to which the Auction relates and if the Auction relates to a Restructuring Credit Event, the Scheduled Maturity Date of the Notes and the scheduled termination date of the credit derivatives transactions covered by the Auction and the maturity

date of the deliverable obligations to which the Auction relates, and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Notes). In respect of a Restructuring Credit Event, if the Issuer exercises the Movement Option, the Parallel Auction selected by the Issuer on exercise of the Movement Option shall be the Applicable Auction.

Applicable Credit Derivatives Auction Settlement Terms means with respect to a Reference Entity, a Credit Event and an Applicable Auction, the Credit Derivatives Auction Settlement Terms (if any) which the Calculation Agent determines are relevant to the Notes (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, reference entity and obligation(s) and deliverable obligations which are the subject of the relevant Credit Derivatives Auction Settlement Terms and the Credit Events, Reference Entities and Obligations and Deliverable Obligations under the Notes and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Notes).

Applicable DC Credit Event Announcement means a DC Credit Event Announcement which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof to which such DC Credit Event Announcement relates and the terms of the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes). An Applicable DC Credit Event Announcement will be deemed not to have occurred with respect to the Notes unless (i) the relevant Credit Event Resolution Request Date relating to the DC Credit Event Announcement was, in the determination of the Calculation Agent, an Applicable Request which occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

Applicable DC No Credit Event Announcement means a DC No Credit Event Announcement which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (a) the credit derivatives transaction(s), credit event, reference entity and obligation(s) thereof which are the subject of the DC No Credit Event Announcement and the Credit Events, Reference Entities and Obligations thereof under the Notes and (b) any credit hedging transaction that the Issuer has entered or may enter into in connection with the Notes).

Applicable Percentage means in respect of a redemption of a Note and a Credit Event:

- (i) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Note is not a Linear Basket Note, 100 per cent.; or
- (ii) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Note is a Linear Basket Note, an amount (expressed as a percentage) equal to the Reference Entity Nominal Amount of the Reference Entity to which the relevant Credit Event relates divided by the Aggregate Nominal Amount of the Notes outstanding as at the related Event Determination Date; or
- (iii) if the Credit Event is a Multiple Exercise Restructuring Credit Event, an amount (expressed as a percentage) equal to the Exercise Amount specified in the relevant Credit Event Notice relating to the relevant Reference Entity and Credit Event divided by the Aggregate Nominal Amount of the Notes outstanding as at the related Event Determination Date.

Applicable Request means a request that a Credit Derivatives Determinations Committee be convened to Resolve the matters described in the definition of Credit Event Resolution Request Date, which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof which are the subject of the request and the Credit Events, Reference Entities and Obligations thereof under the Notes and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Notes).

Applicable Resolution means a DC Resolution of a Credit Derivatives Determinations Committee which the Calculation Agent determines is relevant to the Notes (for which purpose the Calculation Agent may take into account (i) the credit derivatives transaction(s), credit event, succession event, reference entity and obligation(s) thereof and any other factor to which the DC Resolution relates and the terms of the Notes and (ii) any hedging transaction that the Issuer has or may enter into in connection with the Notes).

Asset Amount means, in respect of each nominal amount of the Notes equal to the Calculation Amount, Deliverable Obligations selected by the Calculation Agent in its sole and absolute discretion with (i) an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if “Include Accrued Interest” is specified as applying in the applicable Pricing Supplement, but excluding accrued but unpaid interest if “Exclude Accrued Interest” is specified as applying in the applicable Pricing Supplement, and if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified as applying in the applicable Pricing Supplement, excluding accrued but unpaid interest)) (or the equivalent Currency Amount of any such amount) if the Deliverable Obligations are Borrowed Money or (ii) a Due and Payable Amount (or the equivalent Currency Amount of any such amount) if the Deliverable Obligations are not Borrowed Money, in each case as of the relevant Delivery Dates which in aggregate are equal to :

- (i) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Notes are not Linear Basket Notes, the Calculation Amount; or
- (ii) if the Credit Event is not a Multiple Exercise Restructuring Credit Event and the Notes are Linear Basket Notes, the applicable Relevant Proportion multiplied by the Reference Entity Nominal Amount of the relevant Reference Entity to which the Credit Event relates; or
- (iii) if the Credit Event is a Multiple Exercise Restructuring Credit Event, the applicable Relevant Proportion multiplied by the Exercise Amount in respect of the relevant Reference Entity and Credit Event,

unless (a) Issuer elects to Deliver Deliverable Obligations with an Outstanding Principal Balance (including or excluding interest, as applicable) or a Due and Payable Amount, as applicable (or the equivalent currency amount), in an aggregate amount as of the relevant Delivery Dates that is greater than such amount, in which case such Deliverable Obligations shall comprise the Asset Amount and, for the avoidance of doubt, Noteholders shall not be required to pay any additional amount to the Issuer; or (b) the Issuer elects to Deliver Deliverable Obligations with an Outstanding Principal Balance (including or excluding interest, as applicable) or a Due and Payable Amount, as applicable (or the equivalent currency amount), in an aggregate amount as of the relevant Delivery Dates that is less than such amount, in which case such Deliverable Obligations shall comprise the Asset Amount and the Issuer shall pay to Noteholders no later than the Business Day following the Final Delivery Date an amount determined by the Calculation Agent equal to the portion of the Calculation Amount redeemed in respect of which Deliverable Obligations were not Delivered,

less,

(i) if Unwind Costs are specified as applying in the applicable Pricing Supplement, Deliverable Obligations with a market value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Event Determination Date to and including the Delivery Date less than or equal to the Unwind Costs; and

(ii) if Condition 10(j)(iii)(A) applies, Deliverable Obligations with an Outstanding Principal Balance or Due and Payable Amount (rounded up to the nearest whole number or denomination or other minimum amount in which the relevant Deliverable Obligations may be Delivered), as applicable, having a market value (as determined by the Calculation Agent in its sole and absolute discretion) equal to (or where rounding upwards applies, greater than) the EDD Adjustment Amount.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

Auction means, with respect to a Reference Entity and a Credit Event, unless otherwise specified in the Applicable Credit Derivatives Auction Settlement Terms an auction pursuant to which an Auction Final Price is to be determined in accordance with an auction procedure set out in the relevant Credit Derivatives Auction Settlement Terms.

Auction Cancellation Date means, with respect to an Auction, unless otherwise specified in the Applicable Credit Derivatives Auction Settlement Terms, the date on which such Auction was deemed to have been cancelled as announced by ISDA (and/or the administrators specified in the relevant Credit Derivatives Auction Settlement Terms) on its website or such other date as determined and announced in accordance with the relevant Credit Derivatives Auction Settlement Terms.

Auction Credit Event Redemption Amount means, in respect of each nominal amount of the Notes equal to the Calculation Amount, the amount specified as such in the applicable Pricing Supplement or if no such amount is specified in the applicable Pricing Supplement, an amount calculated by the Calculation Agent equal to:

$$[A \times B \times C] - D - E$$

where:

A is the Calculation Amount;

B is the Applicable Percentage;

C is the Auction Final Price in respect of the relevant Applicable Auction;

D is Unwind Costs; and

E is the EDD Adjustment Amount (if applicable),

provided that in no event shall the Auction Credit Event Redemption Amount be less than zero.

Auction Credit Event Redemption Date means, the fifth Business Day following the later of the Auction Settlement Date, determined in accordance with the Applicable Credit Derivatives Auction Settlement Terms, and the date on which the Auction Settlement Notice is sent, or such other date specified in the applicable Pricing Supplement, each as determined by the Calculation Agent.

Auction Final Price means, with respect to an Applicable Auction, unless otherwise specified in the relevant Applicable Credit Derivatives Auction Settlement Terms, the price (expressed as a percentage) in respect of the deliverable obligations which would constitute Reference Obligation(s) and/or Deliverable Obligation(s) under the Notes determined to be the Auction Final Price in accordance with the Applicable Credit Derivatives Auction Settlement Terms.

Auction Final Price Determination Date means with respect to an Applicable Auction, the day, if any, on which the Auction Final Price is determined or such other date as specified in the relevant Applicable Credit Derivatives Auction Settlement Terms.

Auction Settlement Date means the date that is the number of Business Days specified in the relevant Applicable Credit Derivatives Auction Settlement Terms (or, if a number of Business Days is not so specified, five Business Days) immediately following the relevant Auction Final Price Determination Date.

Auction Settlement Notice means a notice delivered by the Issuer to the Noteholders in accordance with Condition 23 following the occurrence of an Auction Final Price Determination Date notifying Noteholders of the redemption of the Notes in accordance with Condition 10(d) and specifying, in respect of a Restructuring Credit Event where the Movement Option applied, whether the Issuer exercised the Movement Option and, if so, the Parallel Auction selected as a result the exercise of the Movement Option and the Auction Final Price for such Parallel Auction.

Average Overnight Rate means, in respect of the Additional Amount Period, a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the first day of such Additional Amount Period to but excluding the second Business Day immediately preceding the day on which such Additional Amount Period ends but which is excluded from the Additional Amount Period.

Bankruptcy means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its

winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof;

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

Basket means a basket composed of the Reference Entities as specified in the applicable Pricing Supplement and such term shall include each New Basket resulting from the occurrence of a Succession Event and the identification of more than one Successor.

Best Available Information means:

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

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

Business Day means for the purposes of this Condition 10 only, a day on which commercial banks and foreign exchange markets are generally open to settle payments in each Specified Business Centre specified in the applicable Pricing Supplement, and a day on which the TARGET System is open (if “TARGET” is specified for that purpose in the applicable Pricing Supplement).

Calculation Agent City Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Calculation Agent City specified in the applicable Pricing Supplement.

Calculation Amount means the amount specified as such in the Pricing Supplement.

Cash Settlement Notice had the meaning given in Condition 10(b).

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

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

Conditions to Settlement means the occurrence of an Event Determination Date to the extent that such Event Determination Date is not subsequently reversed prior to the Auction Final Price Determination Date in respect of an Applicable Auction, or, if the Issuer exercises the Movement Option, the Parallel Auction Final Price Determination Date in respect of the relevant Parallel Auction, a final Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Maturity Date, as applicable (each a **Reversal Cut-off Date**). For the avoidance of doubt, if an Event Determination Date is subsequently reversed prior to the relevant Auction Final Price Determination Date, Parallel Auction Final Price Determination Date, final Valuation Date, the Physical Settlement Date (or, if earlier, a Delivery Date), or the Maturity Date, the Conditions to Settlement shall not be deemed to have been satisfied with respect to the related Credit Event and Reference Entity. Where the Notes are First-to-Default Credit Linked Notes, the Conditions to Settlement shall apply solely to one Reference Entity, which shall be the first Reference Entity with respect to which an Event Determination Date occurs and is not subsequently reversed prior to the relevant Reversal Cut-off Date. Where the Notes are Nth-to-Default Credit Linked Notes, the Conditions to Settlement shall apply solely to the Nth Reference Entity with respect to which an Event Determination Date occurs and is not subsequently reversed prior to the relevant Reversal Cut-off Date. Where the Notes are Linear Basket Notes, the Conditions to Settlement may be satisfied and an Event Determination Date may occur in respect of each Reference Entity comprised in the Basket, provided that, other than in respect of a Restructuring, the Conditions to Settlement shall apply only once to each such Reference Entity.

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

whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

Credit Derivatives Auction Settlement Terms means, with respect to a Reference Entity and a Credit Event, any Credit Derivatives Auction Settlement Terms published by ISDA in accordance with the Rules with respect to such Reference Entity and Credit Event, a form of which is published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended in accordance with the Rules from time to time.

Credit Derivatives Determinations Committees means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions.

Credit Event means the occurrence of any one or more of the Credit Events specified in the applicable Pricing Supplement which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, or any additional Credit Event specified in the applicable Pricing Supplement, as determined by the Calculation Agent.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

Credit Event Backstop Date means,

(i) if Credit Event Backstop Date is specified as “Applicable” in the applicable Pricing Supplement, the date determined by the Calculation Agent:

(a) for the purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (ii) of the definition thereof), as determined by a DC Resolution that is an Applicable Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date, provided that the Calculation Agent determines that the DC Resolution is an Applicable Resolution and the Credit Event Resolution Request Date relates to an Applicable Request; or

(b) otherwise, that is 60 calendar days prior to the earlier of:

(I) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Pricing Supplement, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during the Notice Delivery Period; and

(II) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (i) and (ii) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules in relation to an Applicable Request, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, provided that such Resolution is an Applicable Resolution and (C) the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Pricing Supplement, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date; or

(ii) if Credit Event Backstop Date is specified as “Not Applicable” in the applicable Pricing Supplement, the Credit Event Backstop Date shall be deemed to be the Business Day following the Trade Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

Credit Event Notice means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Credit Event that occurred on or after the applicable Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective. A Credit Event Notice shall be subject to the requirements regarding notices set out in Condition 10(s).

Credit Event Redemption Amount means, in respect of each nominal amount of the Notes equal to the Calculation Amount, the amount specified as such in the applicable Pricing Supplement or if no such amount is specified in the applicable Pricing Supplement, an amount calculated by the Calculation Agent equal to:

$$[A \times B \times C] - D - E$$

where:

A is the Calculation Amount;

B is the Applicable Percentage;

C is the Final Price;

D is Unwind Costs; and

E is the EDD Adjustment Amount (if applicable),

provided that in no event shall the Credit Event Redemption Amount be less than zero.

Credit Event Redemption Date means (i) if the Credit Event Redemption Amount or Final Price is not specified in the applicable Pricing Supplement, the day falling the number of Business Days specified in the applicable Pricing Supplement (or, if a number of Business Days is not so specified, three Business Days) following the calculation of the Final Price or, (ii) if the Credit Event Redemption Amount or the Final Price is specified in the applicable Pricing Supplement, the date that is three Business Days (or such other number of Business Days specified in the applicable Pricing Supplement) following the satisfaction of all Conditions to Settlement relevant to such Credit Event (or if Cash Settlement is applicable pursuant to the Fallback Settlement Method in accordance with Condition 10(d), the date that is three Business Days (or such other number of Business Days specified in the applicable Pricing Supplement) following any Auction Cancellation Date or No Auction Announcement Date in respect of the relevant Applicable Auction, if later).

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

- (i) whether an event that constitutes a credit event for purposes of certain credit derivative transaction(s) has occurred with respect to a particular reference entity or obligation thereof; and
- (ii) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event,

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

Currency Amount means, with respect to a Deliverable Obligation comprising all or part of the Asset Amount that is denominated in a currency other than the Settlement Currency an amount converted to the relevant Settlement Currency using a conversion rate determined by reference to the Currency Rate.

Currency Rate means, with respect to a Deliverable Obligation comprising the Asset Amount, the rate of conversion of between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source on such date at the Calculation Agent determines appropriate or (ii) if such rate is not available at such time, determined by the Calculation Agent in a commercially reasonable manner (which may include the rate determined in connection with the Applicable Auction or Parallel Auction).

Currency Rate Source means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source, or other rate source, determined by the Calculation Agent in its sole and absolute discretion. For these purposes the Calculation Agent may take into account any successor rate source approved by a relevant Credit Derivatives Determinations Committee.

DC Credit Event Announcement means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has

Resolved that (a) an event that constitutes a Credit Event for purposes of certain credit derivative transactions has occurred with respect to such Reference Entity (or an Obligation thereof) and the Calculation Agent determines that such DC Resolution is an Applicable Resolution relevant to the Notes and (b) the Calculation Agent determines that such event occurred on or after the relevant Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the relevant Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

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

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

DC Resolution has the meaning given to that term in the definition of Resolve below.

Default Requirement means the amount specified as such in the applicable Pricing Supplement or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Pricing Supplement, U.S.\$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

Deliver means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Asset Amount(s) to the relevant Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) inclusive in the definition of “Credit Event” above) or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor); provided that if all or a portion of an Asset Amount consists of Direct Loan Participations, “Deliver” means to create (or procure the creation) of a participation in favour of the relevant Noteholder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, “Deliver” means to deliver both the Qualifying Guarantee and the Underlying Obligation. **Delivery** and **Delivered** will be construed accordingly. In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for delivery of such Loan at that time.

Deliverable Obligation means, subject as provided in Condition 10(c):

- (a) any obligation of a Reference Entity (either directly, or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee) determined pursuant to the method described in “(A) Method for Determining Deliverable Obligations” below (but excluding any Excluded Deliverable Obligation specified in the applicable Pricing Supplement) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any

counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of “Credit Event” above)) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second paragraph of the definition of “Not Contingent” in “(A) Method for Determining Deliverable Obligations” below, each Reference Obligation, unless specified in the applicable Pricing Supplement as an Excluded Deliverable Obligation;
 - (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) of the definition of “Credit Event” above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
 - (d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Pricing Supplement.
- (A) Method for Determining Deliverable Obligations. For the purposes of this definition of “Deliverable Obligation”, the term “Deliverable Obligation” may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified in the applicable Pricing Supplement, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement, in each case, as of the Delivery Date. The following terms shall have the following meanings:
- (1) **Deliverable Obligation Category** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of “Obligation” below, except that, for the purpose of determining Deliverable Obligations, the definition of “Reference Obligations Only” shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).
 - (2) **Deliverable Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of “Obligation” below), Not Contingent, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, where:

- (i) **Not Contingent** means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (A) and (B) of paragraph (i) above have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.

- (ii) **Assignable Loan** means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;
- (iii) **Consent Required Loan** means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;
- (iv) **Direct Loan Participation** means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (v) **Transferable** means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;

- (vi) **Maximum Maturity** means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the applicable Pricing Supplement;
 - (vii) **Accelerated or Matured** means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
 - (viii) **Not Bearer** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system.
- (B) Interpretation of Provisions.
- (1) If the Obligation Characteristic “Listed” is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
 - (2) if (i) either of the Deliverable Obligation Characteristics “Listed” or “Not Bearer” is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic “Transferable” is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics “Assignable Loan”, “Consent Required Loan” or “Direct Loan Participation” is specified in the applicable Pricing Supplement, the Pricing Supplement shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
 - (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and
 - (4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
 - (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.

- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law. For these purposes, unless otherwise specified in the applicable Pricing Supplement, (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (v) The terms “Outstanding Principal Balance” and “Due and Payable Amount” (as they are used in these Conditions, including without limitation, the definitions of “Partial Cash Settlement Amount” and “Quotation Amount” in Condition 10(n)), when used in connection with Qualifying Guarantees are to be interpreted to be the then “Outstanding Principal Balance” or “Due and Payable Amount”, as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.

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

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

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

Due and Payable Amount means, subject as provided in sub-paragraph (4)(v) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation, the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise

(excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

EDD Adjustment Amount means an amount in the Specified Currency determined by the Calculation Agent in respect of each Calculation Amount equal to the sum of:

- (a) each amount of interest per Calculation Amount that would not have been paid (if any) on any Interest Payment Date to Noteholders had the earlier Event Determination Date been the date originally determined as the Event Determination Date; and
- (b) interest on each such amount determined by the Calculation Agent using:

(I) a rate (expressed as a percentage) calculated by the Calculation Agent in its sole and absolute discretion equal to the average of the Overnight Rates for each day in the period from and including the Interest Payment Date on which the relevant interest amount was paid to but excluding the date on which the Notes are redeemed; and

(II) the number of days in the period from and including the Interest Payment Date on which the relevant interest amount was paid to but excluding the date on which the Notes are redeemed divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of such period is the 31st day of a month but the first day of such period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) the last day of such period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)).

Eligible Transferee means:

- (a) any:
 - (i) bank or other financial institution;
 - (ii) insurance or reinsurance company;
 - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
 - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets of at least U.S.\$500 million;

- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
 - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralised debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least U.S.\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least U.S.\$100 million; or

- (ii) that has total assets of at least U.S.\$500 million; or
- (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keep well, support, or other agreement by an entity described in subparagraphs (a), (b), (c)(ii) or (d); and
- (d) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this definition to U.S.\$ include equivalent amounts in other currencies.

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

Equity Securities means:

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

Event Determination Date means, with respect to a Credit Event:

- (i) subject to sub-paragraph (ii) of this definition, if neither an Applicable DC Credit Event Announcement nor an Applicable DC No Credit Event Announcement has occurred, the first date on which the Calculation Agent determines that both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Pricing Supplement, the Notice of Publicly Available Information are delivered by the Calculation Agent to the Issuer and are effective during either:
 - (A) the Notice Delivery Period; or
 - (B) the period (I) from, and including, the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in sub-paragraphs (i) and (ii) of the definition of Credit Event Resolution Request Date and the Calculation Agent determines that such Resolution constitutes an Applicable Resolution and (II) to, and including, the date that is 14 calendar days thereafter (provided that the relevant Credit Event Resolution Request Date in respect of an Applicable Request occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or
- (ii) notwithstanding sub-paragraph (i) of this definition, if an Applicable DC Credit Event Announcement has occurred as determined by the Calculation Agent, either:

(A) the Credit Event Resolution Request Date (in respect of the relevant Applicable Request as determined by the Calculation Agent), if either:

(I) each of the following apply:

(1) “Event Determination Date Version A” is specified in the applicable Pricing Supplement;

(2) the relevant Credit Event is not a Restructuring; and

(3) either (y) if “Auction Settlement” is specified as the Settlement Method in the applicable Pricing Supplement, the Trade Date occurs on or prior to the Auction Final Price Determination Date in respect of an Applicable Auction, the Auction Cancellation Date in respect of an Applicable Auction, or the date that is 21 calendar days following the No Auction Announcement Date and the Calculation Agent determines that such announcement is an Applicable Announcement, if any, as applicable; or (z) if “Auction Settlement” is not specified as the Settlement Method in the applicable Pricing Supplement, the Trade Date occurs on or prior to the relevant Applicable DC Credit Event Announcement; or

(II) each of the following apply:

(1) either (y) “Event Determination Date Version B” is specified in the applicable Pricing Supplement or (z) the relevant Credit Event is a Restructuring; and

(2) the Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on or prior to the relevant Exercise Cut-off Date; or

(B) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective during (I) the Notice Delivery Period or the (II) period from, and including, the date on which ISDA publicly announces the occurrence of the relevant Applicable DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and is an Applicable Request as determined by the Calculation Agent), if either:

(I) each of the following apply:

(1) “Event Determination Date Version A” is specified in the applicable Pricing Supplement;

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

(3) “Auction Settlement” is not specified as the Settlement Method in the applicable Pricing Supplement; and

(4) the Trade Date occurs following the relevant Applicable DC Credit Event Announcement; or

(II) each of the following apply:

(1) “Event Determination Date Version B” is specified in the applicable Pricing Supplement; and

(2) either (y) “Auction Settlement” is not specified as the Settlement Method in the applicable Pricing Supplement; or (z) if “Auction Settlement” is specified as the Settlement Method in the applicable Pricing Supplement, the Credit Event Notice is delivered by the Calculation Agent to the Issuer and is effective on a date that is later than the relevant Exercise Cut-off Date,

provided that, in the case of this sub-paragraph (ii):

(1) no Physical Settlement Date, if applicable, or Credit Event Redemption Date, Auction Credit Event Redemption Date or Maturity Date has occurred on or prior to the date on which the Applicable DC Credit Event Announcement occurs;

(2) if any Valuation Date or Delivery Date, as applicable, has occurred as of the date on which the Applicable DC Credit Event Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the Aggregate Nominal Amount of the Notes outstanding or the Reference Entity Nominal Amount outstanding in respect of the Reference Entity to which such Event Determination Date relates, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and

(3) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer, (aa) unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date or (bb) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the Aggregate Nominal Amount of the Notes then outstanding (or, in the case of Linear Basket Notes, the Reference Entity Nominal Amount then outstanding in respect of the relevant Reference Entity).

Event Determination Date Reversal has the meaning given in Condition 10(i)(iii)(B).

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

Excluded Deliverable Obligation means any obligation of a Reference Entity specified as such or of a type described in the applicable Pricing Supplement.

Excluded Obligation means any obligation of a Reference Entity specified as such or of a type described in the applicable Pricing Supplement.

Exercise Amount has the meaning given in Condition 10(1)(i)

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

(i) if such Credit Event is not a Restructuring (or if such Credit Event is a Restructuring, neither “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” nor “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement), either;

(A) the Relevant City Business Day prior to the Auction Final Price Determination Date in respect of an Applicable Auction, if any;

(B) the Relevant City Business Day prior to the Auction Cancellation Date, if any;
or

(C) the date that is 21 calendar days following the No Auction Announcement Date, if any,

as applicable; or

- (ii) if such Credit Event is a Restructuring and either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement and:

(A) the relevant Credit Derivatives Determinations Committee has Resolved that Transaction Auction Settlement Terms and/or Parallel Auction Settlement Terms may be published, the date that is seven Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules, provided that the Calculation Agent determines that such Resolution and Credit Derivatives Auction Settlement Terms constitute an Applicable Resolution and Applicable Credit Derivatives Auction Settlement Terms, as applicable; or

(B) a No Auction Announcement Date occurs pursuant to sub-paragraph (a) of the definition of No Auction Announcement Date, the date that is 21 calendar days following such No Auction Announcement Date;

Extension Date means the latest of:

- (i) the Scheduled Maturity Date;
- (ii) the Grace Period Extension Date if (a) Grace Period Extension is specified as applicable in the applicable Pricing Supplement, (b) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date in respect of an Applicable Request, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (c) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)); and
- (iii) the Repudiation/Moratorium Evaluation Date if (a) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date in respect of an Applicable Request, as applicable, is a Repudiation/Moratorium for which the event described in sub-paragraph (ii) of the definition of Credit Event Resolution Request Date occurs after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (b) the Potential Repudiation/Moratorium with respect to such

Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and (c) the Repudiation/Moratorium Extension Condition is satisfied.

Failure to Pay means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

Fallback Settlement Method means, with respect to Notes for which “Auction Settlement” is specified as the Settlement Method in the applicable Pricing Supplement, the Fallback Settlement Method specified in such Pricing Supplement, or if no Fallback Settlement Method is specified, the Fallback Settlement Method shall be deemed to be “Cash Settlement”.

Final Delivery Date means the 30th Business Day following the Physical Settlement Date.

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

Final Price means with respect to any Valuation Obligation the price of the Valuation Obligation, expressed as a percentage, as specified in the Pricing Supplement or, if not so specified, determined in accordance with the Valuation Method specified in the applicable Pricing Supplement or, if no Valuation Method is specified in the Pricing Supplement, the Valuation Method set out in the definition of Valuation Method in either Condition 10(n) or 10(p) (as applicable).

First-to-Default Credit Linked Notes means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to any of such Reference Entities, the Notes will be redeemed in accordance with the relevant Settlement Method.

Full Quotation means, in accordance with the Quotation Method, each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Valuation Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

Fully Transferable Obligation means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this definition of “Fully Transferable Obligation”. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of “Fully Transferable Obligation”, such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

Governmental Authority means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other

governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity.

Grace Period means:

- (i) subject to paragraphs (ii) and (iii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (ii) if Grace Period Extension is specified as applying in the applicable Pricing Supplement, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Pricing Supplement or, if no period is specified in the applicable Pricing Supplement, 30 calendar days; and
- (iii) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applying in the applicable Pricing Supplement, such deemed Grace Period shall expire no later than the Scheduled Maturity Date.

Grace Period Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

Grace Period Extension Date means, if:

- (a) Grace Period Extension is specified as applying in the applicable Pricing Supplement; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)),

the day that is five Business Days following the day falling the number of days in the Grace Period after the date of such Potential Failure to Pay.

Hedge Disruption Event means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations under the terms of any transaction entered into by the Issuer and/or any such Affiliate to hedge the obligations or position of the Issuer in respect of the Notes.

Hedge Disruption Obligation means a Deliverable Obligation included in the Asset Amount which, on the Physical Settlement Date for such Deliverable Obligation, the Calculation Agent determines cannot be Delivered as a result of a Hedge Disruption Event.

Interest Recommencement Date has the meaning given to it in Condition 10(j)(iii)(B).

ISDA means the International Swaps and Derivatives Association, Inc. or any successor thereto as determined by the Calculation Agent.

Legacy Reference Entity has the meaning given in Condition 10(k)(ix).

Limitation Date means the first of 20 March, 20 June, 20 September or 20 December in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the **2.5-year Limitation Date**), 5 years (the **5-year Limitation Date**), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the **20-year Limitation Date**), as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the applicable Pricing Supplement.

Linear Basket Notes mean Notes which are specified as such in the applicable Pricing Supplement, in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, on each occasion on which a Credit Event occurs and the Conditions to Settlement are satisfied with respect to any of the Reference Entities, the Notes will be redeemed in part in an amount determined by reference to the Reference Entity relating to such Reference Entity in accordance with the relevant Settlement Method.

Market Value means, with respect to a Valuation Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation

Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

Maturity Date either (a) the Credit Event Redemption Date, the Auction Credit Event Redemption Date, the Repudiation/Moratorium Evaluation Date, the Grace Period Extension Date, the Partial Cash Settlement Date, the Postponed Maturity Date and the Physical Settlement Date or (b) if none of the foregoing is relevant, the Scheduled Maturity Date.

Maturity Date Extension Event has the meaning given in Condition 10(l)(i).

Merger Event and **Merger Event Notice** has the meanings given in Condition 10(k)(x).

Minimum Quotation Amount means the amount specified as such in the applicable Pricing Supplement (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) U.S.\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

Modified Eligible Transferee means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

Modified Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. If “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement and the Scheduled Maturity Date is later than the 2.5-year Limitation Date and, prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Date is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Maturity Date is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Date.

Movement Option means, if either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as applicable in the applicable Pricing Supplement, and if a No Auction Announcement Date has occurred pursuant to subparagraph (ii) of the definition of No Auction Announcement Date, the option of the Issuer to elect in good faith that a Parallel Auction and a set of Parallel Auction Settlement Terms, selected by the Issuer in good faith, shall be deemed to be applicable for the purposes of the Notes and Auction Settlement in respect of a Reference Entity and a Credit Event (for which purpose the Issuer may take into account (a) the terms of the relevant Parallel Auction Settlement Terms, the permissible deliverable obligations thereunder, the Deliverable Obligations under the Notes and (b) any hedging transaction that the Issuer has or may enter into in connection with the Notes). If the Issuer does not exercise this Movement Option, the Fallback Settlement Method shall apply.

Multiple Exercise Restructuring Credit Event means a Restructuring Credit Event in respect of which (i) “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement and (ii) the Exercise Amount specified in the first Credit Event Notice delivered by the Issuer in connection with such Restructuring Credit Event is for an amount that is less than (a) if the Notes are not Linear Basket Notes, the Aggregate Nominal Amount of the Notes or (b) if the Notes are Linear Basket Notes, the entire Reference Entity Nominal Amount of the relevant Reference Entity.

Multiple Holder Obligation means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event; provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii).

New Basket, New Basket Notional Amount, New Basket Relevant Proportion and New Basket Outstanding Principal Amount have the meanings given to such terms in Condition 10(k)(v) and (vi).

No Auction Announcement Date means, with respect to Notes for which Auction Settlement is specified as the Settlement Method in the applicable Pricing Supplement, a Reference Entity and a Credit Event, the date on which the Calculation Agent determines that ISDA first publicly announces that:

- (i) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published; or
- (ii) following the occurrence of a Restructuring, if either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (iii) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary and the Calculation Agent determines that such Resolution is an Applicable Resolution and no Applicable Auction will be held.

Non-Succession Event Reference Entity has the meaning given in Condition 10(k)(iv).

NOPS Amendment Notice has the meaning given in Condition 10(c).

Notice Delivery Period means the period from and including the Trade Date to and including the second Business Day after the date falling fourteen calendar days after the Extension Date.

Notice of Physical Settlement shall have the meaning given in Condition 10(c).

Notice of Publicly Available Information means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that cites Publicly Available Information confirming the occurrence of the Credit Event or

Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applying in the applicable Pricing Supplement and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices in Condition 10(s).

***Nth* Reference Entity** means, in respect of any Series of *Nth*-to-Default Credit Linked Notes, the numbered Reference Entity with respect to which an Event Determination Date must have occurred, and not been reversed prior to the relevant Reversal Cut-off Date, in order for the Notes to be redeemed in accordance with the applicable Settlement Method. For example, if the applicable Pricing Supplement specify that the Notes are Second-to-Default Credit Linked Notes, then the *Nth* Reference Entity shall be the second Reference Entity with respect to which an Event Determination Date has occurred

***Nth*-to-Default Credit Linked Notes** means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to the *Nth* Reference Entity, and provided that the Event Determination Date not been reversed prior to the relevant Reversal Cut-off Date, the Notes will be redeemed in accordance with the relevant Settlement Method.

Obligation means:

- (a) any obligation of a Reference Entity (either directly, or as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee) determined pursuant to the method described in “Method for Determining Obligations” below (but excluding any Excluded Obligation);
- (b) each Reference Obligation specified in the applicable Pricing Supplement, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such in the applicable Pricing Supplement.

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of “Obligation”, the term “Obligation” may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Pricing Supplement, and having each of the Obligation Characteristics (if any) specified in the applicable Pricing Supplement, in each case, as of the date of the event which constitutes the Credit Event which is either the subject of the Credit Event Notice or as of the date of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable. The following terms shall have the following meanings:

- (A) **Obligation Category** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Pricing Supplement, where:

- (1) **Payment** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
 - (2) **Borrowed Money** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
 - (3) **Reference Obligations Only** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
 - (4) **Bond** means any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
 - (5) **Loan** means any obligation of a type included in the “Borrowed Money” Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
 - (6) **Bond or Loan** means any obligation that is either a Bond or a Loan.
- (B) **Obligation Characteristics** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Pricing Supplement, where:
- (1)
 - (a) **Not Subordinated** means an obligation that is not Subordinated to (I) the most senior Reference Obligation in priority of payment or, (II) if no Reference Obligation is specified in the applicable Pricing Supplement, any unsubordinated Borrowed Money obligation of the Reference Entity provided that, if any of the events set forth under sub-paragraph (a) of the definition of Substitute Reference Obligation below has occurred with respect to all of the Reference Obligations or if with respect to the Reference Obligation one or more Successors to the Reference Entity have been identified and any one or more such Successors have not assumed the Reference Obligation (each, in each case, a **Prior Reference Obligation**) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether an obligation satisfies the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date;
 - (b) **Subordination** means, with respect to an obligation (the **Subordinated Obligation**) and another obligation of the Reference Entity to which such

obligation is being compared (the **Senior Obligation**), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. “Subordinated” will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

- (2) **Specified Currency** means an obligation that is payable in the currency or currencies specified as such in the applicable Pricing Supplement (or, if Specified Currency is specified in the applicable Pricing Supplement and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Pricing Supplement as the “Standard Specified Currencies”);
- (3) **Not Sovereign Lender** means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as “Paris Club debt”;
- (4) **Not Domestic Currency** means any obligation that is payable in any currency other than the Domestic Currency;
- (5) **Not Domestic Law** means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;
- (6) **Listed** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange; and
- (7) **Not Domestic Issuance** means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

For the avoidance of doubt the provisions of paragraph (B) of the definition of “Deliverable Obligation” apply to “Obligations” as the context admits.

Obligation Acceleration means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event

or default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

Obligation Currency means the currency or currencies in which the Obligation is denominated.

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

Observation Cut-Off Date means the later of (i) the last day of the Notice Delivery Period and (ii) either (y) the last day of the period described in subparagraph (i)(B) of the definition of Event Determination Date or, (z) the last day of the period described in subparagraph (ii)(B) of the definition of Event Determination Date, as applicable.

Outstanding Amount has the meaning given in Condition 10(l)(iii).

Outstanding Principal Balance means, subject as provided in subparagraph (4)(vi) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation.

Overnight Rate means, in respect of any day in an Additional Amount Period:

- (i) where the Specified Currency is EUR, a reference rate equal to the overnight rate as calculated by the European Central Bank and appearing on Reuters Page EONIA (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day, if that day is a TARGET Settlement Day, or in respect of the TARGET Settlement Day immediately preceding that day if that day is not a TARGET Settlement Day; or
- (ii) where the Specified Currency is U.S.\$, a reference rate equal to the rate set forth in H.15 (519) for that day opposite the caption “Federal Funds (effective)”, as such rate is displayed on Reuters Screen FEDFUNDS1 (or such other source, including any successor to such page or service, as the Calculation Agent shall determine to be appropriate) in respect of that day if that day is a Business Day or in respect of the Business Day immediately preceding that day if that day is not a Business Day; or
- (iii) where the Specified Currency is a currency other than U.S.\$ or EUR, the Overnight Rate specified in the applicable Pricing Supplement.

As used herein, ‘H.15 (519)’ means the weekly statistical release designated as such, or any successor publication published by the Federal Reserve System Board of Governors, available through the worldwide website of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15>, or any successor site or publication.

Provided That with respect to any Exchangeable Obligation that is not an Accreting Obligation, “Outstanding Principal Balance” shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

Parallel Auction means “Auction” as defined in the relevant Parallel Auction Settlement Terms.

Parallel Auction Cancellation Date means “Auction Cancellation Date” as defined in the relevant Parallel Auction Settlement Terms.

Parallel Auction Final Price Determination Date means “Auction Final Price Determination Date” as defined in the relevant Parallel Auction Settlement Terms.

Parallel Auction Settlement Date means “Auction Settlement Date” as defined in the relevant Parallel Auction Settlement Terms.

Parallel Auction Settlement Terms means, following the occurrence of a Restructuring, if either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Pricing Supplement, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the deliverable obligation terms are the same as the Deliverable Obligation provisions applicable to the Notes and the Calculation Agent determines that the related Auction would not be an Applicable Auction for the purposes of the Notes.

Partial Cash Settlement Amount, Partial Cash Settlement Date and Partial Cash Settlement Notice have the meaning given in Condition 10(n).

Partial Principal Amount has the meaning set out in Condition 10(k)(iii)(C) of these Credit Linked Conditions.

Payment Requirement means the amount specified as such in the applicable Pricing Supplement or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Pricing Supplement, U.S.\$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

Permitted Currency means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by S&P or any successor to the rating business thereof, Aaa or higher assigned to it by Moody’s or any successor to the rating business thereof or AAA or higher assigned to it by Fitch or any successor to the rating business thereof.

Physical Settlement Date means, subject to Condition 10(e), the last day of the longest Physical Settlement Period following the satisfaction of the Conditions to Settlement (the **Scheduled Physical Settlement Date**) Provided That if a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Physical Settlement Date, the Physical Settlement Date shall be the earlier of (i) the second Business Day following the date on which no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Physical Settlement Date.

Physical Settlement Notice has the meaning given in Condition 10(c)

Physical Settlement Matrix means the “Credit Derivatives Physical Settlement Matrix” as most recently amended or supplemented as at the Trade Date (unless otherwise specified in the Pricing Supplement) and as published by ISDA on its website at www.isda.org (or any successor website). The Physical Settlement Matrix may be applicable to any Series of Notes (notwithstanding that the Settlement Method for such Notes may not be “Physical Settlement”) where “Physical Settlement Matrix Standard Terms” are specified as applicable

in the Pricing Supplement and one or more Transaction Type(s) are specified as applying to the Reference Entity(ies) of such Series of Notes.

Physical Settlement Period means, subject to Condition 10(e), the number of Business Days specified as such in the applicable Pricing Supplement or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Asset Amount, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent.

Postponed Maturity Date has the meaning given in Condition 10(i)(i)(IV).

Postponement Credit Event has the meaning given in Condition 10(i)(i)(D).

Potential Failure to Pay means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure.

Potential Repudiation/Moratorium means the occurrence of an event described in paragraph (i) of the definition of Repudiation/Moratorium.

Publicly Available Information means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:
 - (i) has been published in or not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of their Affiliates is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation;
 - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
 - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
 - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body.
- (b) In the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for the Obligation with respect to which a Credit Event has occurred and (ii) a holder of such Obligation, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation.

- (c) In relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) above, the Issuer may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the Issuer.
- (d) Publicly Available Information need not state:
 - (i) in relation to the definition of “Downstream Affiliate”, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
 - (ii) that such occurrence:
 - (A) has met the Payment Requirement or Default Requirement;
 - (B) is the result of exceeding any applicable Grace Period; or
 - (C) has met the subjective criteria specified in certain Credit Events.

Public Source means each source of Publicly Available Information specified as such in the applicable Pricing Supplement (or if a source is not specified in the applicable Pricing Supplement, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organised and any other internationally recognised published or electronically displayed news sources).

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

Qualifying Guarantee means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **Underlying Obligation**) for which another party is the obligor (the **Underlying Obligor**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being delivered together with the Delivery of the Underlying Obligation.

Qualifying Participation Seller means any participation seller that meets the requirements specified in the applicable Pricing Supplement. If no such requirements are specified, there shall be no Qualifying Participation Seller.

Quotation means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within

three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Valuation Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

- (b)
 - (i) If “Include Accrued Interest” is specified in the applicable Pricing Supplement in respect of Quotations, such Quotations shall include accrued but unpaid interest;
 - (ii) if “Exclude Accrued Interest” is specified in the applicable Pricing Supplement in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
 - (iii) if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the applicable Pricing Supplement in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Valuation Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

Quotation Amount means the amount specified as such in the applicable Pricing Supplement (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Pricing Supplement, the Aggregate Nominal Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

Quotation Dealer means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained, including each Quotation Dealer specified in the applicable Pricing Supplement. If no Quotation Dealers are specified in the applicable Pricing Supplement, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s).

Quotation Method means the applicable Quotation Method specified in the applicable Pricing Supplement by reference to one of the following terms:

- (a) **Bid** means that only bid quotations shall be requested from Quotation Dealers;
- (b) **Offer** means that only offer quotations shall be requested from Quotation Dealers; or
- (c) **Mid-market** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for purposes of determining a relevant Quotation Dealer's quotation.

If a Quotation Method is not specified in the applicable Pricing Supplement, Bid shall apply.

Reference Entity means the entity or entities specified as such in the applicable Pricing Supplement. Each Successor to a Reference Entity either (a) identified by the Calculation Agent pursuant to Condition 10(k) and the definition of "Successor" in this Condition 10(p) on or following the Trade Date or (b) identified by the Calculation Agent by reference to a public announcement by ISDA on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, one or more Successors in accordance with the Rules, shall, in each case, be the Reference Entity, or if there is more than one Successor, the Reference Entities, for the purposes of the relevant Series.

Reference Entity Nominal Amount means, in respect of a Reference Entity, the amount specified as such in the applicable Pricing Supplement.

Reference Obligation means each obligation specified or of a type described as such in the applicable Pricing Supplement (if any are so specified or described) and any Substitute Reference Obligation.

Relevant City Business Day has the meaning given to that term in the Rules.

Relevant Obligations means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available or is filed precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

Relevant Proportion means an amount (expressed as a percentage) equal to the Calculation Amount divided by the initial Aggregate Nominal Amount (as at the Trade Date) of all Notes outstanding as at the relevant Event Determination Date.

Remaining Amount has the meaning set out in Condition 10(k)(iii)(C) of these Credit Linked Conditions.

Representative Amount means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

Repudiation/Moratorium means the occurrence of both of the following events:

- (i) an authorised officer of a Reference Entity or a Governmental Authority:

- (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
 - (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.

Repudiation/Moratorium Evaluation Date means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium, provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Scheduled Maturity Date unless the Repudiation/Moratorium Extension Condition is satisfied.

Repudiation/Moratorium Extension Condition is satisfied if:

- (i) the Calculation Agent determines that ISDA has publicly announced pursuant to a valid request that was made, in accordance with the Rules, and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date that the relevant Credit Derivatives Determinations Committee has resolved that an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) and such Resolution constitutes an Applicable Resolution; or
- (ii) otherwise by the delivery by the Calculation Agent to the Issuer of a Repudiation/Moratorium Extension Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement in the applicable Pricing Supplement, a Notice of Publicly Available Information that are each effective on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date.

In all cases, the Calculation Agent may determine that the Repudiation/Moratorium Extension Condition has not been satisfied, or is not capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is fourteen calendar days after the Scheduled Maturity Date, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium for purposes of the relevant Credit Derivative

Transaction has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

Sub-paragraph (i) and the immediately preceding paragraph of this definition shall not apply unless the Calculation Agent determines that the relevant Resolution referred to therein constitutes an Applicable Resolution.

Repudiation/Moratorium Extension Notice means an irrevocable notice (which may be in writing (including by facsimile and/or email) and/or by telephone) from the Calculation Agent to the Issuer (which the Calculation Agent has the right but not the obligation to deliver) that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

Resolve, Resolved, Resolves and Resolving means, with respect to a Credit Derivatives Determinations Committee, the making of a specific determination in accordance with the relevant Rules (and each such determination, a **DC Resolution**).

Restructured Bond or Loan means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

Restructuring means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date and (ii) the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of interest or (y) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (a) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a member state of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (c) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For purposes of the definition of Restructuring and Condition 10(l), the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (i) to (v) of the definition of Restructuring and the definition of Subordination shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

Restructuring Date means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Date, provided that, in circumstances where the Scheduled Maturity Date is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a **Latest Maturity Restructured Bond or Loan**) and the Scheduled Maturity Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Maturity Date is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Date;

Reversal Cut-off Date has the meaning given in the definition of “Conditions to Settlement” in this Condition 10(p).

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

Settlement Currency means the currency specified as such in the applicable Pricing Supplement, or if no currency is specified in the applicable Pricing Supplement, the Specified Currency of the Notes.

Settlement Date means the latest of the Auction Credit Event Redemption Date, the Credit Event Redemption Date, the Physical Settlement Date, the Delivery Date and the Partial Cash Settlement Date.

Scheduled Maturity Date means the date specified as such in the applicable Pricing Supplement.

Settlement Method means Cash Settlement, Physical Settlement or Auction Settlement as specified in the applicable Pricing Supplement.

Single Name Credit Linked Notes means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of one Reference Entity alone.

Sovereign means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

Sovereign Agency means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

Sovereign Reference Entity means a Reference Entity determined to be a Sovereign Reference Entity by the Calculation Agent.

Sovereign Restructured Deliverable Obligation means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Pricing Supplement, and, subject to paragraph (3) of “(B) Interpretation of Provisions” in the definition of “Deliverable Obligation”, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Pricing Supplement, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

Specified Number means the number of Public Source(s) specified in the applicable Pricing Supplement, or if no number is specified in the applicable Pricing Supplement, two.

Substitute Reference Obligation means one or more obligations of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations in respect of such Reference Entity, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
 - (i) a Reference Obligation in respect of such Reference Entity is redeemed in whole; or
 - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation in respect of such Reference Entity have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Reference Obligation in respect of such

Reference Entity is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation in respect of a Reference Entity is no longer an obligation of such Reference Entity,

the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation in respect of a Reference Entity.

- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligations and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent of the delivery and payment obligations of the Issuer and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Pricing Supplement, as provider of any Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations. The Calculation Agent shall notify the Noteholders of any selection of a Substitute Reference Obligation or Substitute Reference Obligations, provided that a failure to give such notice shall not invalidate the selection of the Substitute Reference Obligation(s). Provided that for the purposes of this definition, where the Reference Obligation specified in the applicable Pricing Supplement is a subordinated obligation and such obligation is redeemed in full on or prior to the Trade Date, the ranking in priority of payment of the Reference Obligation for the purposes of this definition shall be that of such Reference Obligation as of the date on which such Reference Obligation was redeemed in full.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all such Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each such Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all such Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If:
 - (i) more than one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in

paragraph (a) above has occurred with respect to all such Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of such Reference Obligations; or

- (ii) only one specific Reference Obligation is identified as a Reference Obligation in respect of a Reference Entity in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation,

then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Extension Date. If (A) either (I) Cash Settlement is specified as the Settlement Method in the applicable Pricing Supplement (or is applicable pursuant to the Fallback Settlement Method in accordance with Condition 10(d)) and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or (II) either Auction Settlement or Physical Settlement is specified as the Settlement Method in the applicable Pricing Supplement (or, in the case of Physical Settlement, is applicable pursuant to the Fallback Settlement Method in accordance with Condition 10(d)) and, in each case, the Reference Obligation is the only Deliverable Obligation and (B) on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), a Substitute Reference Obligation has not been identified, as of the end of the day on the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)), the Issuer shall redeem each Note on the Second Business Day following the Extension Date at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency.

- (f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

Succession Event means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, de-merger, consolidation, amalgamation, transfer of assets or liabilities, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, "Succession Event" shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, demerger, consolidation, amalgamation, transfer of assets or liabilities, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the applicable Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

Succession Event Backstop Date means:

- (i) if Succession Event Backstop Date is specified as “Applicable” in the applicable Pricing Supplement, the date determined by the Calculation Agent:
 - (a) for the purposes of any event that constitutes a Succession Event for purposes of certain credit derivative transactions, as determined by DC Resolution the date that is 90 calendar days prior to the relevant Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)) provided that the Calculation Agent determines that such DC Resolution constitutes an Applicable Resolution; or
 - (b) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (i) and (ii) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date provided that the Calculation Agent determines that such DC Resolutions constitute Applicable Resolutions; or
- (c) if Succession Event Backstop Date is specified as “Not Applicable” in the applicable Pricing Supplement, the Succession Event Backstop Date shall be deemed to be the Business Day following the Trade Date.

The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the applicable Pricing Supplement.

Succession Event Reference Entity has the meaning given in Condition 10(k)(iv).

Succession Event Resolution means a DC Resolution resolving, with respect to a Reference Entity, that a Succession Event has occurred.

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

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

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective, provided that the Calculation Agent determines that such request and the DC Resolution constitute an Applicable Request and an Applicable Resolution.

Succession Event Notice means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email) and/or by telephone) to the Issuer that describes a Succession Event that occurred on or after the relevant Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant reference Entity is a Japan Corporate or Japan Sovereign (as such terms are defined in the 2005 Matrix Supplement), Tokyo time)).

A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination, pursuant to the definition of Successor, of (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s). A Succession Event Notice shall be subject to the requirements regarding notices in Condition 10(s).

Successor means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:
 - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor for (a) if the Notes are not Linear Basket Notes, the entire Aggregate Nominal Amount of the Notes outstanding as at the date of the Succession Event or (b) if the Notes are Linear Basket Notes, the entire Reference Entity Nominal Amount of that original Reference Entity outstanding as at the date of the Succession Event;
 - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor for (a) if the Notes are not Linear Basket Notes, the entire Aggregate Nominal Amount of the Notes outstanding as at the date of the Succession Event or (b) if the Notes are Linear Basket Notes, the entire Reference Entity Nominal Amount of the original Reference Entity outstanding as at the date of the Succession Event;
 - (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor (a) if the Notes are Single Name Credit Linked Notes, in respect of a portion of the Aggregate Nominal Amount of the Notes outstanding as at the date of the Succession Event, (b) if the Notes are Linear Basket Notes, in respect of a portion of the Reference Entity Nominal Amount of the original Reference Entity outstanding as at the date of the Succession Event, and (c) in respect of First-to-Default Credit Linked Notes and N^{th} -to-Default Credit Linked Notes, for the purposes of the relevant New Basket and the New Basket Notional Amount, and these Conditions and/or the applicable Pricing Supplement will be adjusted as provided below;
 - (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor (a) if the Notes are Single Name Credit Linked Notes, in respect of a

portion of the Aggregate Nominal Amount of the Notes outstanding as at the date of the Succession Event, (b) if the Notes are Linear Basket Notes, in respect of a portion of the Reference Entity Nominal Amount of the original Reference Entity outstanding as at the date of the Succession Event, and (c) in respect of First-to-Default Credit Linked Notes and N^{th} -to-Default Credit Linked Notes, for the purposes of the relevant New Basket and the New Basket Notional Amount, and these Conditions and/or the applicable Pricing Supplement will be adjusted as provided below;

- (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of the Succession Event; and
- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if two or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor for (a) if the Notes are not Linear Basket Notes, the entire Aggregate Nominal Amount of the Notes outstanding as at the date of the Succession Event or (b) if the Notes are Linear Basket Notes, the entire Reference Entity Nominal Amount of the original Reference Entity outstanding as at the date of the Succession Event; and
- (b) in relation to a Sovereign Reference Entity, each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity, for (a) if the Notes are not Linear Basket Notes, the entire Aggregate Nominal Amount of the Notes outstanding as at the date of the Succession Event or (b) if the Notes are Linear Basket Notes, the entire Reference Entity Nominal Amount of that original Sovereign Reference Entity outstanding as at the date of the Succession Event.

For the purposes of this definition of “Successor”, **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to paragraph (a) of this definition of “Successor” shall be made, in the case of an exchange offer, on the basis of the Outstanding Principal Balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the Outstanding Principal Balance of Bonds for which Relevant Obligations have been exchanged.

Where:

- (A) a Reference Obligation is specified in the applicable Pricing Supplement; and
- (B) one or more Successors to the Reference Entity have been identified; and

(C) any one or more such Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the definition of “Substitute Reference Obligation” above.

Successor Reference Entity has the meaning given in Condition 10(k)(iv)

Supranational Organisation means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

Surviving Reference Entity has the meaning given in Condition 10(k)(ix).

Suspension Event means the Calculation Agent determines that a public announcement has been made by ISDA that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (i) and (ii) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules and such announcement relates to a Reference Entity and Credit Event under the Notes.

Suspension Event Cessation Date means, with respect to a Suspension Event, the date on which the Calculation Agent determines that ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in the definition of Suspension Event or (ii) not to determine such matters.

TARGET Settlement Day means any day on which the TARGET System is open for the settlement of payments in euro.

Trade Date means the date specified as such in the applicable Pricing Supplement.

Transaction Auction Settlement Terms means, following the occurrence of a Restructuring, if either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligations Applicable” is specified in the applicable Pricing Supplement, the Applicable Credit Derivatives Auction Settlement Terms with respect to the Auction which the Calculation Agent determines is the Applicable Auction with respect to the Notes.

Transaction Type means for the purposes of the application of the Physical Settlement Matrix to a Series of Notes where “Physical Settlement Matrix Standard Terms” is specified as applicable in the Pricing Supplement, each Reference Entity designated as one of the following in the Pricing Supplement:

- (a) North American Corporate;
- (b) European Corporate;
- (c) Australia Corporate;
- (d) New Zealand Corporate;
- (e) Japan Corporate;
- (f) Singapore Corporate;
- (g) Asia Corporate;
- (h) Asia Sovereign;

- (i) Emerging European & Middle Eastern Sovereign;
- (j) Japan Sovereign;
- (k) Australia Sovereign;
- (l) New Zealand Sovereign;
- (m) Singapore Sovereign;
- (n) Latin America Sovereign;
- (o) Western European Sovereign,

and any other Transaction Type which may be added to the Physical Settlement Matrix from time to time.

Undeliverable Obligation means a Deliverable Obligation included in the Asset Amount which, on the Physical Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible or illegal to Deliver on the Physical Settlement Date.

Unwind Costs means the amount specified in the applicable Pricing Supplement or if “Standard Unwind Costs” are specified in the applicable Pricing Supplement, an amount (which may be positive or negative) determined by the Calculation Agent equal to the sum of (i) the notional cost that would be incurred by the Issuer in unwinding the swaps (including, without limitation, any credit, currency or interest rate swap) and deposit embedded within the Notes; and (ii) (without duplication) all costs, fees, charges, expenses (including loss of funding), tax and duties incurred by the Issuer and/or any of its Affiliates in connection with the redemption of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position, such amount to be apportioned *pro rata* amongst each nominal amount of Notes in the Calculation Amount.

Valuation Date means:

- (a) where Physical Delivery is specified as applying in the applicable Pricing Supplement and Condition 10(n) applies, the day falling three Business Days after the Final Delivery Date; or

- (b) where Cash Settlement is specified as applying in the applicable Pricing Supplement,

if “Single Valuation Date” is specified in the applicable Pricing Supplement, subject to Condition 10(e), the date that is the number of Business Days specified in the Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the satisfaction of all Conditions to Settlement (or, if “Cash Settlement” is applicable pursuant to the Fallback Settlement Method in accordance with Condition 10(d), the date that is the number of Business Days specified in the Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the relevant Auction Cancellation Date, if applicable or the relevant No Auction Announcement Date, if applicable), and

if “Multiple Valuation Dates” is specified in the applicable Pricing Supplement, subject to Condition 10(e), each of the following dates:

- (i) the date that is the number of Business Days specified in the applicable Pricing Supplement (or, if the number of Business Days is not specified, five Business Days) following the satisfaction of all Conditions to Settlement (or, if “Cash Settlement” is

applicable pursuant to the Fallback Settlement Method in accordance with Condition 10(d), the date that is the number of Business Days specified in the Pricing Supplement (or, if the number of Business Days is not so specified, five Business Days) following the relevant Auction Cancellation Date, if applicable or the relevant No Auction Announcement Date, if applicable); and

- (ii) each successive date that is the number of Business Days specified in the applicable Pricing Supplement (or if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified in the applicable Pricing Supplement, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Pricing Supplement (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Pricing Supplement, Single Valuation Date shall apply.

Valuation Method:

- (a) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with only one Valuation Obligation and only one Valuation Date:
 - (i) **Market** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or
 - (ii) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be Highest.

- (b) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with only one Valuation Obligation and more than one Valuation Date:
 - (i) **Average Market** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or
 - (ii) **Highest** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or
 - (iii) **Average Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be Average Highest.

- (c) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with more than one Valuation Obligation and only one Valuation Date:

- (i) **Blended Market** means the unweighted arithmetic mean of the Market Value for each Valuation Obligation determined by the Calculation Agent with respect to the Valuation Date;
- (ii) **Blended Highest** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Valuation Obligation with respect to the Valuation Date;
- (iii) **Weighted Blended Market** means the weighted arithmetic mean of the Market Value for each Valuation Obligation determined by the Calculation Agent with respect to the Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Notes; or
- (iv) **Weighted Blended Highest** means the weighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Valuation Obligation with respect to the Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Notes.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be Blended Highest.

- (d) The following Valuation Methods may be specified in the applicable Pricing Supplement for a Series with more than one Valuation Obligation and more than one Valuation Date:
 - (i) **Average Blended Market** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;
 - (ii) **Average Blended Highest** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;
 - (iii) **Weighted Average Blended Market** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the weighted arithmetic mean of the values so determined with respect to each Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Notes; or
 - (iv) **Weighted Average Blended Highest** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Market Valuation Method, the weighted arithmetic mean of the values so determined with respect to each Valuation Date, such weighting to be made on such terms as the Calculation Agent determines appropriate, which may, without limitation be by reference to hedging arrangements of the Issuer and/or any of its Affiliates in respect of the Notes.

If no such Valuation Method is specified in the applicable Pricing Supplement, the Valuation Method shall be Average Blended Highest.

- (e) Notwithstanding paragraphs (a) to (d) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

Valuation Obligation means one or more obligations, as selected by the Calculation Agent, provided such obligations(s) are either a Reference Obligation and/or would constitute a Deliverable Obligation as at the Valuation Date (and for the purposes of interpreting the Deliverable Obligation Category and the Deliverable Obligation Characteristics references to “Delivery Date” and “Physical Settlement Date” shall be read and construed as references to the Valuation Date).

Valuation Time means the time specified as such in the applicable Pricing Supplement or, if no time is so specified, 11.00 a.m. in the principal trading market for the Valuation Obligation.

Voting Shares shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

Weighted Average Quotation means in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

(q) *Provisions taken from the ISDA supplement titled “Additional Provisions - Monoline Insurer as Reference Entity (May 2003)”*

If Condition 10(q) is specified as applicable in the applicable Pricing Supplement, the following provisions will apply:

- (a) Obligation and Deliverable Obligation. Paragraph (a) of the definition of “Obligation” in Condition 10(p) and paragraph (a) of the definition of “Deliverable Obligation” in Condition 10(p) are hereby amended by adding “or Qualifying Policy” after “or as provider of a Qualifying Affiliate Guarantee”.
- (b) Interpretation of Provisions. In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of paragraph (B)(4) of the definition of “Deliverable Obligation” in Condition 10(p) will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
 - (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms “obligation” and “obligor” as used in this Condition 10 in respect of such an Insured Instrument shall be construed accordingly;
 - (ii) references in the definitions of Assignable Loan and Consent Required Loan to “the guarantor” and “guaranteeing” shall be deemed to include “the insurer” and “insuring”, respectively;

- (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Pricing Supplement;
- (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Pricing Supplement and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term “Outstanding Principal Balance” shall mean the outstanding Certificate Balance and “maturity”, as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (c) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that this Condition 10(q) is applicable, no inference should be made as to the interpretation of the “Not Contingent” Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.
- (d) Deliver. For the purposes of the definition of “Deliver” in Condition 10(p), “Deliver” with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and “Delivery” and “Delivered” will be construed accordingly.
- (e) Provisions for Determining a Successor. The paragraph commencing “For the purposes of this definition of “Successor”...” in the definition of “Successor” in Condition 10(p) is hereby amended by adding “or insurer” after “or guarantor”.
- (f) Substitute Reference Obligation. The first paragraph of the definition of “Substitute Reference Obligation” and paragraph (b) thereof in Condition 10(p) is hereby amended by adding “or Qualifying Policy” after “or as provider of a Qualifying Affiliate Guarantee”. For purposes of sub-paragraph (a)(ii)(B) the definition of “Substitute Reference Obligation” references to “the Qualifying Guarantee” and the “Underlying Obligation” shall be deemed to include “the Qualifying Policy” and “the Insured Instrument”, respectively.
- (g) Other Provisions. For purposes of paragraph (a)(ii) of the definition of “Deliverable Obligation” and the definitions of “Credit Event” and “Deliver” in Condition 10(p) references to “the Underlying Obligation” and “the Underlying Obligor” shall be deemed to include “Insured Instruments” and the “Insured Obligor”, respectively.
- (h) Additional Definitions.

Qualifying Policy means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Condition 10(q)) (the **Insured Instrument**) for which another party (including a special purpose entity or trust) is the obligor (the **Insured Obligor**).

Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the Delivery of the Insured Instrument.

Instrument Payments means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in Condition 10(q)(c) above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

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

- (r) *Provisions taken from the ISDA supplement titled "Additional Provisions - Monoline Insurer as Reference Entity (May 2005)"*

If Condition 10(r) is specified as applicable in the applicable Pricing Supplement, the following provisions will apply:

- (a) **Obligation and Deliverable Obligation.** Paragraph (a) of the definition of "Obligation" in Condition 10(p) and paragraph (a) of the definition of "Deliverable Obligation" in Condition 10(p) are hereby amended by adding "or Qualifying Policy" after "or as provider of a Qualifying Affiliate Guarantee".
- (b) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, the terms of paragraph (B)(4) of the definition of "Deliverable Obligation" in Condition 10(p) will apply, with references to the Qualifying Guarantee, the Underlying Obligation and the Underlying Obligor deemed to include the Qualifying Policy, the Insured Instrument and the Insured Obligor, respectively, except that:
 - (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms "obligation" and "obligor" as used in this Condition 10 in respect of such an Insured Instrument shall be construed accordingly;
 - (ii) references in the definitions of Assignable Loan and Consent Required Loan to "the guarantor" and "guaranteeing" shall be deemed to include "the insurer" and "insuring", respectively;
 - (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Pricing Supplement;

- (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Pricing Supplement and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
- (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term “Outstanding Principal Balance” shall mean the outstanding Certificate Balance and “maturity”, as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (c) Not Contingent. An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such limitation or reduction. By specifying that this Condition 10(r) is applicable, no inference should be made as to the interpretation of the “Not Contingent” Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.
- (d) Deliver. For the purposes of the definition of “Deliver” in Condition 10(p), “Deliver” with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognised custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and “Delivery” and “Delivered” will be construed accordingly.
- (e) Provisions for Determining a Successor. The paragraph commencing “For the purposes of this definition of “Successor”...” in the definition of “Successor” in Condition 10(p) is hereby amended by adding “or insurer” after “or guarantor”.
- (f) Substitute Reference Obligation. The first paragraph of the definition of “Substitute Reference Obligation” and paragraph (b) thereof in Condition 10(p) are hereby amended by adding “or Qualifying Policy” after “or as provider of a Qualifying Affiliate Guarantee”. For purposes of sub-paragraph (a)(ii)(B) the definition of “Substitute Reference Obligation” references to “the Qualifying Guarantee” and the “Underlying Obligation” shall be deemed to include “the Qualifying Policy” and “the Insured Instrument”, respectively.
- (g) Restructuring.
- (i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (i) to (v) inclusive of the definition of “Restructuring” in Condition 10(p) are hereby amended to read as follows:
 - (i) a reduction in the rate or amount or the Instrument Payments in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (ii) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
 - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of the Instrument Payments described in clause (A)(x) of the

- definition thereof or (B) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
- (iv) a change in the ranking in priority of payment of (A) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (B) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or
 - (v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.
- (ii) Paragraph (c) of the definition of “Restructuring” in Condition 10(p) is hereby amended by adding “or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy” after “Reference Entity”.
 - (iii) The definition of “Restructuring” in Condition 10(p) is hereby amended by the insertion of the following paragraph after the final paragraph thereof:

“For purposes of the definition of “Restructuring” in Condition 10(p) and if Condition 10(p) is specified as applying in the applicable Pricing Supplement for the purposes of Condition 10 the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of “Restructuring” shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in paragraphs (a) to (c) inclusive in the definition of “Restructuring” shall continue to refer to the Reference Entity.”
 - (h) Fully Transferable Obligation and Conditionally Transferable Obligation. In the event that “Fully Transferable Obligation” and/or “Conditionally Transferable Obligation” is specified as applying in the applicable Pricing Supplement and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument. References in the definition of Conditionally Transferable Obligation to the guarantor and guaranteeing shall be deemed to include the insurer and insuring, respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term “final maturity date”, as such term is used in Condition 10(c) and the definition of “Restructuring Maturity Limitation Date”, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
 - (i) Other Provisions. For purposes of paragraph (a)(ii) of the definition of “Deliverable Obligation” and the definitions of “Credit Event” and “Deliver” in Condition 10(p), references to the “Underlying Obligation” and the “Underlying Obligor” shall be deemed to include “Insured Instruments” and the “Insured Obligor”, respectively.
 - (j) Additional Definitions.

Qualifying Policy means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Condition 10(r)) (the **Insured Instrument**) for which another party (including a special purpose entity or trust) is the obligor (the **Insured Obligor**). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments). The benefit of a Qualifying Policy must be capable of being delivered together with the Delivery of the Insured Instrument.

Instrument Payments means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in Condition 10(r)(c) above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

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

(s) *Calculation Agent and Calculation Agent Notices*

Whenever the Calculation Agent is required to act or exercise judgment, it will do so in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable after making any determination pursuant to this Condition 10, notify the Issuer and, if required by this Condition 10, the Noteholders of such determination, provided that failure to notify the Issuer or, if applicable, the Noteholders shall not invalidate the determination. The Calculation Agent is not acting as a fiduciary for or as an advisor to the Noteholders in respect of its duties as Calculation Agent in connection with any Notes.

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to this Condition 10 shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. Whenever the Calculation Agent is required to make any determination it may, *inter alia*, decide issues of construction and legal interpretation. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent and the Issuer shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

In relation to the delivery by the Calculation Agent to the Issuer of any notice pursuant to this Condition 10, a notice delivered on or prior to 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day will be effective on such Calculation Agent City

Business Day. A notice delivered after 4:00 p.m. (Calculation Agent City time) on a Calculation Agent City Business Day or on a day which is not a Calculation Agent City Business Day will be deemed effective on the next following Calculation Agent City Business Day, regardless of the form in which it is delivered. For purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one Calculation Agent City Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

(t) Adherence to ISDA Protocols

In the event that a protocol setting out an alternative settlement or valuation method is published by ISDA (a Protocol) in relation to a Reference Entity, the Calculation Agent may in its sole discretion determine whether to follow some or all of the terms of such Protocol for purposes of this Condition 10.

Notwithstanding any other provisions in this Condition 10, in the event that the Calculation Agent decides to adhere to a Protocol, the Calculation Agent may adjust such terms of this Condition 10 as it deems appropriate to reflect some or all of the relevant settlement, valuation and other provisions of the Protocol. These may include, without limitation, adjustments in relation to the determination of any Credit Event Redemption Amount, any Final Price or any Asset Amount or determining Cash Settlement rather than Physical Settlement shall apply or vice versa. Nothing in this Condition 10(t) should be taken as requiring the Calculation Agent to follow the terms of any Protocol.

(u) Adjustments following a Constraint Event

(a) Action following a Constraint Event

If Constraint Event provisions are specified as applying in the applicable Pricing Supplement and the Calculation Agent determines that a Constraint Event has occurred or exists at any time on or prior to the Scheduled Maturity Date or any other day on which any payment or delivery is due in respect of the Notes, the Issuer in its sole and absolute discretion may, subject as provided below, take the action specified in any of (i), (ii) or (iii) below:

- (i)* require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or any other amount falling due and/or any other terms of these Conditions and/or the applicable Pricing Supplement to account for such Constraint Event, and determine the effective date of that adjustment; or
- (ii)* where Constraint Event Early Redemption is specified as applying in the applicable Pricing Supplement, give notice to Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, at the Early Redemption Amount; or
- (iii)* where Constraint Event Early Redemption is not specified as applying in the applicable Pricing Supplement, give notice to the Noteholders (in accordance with Condition 23) and designate the Notes as “Suspended Notes” giving notice of the effective date thereof (the **Suspension Date**). The Issuer shall have no obligation to make any payment or perform any other obligation in respect of the Notes while the Notes are Suspended Notes and, subject as provided below, any such payment or other performance shall be postponed to no later than the tenth Business Day following the Cessation Date (as defined below). No additional interest or any other

payment or compensation shall be due to Noteholders as a result of any such delay. The Notes shall remain Suspended Notes until the relevant Constraint Event ceases to exist and the Issuer notifies the cessation of such Constraint Event to Noteholders in accordance with Condition 23 (the effective date of such notification the **Cessation Date**) provided that if in the determination of the Calculation Agent the relevant Constraint Event continues to exist on the second anniversary of the Suspension Date (the **Suspension Cut-Off Date**), the Suspended Notes shall expire worthless and shall be cancelled by the Issuer in which case all obligations of the Issuer to the Noteholders in respect of the Notes shall be discharged and the Noteholders shall have no further recourse to the Issuer in respect of the Notes.

Without prejudice to the foregoing, following any Cessation Date the Issuer may require the Calculation Agent to determine in its sole and absolute discretion, any adjustment to one or more of the Final Redemption Amount and/or any other amount falling due and/or any other terms of these Conditions and/or the applicable Pricing Supplement necessary or appropriate in order to determine any such amounts or other obligations due or to be performed in respect of the Notes, taking into account, without limitation, the occurrence of the relevant Constraint Event and the effect of any delay pursuant to this Condition.

If delivery of any assets is made later than the originally scheduled due date for delivery as a result of the occurrence of a Constraint Event, until delivery is made to the Noteholders, none of the Issuer, the Calculation Agent or any other person shall at any time (i) be under any obligation to deliver or procure delivery to the Noteholders or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in respect of such assets, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such assets or (iii) be under any liability to the Noteholders or any subsequent transferee in respect of any loss or damage which the Noteholders or subsequent transferees may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such assets until the date of delivery.

(b) Definition of Constraint Event

Subject as provided below, for the purposes of this Condition, **Constraint Event** means any of:

- (i) if **General Inconvertibility** is specified as applying in the applicable Pricing Supplement, the occurrence of any event that generally makes it impossible or not reasonably practicable to convert the Local Currency into the Specified Currency in any Relevant Jurisdiction through customary legal channels;
- (ii) if **Specific Inconvertibility** is specified as applying in the applicable Pricing Supplement, the occurrence of any event that makes it impossible or not reasonably practicable for any Reference Entity and/or any Hedging Party to convert the Local Currency into the Specified Currency in any Relevant Jurisdiction, other than where such impossibility or impracticability is due solely to the failure by such Reference Entity and/or Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or not reasonably practicable for such Reference Entity and/or Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);
- (iii) if **General Non-Transferability** is specified as applying in the applicable Pricing Supplement, the occurrence of any event that generally makes it impossible or not reasonably practicable to deliver (a) the Specified Currency from accounts inside any Relevant Jurisdiction to accounts outside such Relevant Jurisdiction or (b) the Local Currency between accounts inside the Relevant Jurisdiction or to a party that is a non-resident of such Relevant Jurisdiction;

- (iv) if **Specific Non-Transferability** is specified as applying in the applicable Pricing Supplement, the occurrence of any event that makes it impossible or not reasonably practicable for any Reference Entity and/or any Hedging Party to deliver (a) the Local Currency from accounts inside any Relevant Jurisdiction to accounts outside such Relevant Jurisdiction or (b) the Local Currency between accounts inside any Relevant Jurisdiction or to a party that is a non-resident of such Relevant Jurisdiction, other than where such impossibility or impracticability is due solely to the failure by such Reference Entity and/or Hedging Party to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible or not reasonably practicable for such Reference Entity and/or Hedging Party, due to an event beyond its control, to comply with such law, rule or regulation);
 - (v) if **Nationalisation** is specified as applying in the applicable Pricing Supplement, any expropriation, confiscation, requisition, nationalisation or other action is taken by a Governmental Authority which deprives any Reference Entity and/or Hedging Party of all or substantially all of its assets in any Relevant Jurisdiction;
 - (vi) if **Hedging Disruption** is specified as applying in the applicable Pricing Supplement, the Issuer determines that any arrangements entered into by any Hedging Party in order to hedge the Issuer's obligations in respect of the Notes in whole or in part cannot reasonably be established, maintained or re-established; or
 - (vii) if **Downgrade** is specified as applying in the applicable Pricing Supplement, the Credit Rating in respect of any Downgrade Obligation is lower than the relevant Specified Rating or any Downgrade Obligation is no longer rated by the relevant Rating Agency. If a Downgrade Obligation no longer exists, the Calculation Agent may, in its sole and absolute determination, identify a substitute Downgrade Obligation that ranks equal in priority of payment with the Downgrade Obligation and is issued or guaranteed (as to both principal and interest or other similar payments if applicable) by the same entity as the issuer of the Downgrade Obligation immediately prior to such substitution. The Calculation Agent may make such adjustments to the Conditions and/or the applicable Pricing Supplement to take account of any such substitution, including an adjustment in relation to the relevant Specified Rating and Rating Agency. If the Downgrade Obligation is a Reference Obligation for the purposes of this Condition 10, the Calculation Agent may, without limitation, select the relevant successor Reference Obligation determined pursuant to Condition 10 as the successor Downgrade Obligation. The Issuer shall give notice to Noteholders in accordance with Condition 23 of any such substitution and the effective date thereof.
- (c) Other Relevant Definitions

For the purposes of this Condition 10(u):

Affiliate is as defined in Condition 8(e).

Credit Rating means, in relation to a Downgrade Obligation, the rating assigned to such Downgrade Obligation by the relevant Rating Agency (irrespective of whether such rating is under review with positive or negative implications).

Downgrade Obligation, in relation to a Downgrade, is as specified in the applicable Pricing Supplement.

Hedging Party means the Issuer and/or any Affiliate and/or any other party which conducts hedging arrangements in respect of the Issuer's obligations in respect of the Notes from time to time.

Governmental Authority means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other

governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organisation of a Reference Entity or of any Relevant Jurisdiction, as applicable.

Local Currency means, in relation to General Inconvertibility, Specific Inconvertibility, General Non-Transferability or Specific Non-Transferability, the currency specified as such in relation to such event in the applicable Pricing Supplement and any successor currency as determined by the Calculation Agent.

Rating Agency, in relation to a Downgrade, is as specified in the applicable Pricing Supplement.

Reference Entity means each Reference Entity as such term is defined in Condition 10(p).

Relevant Jurisdiction means, in relation to General Inconvertibility, Specific Inconvertibility, General Non-Transferability or Specific Non-Transferability or Nationalisation, the jurisdiction or jurisdictions specified as such in the applicable Pricing Supplement in relation to such event and the expression Relevant Jurisdiction includes any territory or political subdivision thereof.

Specified Currency means the currency specified as such in the Pricing Supplement.

Specified Rating, in relation to a Downgrade, is as specified in the applicable Pricing Supplement.

11. Commodity Linked Notes

If the Notes are specified as Commodity Linked Interest Notes and/or Commodity Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 11 apply, as applicable, as modified by the applicable Pricing Supplement.

(a) Redemption of Commodity Linked Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of the Commodity Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date.

(b) Market Disruption Events and Correction of a Commodity Reference Price

(i) Market Disruption Events

If the Calculation Agent determines in respect of any day in respect of which a Commodity Reference Price is to be determined (each a **Commodity Valuation Date**) that a Market Disruption Event has occurred or is occurring in respect of one or more Commodities, then the Calculation Agent shall determine the Level of the relevant Commodity or Commodities on such Commodity Valuation Date, at such time and in such manner, as it considers commercially reasonable in its sole and absolute discretion, acting in good faith.

If the Calculation Agent determines that on any Commodity Business Day a Market Disruption Event has occurred or is occurring, then the Calculation Agent shall determine if such Market Disruption Event has a material effect on the Notes and, if so, (I) the Calculation Agent may make such adjustments to any of the Conditions as it considers appropriate to account for any such Market Disruption Event and determine the date(s) on which any such adjustments will be effective; or (II) the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the

applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

(ii) Subsequent correction of a Commodity Reference Price

If Correction of Commodity Reference Price is specified as applying in the applicable Pricing Supplement and the Commodity Reference Price of a Commodity, in relation to a Commodity Valuation Date is subsequently corrected and such correction is published by the relevant Price Source no later than the second Commodity Business Day prior to the relevant Specified Interest Payment Date (in respect of Notes specified as Commodity Linked Interest Notes in the applicable Pricing Supplement) or the Maturity Date (in respect of Notes specified as Commodity Linked Redemption Notes in the applicable Pricing Supplement), and in any such case the Calculation Agent has notified the Issuer within that time, then the Commodity Reference Price of that Commodity in respect of any such Commodity Valuation Date shall be the Commodity Reference Price of that Commodity as so corrected.

(iii) Notification

The Issuer shall, as soon as reasonably practicable, notify the Noteholders of the existence or occurrence of a Market Disruption Event on any day that but for the occurrence or existence of a Market Disruption Event would have been a Commodity Valuation Date in accordance with Condition 23.

(c) *Definitions applicable to Commodity Linked Notes*

Averaging Date means, subject as provided in Condition 11(b)(i) above, each date specified as an Averaging Date in the applicable Pricing Supplement.

Commodity means each of the commodities specified in the Pricing Supplement.

Commodity Business Day means (a) in respect of any Commodity for which the Commodity Reference Price is a price announced or published by an Exchange, a day that is (or, but for the occurrence of a Market Disruption Event, would have been) a day on which that Exchange is open for trading during its regular trading session, notwithstanding any such Exchange closing prior to its scheduled closing time; and (b) in respect of any Commodity for which the Commodity Reference Price is not a price announced or published by an Exchange, a day in respect of which the relevant Price Source published (or, but for the occurrence of a Market Disruption Event, would have published) a price.

Commodity Reference Dealers means that the price for a date will be determined on the basis of quotations provided by Reference Dealers on that date of that day's Specified Price for a unit of the relevant Commodity for delivery on the Delivery Date, if applicable. If four quotations are provided as requested, the price for that date will be the arithmetic mean of the Specified Prices for that Commodity provided by each Reference Dealer, without regard to the Specified Prices having the highest and lowest values. If exactly three quotations are provided as requested, the price for that date will be the Specified Price provided by the relevant Reference Dealer that remains after disregarding the Specified Prices having the highest and lowest values. For this purpose, if more than one quotation has the same highest value and lowest value, then the Specified Price of one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the price for the date cannot be determined.

Commodity Reference Price means, in respect of a Commodity, the price determined in accordance with the method specified in respect of such Commodity or the related Futures Contract in the Pricing Supplement.

Commodity Underlying Event means Disappearance of Commodity Reference Price, Material Change in Formula, Material Change in Content or Tax Disruption.

Delivery Date means, in respect of a Commodity Reference Price, the Nearby Month of expiration of the relevant Futures Contract or the relevant date or month for delivery of the Commodity (which must be a date or month reported or capable of being determined from information reported in or by the relevant Price Source) as follows:

- (A) if a date is, or a month and year are, specified in the Pricing Supplement, that date or that month and year;
- (B) if a Nearby Month is specified in the Pricing Supplement, the month of expiration of the relevant Futures Contract; and
- (C) if a method is specified in the relevant Pricing Supplement for the purpose of determining the Delivery Date, the date or the month and year determined pursuant to that method.

Disappearance of Commodity Reference Price means in relation to a Commodity Reference Price, (a) the permanent discontinuation of trading in the relevant Futures Contract on the relevant Exchange, (b) the disappearance of, or of trading in, the relevant Commodity or (c) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price, notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or Commodity.

Exchange means the principal exchange or trading market on which the relevant Commodity or Futures Contract is traded, as specified in respect of such Commodity in the Pricing Supplement, or if not so specified, as determined by the Calculation Agent.

Futures Contract means, in respect of a Commodity and a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to that Commodity specified in the Pricing Supplement.

Level means the level, price, rate or similar indicator used to determine the value of a Commodity.

LME means London Metal Exchange Limited or its successor.

Market Disruption Event means the occurrence, with respect to any Commodity or Futures Contract, of any of Price Source Disruption, Trading Disruption or Commodity Underlying Event if so specified in the Pricing Supplement or such other event as may be specified in the Pricing Supplement.

Material Change in Content means, in respect of a Commodity, the occurrence since the Issue Date of a material change in the content, composition or constitution of the relevant Commodity or Futures Contract.

Material Change in Formula means, in respect of a Commodity, the occurrence since the Issue Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

Nearby Month, when preceded by an ordinal adjective, means, in respect of a date, the month of expiration of the Futures Contract identified by that ordinal adjective, so that: (i) "First Nearby Month" means the month of expiration of the first Futures Contract to expire following that date; (ii) "Second Nearby Month" means the month of expiration of the second

Futures Contract to expire following that date; and, for example, (iii) “Sixth Nearby Month” means the month of expiration of the sixth Futures Contract to expire following that date.

Price Source means, in respect of a Commodity, the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the relevant Pricing Supplement or, if not so specified, as determined by the Calculation Agent.

Price Source Disruption means, in respect of a Commodity or Futures Contract, (i) the failure of the relevant Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; (ii) the temporary or permanent discontinuance or unavailability of the Price Source; (iii) if the Commodity Reference Price is “Commodity Reference Dealers”, the failure to obtain at least three quotations as requested from the relevant Reference Dealers; or (iv) if a Price Materiality Percentage is specified in the relevant Pricing Supplement, the Specified Price for the relevant Commodity Reference Price differs from the Specified Price determined in accordance with the Commodity Reference Price “Commodity Reference Dealers” by such Price Materiality Percentage.

Reference Dealers means, in respect of a Commodity for which the Commodity Reference Price is “Commodity Reference Dealers”, the four dealers specified in the Pricing Supplement or, if dealers are not so specified, four leading dealers in the relevant market selected by the Issuer.

Specified Price means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source), as specified in the relevant Pricing Supplement (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the fixing; (O) the spot price; or (P) any other price specified in the relevant Pricing Supplement.

Strike Date means, subject as provided in Condition 11(b)(i) above, the date specified as the Strike Date in the applicable Pricing Supplement.

Tax Disruption means, in respect of a Commodity, the imposition of, change in or removal of an excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax on, or measured by reference to the relevant Commodity or Futures Contract (other than a tax on, or measured by reference to, overall gross or net income) by any government or taxation authority after the Issue Date, if the direct effect of such imposition, change or removal is to raise or lower the Commodity Reference Price on the day on which the Commodity Reference Price would otherwise be determined from what it would have been without that imposition, change or removal.

Trading Disruption means, in respect of the relevant Commodity, the material limitation imposed on trading or the material suspension of trading in the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any exchange or principal trading market. For these purposes:

- (a) a suspension of the trading in the Futures Contract or the relevant Commodity on any Commodity Business Day shall be deemed to be material only if:

- (i) all trading in the Futures Contract or the relevant Commodity is suspended for the entire day; or
- (ii) all trading in the Futures Contract or the relevant Commodity is suspended subsequent to the opening of trading on the relevant day, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such day and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the Futures Contract or the relevant Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

Valuation Date means, subject as provided in Condition 11(b)(i) above, the date specified as the Valuation Date in the applicable Pricing Supplement.

12. Government Bond Linked Notes

If the Notes are specified as Government Bond Linked Interest Notes and/or Government Bond Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 12 apply, as applicable, as modified by the applicable Pricing Supplement.

(a) Redemption of Government Bond Linked Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of the Government Bond Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date.

(b) Adjustments and Determination

(i) Market Disruption Events

If the Calculation Agent determines in respect of any day on which the Level of a Government Bond or related futures contract is to be determined (each a **Government Bond Valuation Date**) that a Market Disruption Event has occurred or is occurring in respect of one or more Government Bonds or related futures contract(s), then the Calculation Agent shall determine the Level of the relevant Government Bonds(s) or related futures contract(s) on such Government Bond Valuation Date, at such time and in such manner, as it considers commercially reasonable in its sole and absolute discretion, acting in good faith.

If the Calculation Agent determines that on any Business Day a Market Disruption Event has occurred or is occurring, then the Calculation Agent shall determine if such Market Disruption Event has a material effect on the Notes and, if so, (I) the Calculation Agent may make such adjustments to any of the Conditions as it considers appropriate to account for any such Market Disruption Event and determine the date(s) on which any such adjustments will be effective; or (II) the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

(ii) Notice

Upon the Calculation Agent making a determination pursuant to (i) above, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of such determination.

(c) Definitions applicable to Government Bond Linked Notes

Averaging Date means, subject as provided in Condition 12(b)(i) above, each date (if any) specified as an Averaging Date in the applicable Pricing Supplement.

Exchange means the exchange or quotation system specified in the applicable Pricing Supplement or any successor to such exchange or quotation system.

Government Bond means the Government Bond (or, if more than one, each Government Bond) specified in the applicable Pricing Supplement.

Information Source means the information source specified in the applicable Pricing Supplement.

Level means the level, price, rate or similar indicator used to determine the value of a Government Bond or related futures contract.

Market Disruption Event means the suspension of or limitation imposed on trading either (i) on any exchange on which the relevant Government Bond(s) or any of them are traded or (ii) on any exchange on which any futures contract with respect to the Government Bond(s) or any of them are traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

Reference Asset means the Reference Asset (or, if more than one, each Reference Asset) specified in the applicable Pricing Supplement, if any.

Valuation Date means, subject as provided in Condition 12(b)(i) above, the date specified as the Valuation Date in the applicable Pricing Supplement.

13. Fund Linked Notes

If the Notes are specified as Fund Linked Interest Notes and/or Fund Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 13 apply, as applicable, as modified by the applicable Pricing Supplement.

(a) Redemption of Fund Linked Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of the Fund Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date.

(b) Adjustments and Determination

(i) Trigger Events

If the Calculation Agent determines in respect of any day on which the net asset value of any Fund Shares is to be determined (each a **Fund Valuation Date**) that a Trigger Event, Potential Trigger Event or Insolvency in respect of the Fund, the Management Company or any Fund Service Provider, or any Merger Event in respect of the Fund or the Management Company has occurred or is occurring, then the Calculation Agent shall determine the net asset value of the relevant Fund Shares on such Fund Valuation Date, at such time and in such manner, as it considers commercially reasonable in its sole and absolute discretion, acting in good faith.

Following the determination by the Calculation Agent of the occurrence of any Trigger Event, Potential Trigger Event or Insolvency in respect of the Fund, the Management Company or any Fund Service Provider, or any Merger Event in respect of the Fund or the Management Company, the Calculation Agent shall notify the Issuer who shall notify the Noteholders by no later than five Business Days following the determination of such event, in accordance with Condition 23. In respect of each Trigger Event, Potential Trigger Event, Insolvency or Merger Event that has not been waived by the Issuer, following the occurrence of such an event (and regardless of whether or not such event is then continuing) the Calculation Agent may in its discretion take any of following actions (each, a **Permitted Action**):

- (a) (X) make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and relating to the relevant Notes as the Calculation Agent determines appropriate to account for the economic effect on the relevant Notes of such Trigger Event, Potential Trigger Event, Insolvency or Merger Event and (Y) determine the effective date of the relevant adjustments; or
- (b) if specified as applicable in the applicable Pricing Supplement, select a replacement fund (the **Replacement Fund**), which in its reasonable opinion has a similar risk profile as the Fund as determined by the Calculation Agent to replace such Fund and the appropriate date (the **Substitution Date**) for the replacement of the Fund by the Replacement Fund;

Following any such selection (i) the Replacement Fund shall replace the Fund on the Substitution Date, (ii) references herein to the name of the Fund shall be deemed to be references to the name of the Replacement Fund with effect from the Substitution Date and (iii) the Calculation Agent shall, in good faith, make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions in relation to the relevant Notes to reflect such substitution;

- (c) redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest; or
- (d) if “Suspension Asset” is specified as applicable in the applicable Pricing Supplement, make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions as are necessary to reflect a notional liquidation of all of the Fund Shares (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Fund Shares at the relevant time) and a notional investment of the liquidation proceeds in either (i) a zero coupon bond, or

equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Note equal to the Issue Price of the Note, (ii) commercial paper rated at least A1/P1 or above by Moody's Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be deducted from the value of the Note) or (iii) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Calculation Agent in respect of such a deposit (each a Suspension Asset) as determined by the Calculation Agent in its discretion.

Notwithstanding that the Calculation Agent may have previously determined not to take a Permitted Action or only took one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Trigger Event, Potential Trigger Event, Insolvency or Merger Event. In such respect, the Issuer may make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions of the relevant Notes as the Calculation Agent determines appropriate to account for the fact that the Permitted Action selected has been altered.

Notwithstanding anything in this Condition 13, the Calculation Agent is under no obligation to determine that a Trigger Event, Potential Trigger Event, Insolvency or Merger Event has occurred or take any or all of the Permitted Actions.

(ii) Notice

Upon the Calculation Agent making a determination pursuant to (i) above, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of such determination.

(c) Definitions applicable to Fund Linked Notes

Averaging Date means, subject as provided in Condition 13(b)(i) above, each date (if any) specified as an Averaging Date in the applicable Pricing Supplement.

Effective Date means the date on which any Hedge Position becomes effective.

Fund means, subject to adjustment or substitution (if applicable) in accordance with this Condition 13, the Fund (or, if more than one, each Fund) specified in the applicable Pricing Supplement.

Fund Business Day means any day that is not a Saturday or a Sunday on which banks are open for general business in the jurisdictions specified in the applicable Pricing Supplement.

Fund Prospectus means the prospectus, offering memorandum, listing particulars or other document which contains, among other things, the investment, objectives, portfolio guidelines or strategy of the relevant Fund(s) as described in the applicable Pricing Supplement.

Fund Service Provider means any third party service provider appointed to provide services, directly or indirectly, to the Fund(s), whether or not specified in the Fund Prospectus, including but not limited to any adviser, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent.

Fund Shares means shares issued by the Fund(s) specified in the applicable Pricing Supplement.

Hedge Position means any purchase, sale, entry into or maintenance of, one or more (i) positions or contracts in Fund Shares, securities, options, futures, derivatives or foreign exchange, (ii) securities lending transactions or (iii) other instruments or arrangements (however described) by the Issuer, the Calculation Agent or any Hedge Provider in order to hedge the Issuer's risk of entering into and performing its obligations with respect to Notes.

Hedge Provider means any Affiliate(s) and/or any other part(y)(ies) and/or any special purpose vehicle(s) holding or entering into a Hedge Position in connection with the Issuer's hedging arrangements in respect of Notes.

Information Source means the information source specified in the applicable Pricing Supplement.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Relevant Party or Fund Service Provider, (A) all the shares, units or other equity interests of that Relevant Party, respectively, are required to be transferred to a trustee, liquidator or other similar official or (B) holders of all or some of the shares, units or other equity interests of that Relevant Party or Fund Service Provider, respectively, become legally prohibited from transferring them.

Management Company means, in respect of the Fund, the investment manager of the Fund or, in respect of any publication of the net asset value of the Fund, the service provider responsible for publishing such net asset value.

Merger Event means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Fund or Management Company, as applicable, or its subsidiaries with or into another entity in which the Fund or Management Company, as applicable, is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event.

Portfolio Guidelines means the investment guidelines, objectives and restrictions as set out in the Fund Prospectus.

Potential Trigger Event means any event or circumstance which would or may (with the expiry of a grace period, the giving of notice, the making of any determination or any

combination of any of the foregoing), in the determination of the Calculation Agent, constitute or cause a Trigger Event or where the Calculation Agent reasonably believes in good faith that a Trigger Event may have occurred but does not at that time have evidence thereof.

Relevant Party means, in respect of each Fund, the Fund, its Management Company or any prime broker, custodian or other service provider to the Fund.

Trigger Event means each of the following events, as determined by the Calculation Agent and/or the Issuer (as the case may be) (in the sole and absolute discretion of the Issuer or the Calculation Agent (as applicable)):

(a) **Global Events:**

- (i) The strategy/investment objective of the Fund has changed so that it is substantially different from that applicable at the Effective Date or, if applicable, the Substitution Date (as the case may be), or any material change in the underlying nature, strategy or risk of the Fund's portfolio, over and above that expected with respect to the trading strategies employed.
- (ii) The Calculation Agent is not satisfied that the Fund is being managed in accordance with its rules or in accordance with the description of the Fund's strategy/investment/portfolio objectives contained in the relevant Fund Prospectus prepared in connection with the marketing of the Fund, and the Management Company, any Fund Service Provider or director of the Fund has failed to take any action satisfactory to the Calculation Agent within five Business Days from the date on which such change occurred with a view towards correcting such change.
- (iii) The currency of denomination of the Fund Shares is amended so that the net asset value of the Fund Shares is no longer calculated in the same currency as at the Effective Date or, if applicable, Substitution Date, as the case may be.
- (iv) The activities of the Fund or the Management Company, or any Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or investigation by any administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Fund or the Management Company, or any Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (v) Written notification by the Management Company to holders of Fund Shares, or to the administrator of the Fund, that it believes it is not advisable to continue operation of the Fund because it is not

economically prudent to do so or the strategy/investment/portfolio objectives of the Fund cannot be met in the foreseeable future, or for similar reasons or the Fund ceasing to trade or a petition is made for the winding-up, dissolution or liquidation of the Fund.

- (vi) The Fund, the Management Company or any Fund Service Provider becomes party to any litigation or dispute which the Calculation Agent considers material.
- (vii) Any security granted by the Fund, the Management Company or any Fund Service Provider over any of their assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable to security over any such assets (including without limitation any repo or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repo, securities lending or other trading or dealing arrangement relating to the assets of the Fund becomes enforceable or terminable early by reason of any event of default (howsoever described) relating to the Fund, the Management Company or any Fund Service Provider.
- (viii) The Calculation Agent determines that the operation or organisation of the Fund or the Management Company (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Effective Date or, if applicable, the Substitution Date, as the case may be, or that any such procedures, processes or policies are either not being applied or are not being applied consistently with their application on the Effective Date or, if applicable, the Substitution Date, as the case may be.
- (ix) Any event or change affecting any of the structure, ownership, management, reputation or solvency of the Fund and/or any units in the capital of the Fund and/or the Management Company and/or any Fund Service Provider that the Calculation Agent does not pre-approve in writing and which is likely to have a significant impact on the value of the net asset value of the Fund Shares immediately or thereafter which the Calculation Agent determines is material.
- (x) The Fund, the Management Company or any Fund Service Provider has experienced or is experiencing a material adverse change, as determined by the Calculation Agent, in its business, assets, operations or financial condition.
- (xi) Any material amendments, changes, modifications or variations made to any of the material terms and conditions, contents of the Fund Prospectus or investment guidelines of the Fund (including a material change in the liquidity of the Fund) that has not been previously agreed with the Issuer and which could be detrimental to the Issuer.

- (xii) Any event occurs which, in the opinion of the Calculation Agent, causes or will, with the passage of time, cause the failure of the Management Company and/or the Fund and/or any Fund Service Provider to meet or maintain any material obligation or undertaking under the Fund's statutory and operating documents.
- (xiii) There is a reduction in the number of Fund Shares, or there is a reduction in the number of Fund Shares held for the account of any investor in the Fund for reasons beyond the control of that investor which the Calculation Agent considers material.
- (xiv) The Calculation Agent determines that the Issuer, its Affiliates or any Hedge Provider is or may in the future be unable, or that it may be difficult or impractical for any such entity to perform any obligation imposed on any such entity by the law or regulation of any relevant jurisdiction, including, without limitation, any regulatory reporting obligation, any relevant regulatory or administrative body or court of competent jurisdiction by reason of its investment in Fund Shares.
- (xv) Any circumstances affecting the availability of Fund Shares to any actual holder of Fund Shares as a result of which the Calculation Agent determines that if the Issuer, any of its Affiliates or any Hedge Provider were such holder, it would be unable to hedge its position with respect to the Notes on terms comparable to those applicable on the Effective Date.
- (xvi) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Fund (if the Fund is part of an umbrella structure with more than one sub-fund).
- (xvii) Significant market, trading or exchange disruption and/or crisis in the major financial markets.

(b) **Net Asset Value and Reporting:**

- (i) The Management Company (a) fails to calculate the net asset value of the Fund Shares for three consecutive days on which it was scheduled, in accordance with the rules of the Fund or the description contained in the Fund Prospectus or (b) makes any change to the methodology used for calculating either the net asset value of the Fund Shares or any estimate of the net asset value of the Fund Shares or (c) fails to calculate and publish the net asset value of the Fund Shares with the frequency set out in the Fund Prospectus or (d) fails to calculate and deliver any estimate of its net asset value to the Issuer or an Affiliate of the Issuer or a Hedge Provider in accordance with such timing as it has previously provided such information.
- (ii) The Fund, the Management Company or any Fund Service Provider amends the time delay between calculation of the net asset value (or any estimated net asset value) of the Fund Shares and the publication of such net asset value (or estimated net asset value) so that it is no longer the same as set out in the Fund Prospectus, or the Fund, the

Management Company or any Fund Service Provider fails to publish any other information relating to the Fund to be published in accordance with its rules or the Fund Prospectus or fails to publish such information in accordance with the timetable therefor set out in its rules or in the Fund Prospectus.

- (iii) The audited net asset value of the Fund Shares is in the determination of the Calculation Agent materially different from the related net asset value previously published by the Fund, or the auditors of the Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Fund or any net asset value published by the Fund, or the Calculation Agent considers that the net asset value of the Fund or of any sub-fund held by the Fund, in respect of any calculation date, does not reflect the net asset value of such fund as it would have been determined by the independent auditors of that fund using generally accepted accounting standards in the appropriate jurisdiction, unless the Calculation Agent receives the net asset value information in satisfactory form within 10 Fund Business Days of the date it was originally due.
- (iv) The decline in assets under management of the Fund since the Effective Date or, if applicable, the Substitution Date, as the case may be, is greater than 50 per cent., as determined by the Calculation Agent.
- (v) The Calculation Agent has not received from the Fund, the Management Company or any Fund Service Provider or director of the Fund, any reports, including but not limited to, risk reporting and/or financial reporting and/or audit reporting, required by the Calculation Agent in connection with the relevant Notes within any agreed time scale or has received, in the opinion of the Calculation Agent, erroneous reporting, unless cured within such period as may be agreed from time to time between the Calculation Agent and the Fund or the Management Company, or any director of the Fund or Fund Service Provider.

(c) **Fund Shares:**

Any of the following events relating to the Fund Shares:

- (i) a subdivision, reclassification or distribution of Fund Shares which has a diluting or concentrative effect on the theoretical value of the Fund Shares;
- (ii) a (A) dividend (including cash and whether ordinary or extraordinary), (B) distribution or (C) issue of Fund Shares, capital, securities, rights or other assets or interests to existing holders of Fund Shares which has or, in the opinion of the Calculation Agent, is likely to have an effect on the value of the Fund Shares;
- (iii) a call by the Fund in respect of Fund Shares that are not fully paid;

- (iv) any suspension or limitation on the trading of the relevant currencies in which the Fund Shares are denominated.
- (d) **Trading:**
 - (i) The Issuer, its Affiliates or any Hedge Provider would be required to pay or would otherwise incur (a) a subscription fee in respect of a purchase of Fund Shares or (b) a redemption fee in respect of a sale of Fund Shares (as the case may be) of the Fund in relation to their hedging activities in respect of the relevant Notes.
 - (ii) Any material suspension of or limitation imposed on trading of the Fund or on trading in the Fund Shares or any relevant currencies in which the Fund Shares are denominated (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Fund is deferred in whole or in part or is made at a value other than the related net asset value.
 - (iii) The failure of trading to commence, or the permanent discontinuation of trading of the Fund or in the Fund Shares.
 - (iv) The Issuer, its Affiliates or any Hedge Provider would be obliged (whether by the Management Company or otherwise) to redeem all or some of the Fund Shares that it is holding in relation to its hedging activities in respect of the relevant Notes.
 - (v) If, in the determination of the Calculation Agent, the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or funding spread to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Fund Shares of entering into and performing its obligations with respect to the relevant Notes or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).
 - (vi) The Fund or the Management Company amends the frequency at which Fund Shares can be traded so that it is no longer the same as set out in the Fund Prospectus or amends the timing for subscription or redemption of Fund Shares, including, without limitation, the timetable for payment of redemption proceeds upon redemption.
 - (vii) The Calculation Agent determines that if the Issuer or any of its Affiliates were to redeem Fund Shares, such person would not (i) receive full proceeds of such redemption in cash in accordance with the redemption proceeds timing set out in the Fund Prospectus or (ii) receive any in-kind distribution in full or part satisfaction of the redemption proceeds paid or payable to it.
 - (viii) The occurrence of any of the following: (i) a devaluation generally of, or decrease in liquidity in respect of, investments in any market in which the Fund is invested; (ii) a lack of availability of interbank funding to the Issuer, any of the Issuer's Affiliates or any Hedge

Provider at a commercially reasonable rate for the purposes of acquiring or maintaining a position in the Fund Shares; or (iii) any other market restrictions or events that have an adverse effect on the value of the Fund Shares, or on the ability of the Issuer, any of the Issuer's Affiliates or any Hedge Provider to hedge its exposure in connection with the relevant Notes, as determined by the Calculation Agent in its discretion.

- (ix) Any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between the Issuer and the Fund, or the Management Company, any Fund Service Provider or the directors of the Fund, which the Calculation Agent is advised, to its reasonable satisfaction, to be unenforceable.

(e) **Management Company and Fund Service Provider Failures:**

- (i) The Management Company indicates or acknowledges that in its opinion the strategy/investment/portfolio objectives of the Fund will not be, or are no longer able to be, met or the Management Company proposes or recommends the liquidation, dissolution or discontinuance of the Fund.
- (ii) Failure by the Management Company or any Fund Service Provider to (a) submit redemption notices, enter into subscription agreements, or take other action, in each case, within five Fund Business Days from the date on which a breach of the Portfolio Guidelines occurred, with a view towards curing such breach or (b) actually cure any breach of the parameters of the Portfolio Guidelines on the date on which the relevant breach of the Portfolio Guidelines occurred.
- (iii) The Calculation Agent is unable, or it is impracticable for the Calculation Agent, to promptly obtain any information in relation to the business, assets, operations or financial condition of the Fund, the Management Company or any Fund Service Provider which the Calculation Agent deems necessary for any determinations, including, but not be limited to, determinations in respect of the breach of any parameter of the Portfolio Guidelines and the occurrence of any Trigger Event or in the execution of its duties and obligations under the relevant Notes.
- (iv) Other than in connection with a market disruption, a failure by the Fund, the Management Company or any Fund Service Provider to submit redemption notices to the entities in which the Fund invests as and when required to begin the redemption process.
- (v) Failure by the Management Company to take action satisfactory to the Calculation Agent and within a prompt timescale satisfactory to the Calculation Agent so as to have cured within such time period as may be agreed to from time to time between the Calculation Agent and the Fund or the Management Company any breach of any representations, covenants and agreements under the investment management agreement relating to the Fund.

- (vi) Resignation by the Management Company as investment manager of the Fund or any Fund Service Provider, or termination or other change of the Management Company as investment manager or other Fund Service Provider or any change in the personnel of the Management Company or any Fund Service Provider, which the Calculation Agent considers material.
- (vii) The Management Company increases its management fee or incentive fee charged to the Fund in an amount that the Calculation Agent determines is material.
- (viii) The Management Company, the Fund or any Fund Service Provider or director of the Fund fails to provide the Calculation Agent with adequate information as may be required to determine the occurrence of a Trigger Event.
- (ix) Failure by the Fund and/or the Management Company or any Fund Service Provider or director of the Fund to notify or disclose to the Issuer, on the Effective Date, any information, event or circumstance that was in existence on such date and which the Calculation Agent determines is material.
- (x) The Management Company ceases to exist or trade or a petition is made for the winding-up, dissolution or liquidation of the Management Company.

(f) **Service Provider Failures:**

Any Fund Service Provider or the Management Company resigns or their relationship with the Fund or the Management Company, as applicable, is otherwise terminated and the Calculation Agent considers that such resignation or termination (as the case may be) is material, or such party is bankrupt, insolvent, wound-up, liquidated, dissolved, ceases to exist or otherwise ceases to continue to perform its duties.

(g) **Regulatory Constraints:**

- (i) There is any change in the regulatory or tax treatment applicable with respect to the Fund, the Management Company or Fund Service Provider which, in the determination of the Calculation Agent, could have an economic impact for the Issuer, its Affiliates or any Hedge Provider as a holder of an interest in the Fund, as the case may be, or could materially adversely affect the carrying out of the strategy/investment objective of the Fund or could result in the Fund, the Management Company or any Fund Service Provider incurring additional costs which, in the determination of the Calculation Agent, would be material.
- (ii) The Issuer deems it necessary or appropriate, in order for it or any of its Affiliates or any Hedge Provider to comply with or remain within any applicable legal and/or regulatory limits on the amounts of Fund Shares that it or they may hold, to redeem all or some of the Fund Shares.

- (iii) The Calculation Agent determines that the Issuer, its Affiliates or any Hedge Provider is or may in the future be unable, or that it may be difficult or impractical for any such entity to perform any obligation imposed on it by the law or regulation of any relevant jurisdiction, including, without limitation, any regulatory or accounting reporting obligation, any relevant regulatory or administrative body or court of competent jurisdiction by reason of its investment in Fund Shares.
- (h) **Hedge Provider:**
 - (i) A material decline in the creditworthiness of a party with whom the Issuer has entered into any relevant hedging transaction (a Relevant Hedging Transaction) in respect of the Issuer's obligations in connection with the Notes.
 - (ii) The general unavailability of:
 - (a) market participants who will agree to enter into a Relevant Hedging Transaction; or
 - (b) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.
- (i) **General:** Any other event which, in the discretion of the Calculation Agent, has an analogous effect to any of the events specified in this Condition 13.

Valuation Date means, subject as provided in Condition 13(b)(i) above, the date specified as the Valuation Date in the applicable Pricing Supplement.

14. Inflation Index Linked Notes

If the Notes are specified as Inflation Index Linked Interest Notes and/or Inflation Index Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 14 apply, as applicable, as modified by the applicable Pricing Supplement.

(a) Redemption of Inflation Index Linked Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of the Inflation Index Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date.

(b) Adjustments and Determination

(i) Modification and Discontinuation of the Inflation Index

If the Inflation Index is not published in a timely manner before any calculation is to be made, all relevant calculations will be determined by the Calculation Agent in its sole and absolute discretion by reference to the most recent value of the Inflation Index published in respect of a month prior to the relevant Inflation Fixing Month, adjusted in accordance with standard market methodologies, as determined by the Calculation Agent.

If the Inflation Index is discontinued or altered in the opinion of the Calculation Agent, the Issuer will use such other inflation index deemed appropriate by it or determine a substitute Inflation Index level in its sole and absolute discretion.

If, at any time, the Inflation Index is revised to a new base, the Calculation Agent, acting in its sole and absolute discretion, will make any necessary adjustments to ensure that the economic equivalent of the Notes is preserved.

In each of the above cases, (I) the Calculation Agent may make such adjustments to any of the Conditions as it considers appropriate to account for any event and determine the date(s) on which any such adjustments will be effective; or (II) the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

(ii) Notice

Upon the Calculation Agent making a determination pursuant to (i) above, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of such determination.

(c) Definitions applicable to Inflation Index Linked Notes

Averaging Date means, subject as provided in Condition 14(b)(i) above, each date (if any) specified as an Averaging Date in the applicable Pricing Supplement.

Index Sponsor means, in relation to an Inflation Index, the entity that announces (directly or through an agent) the level of such Inflation Index or any successor index sponsor.

Inflation Fixing Months means the months specified in the applicable Pricing Supplement for which the level of the Inflation Index was reported, regardless of when this information is published or announced or if the period for which it is reported is a period other than a month then Inflation Fixing Month is the month at the end of such period.

Inflation Index means, subject to adjustment in accordance with this Condition 14, the Inflation Index (or, if more than one, each the Inflation Index) specified in the applicable Pricing Supplement.

Information Source means the information source specified in the applicable Pricing Supplement.

Valuation Date means, subject as provided in Condition 14(b)(i) above, the date specified as the Valuation Date in the applicable Pricing Supplement.

15. Certificate Linked Notes

If the Notes are specified as Certificate Linked Interest Notes and/or Certificate Linked Redemption Notes in the applicable Pricing Supplement, the provisions of this Condition 15 apply, as applicable, as modified by the applicable Pricing Supplement.

(a) Redemption of Certificate Linked Notes

Unless previously redeemed or purchased and cancelled, each nominal amount of the Certificate Linked Notes equal to the Calculation Amount set out in the applicable Pricing Supplement (the **Specified Amount**) will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement on the Maturity Date.

(b) Adjustments and Determination

(i) Market Disruption Events

If the Calculation Agent determines in respect of any day on which the price of a Certificate is to be determined (each a **Certificate Valuation Date**) that a Market Disruption Event has occurred or is occurring in respect of one or more Certificates, then the Calculation Agent shall determine the price of the relevant Certificate(s) on such Certificate Valuation Date, at such time and in such manner, as it considers commercially reasonable in its sole and absolute discretion, acting in good faith.

If the Calculation Agent determines that on any Business Day a Market Disruption Event has occurred or is occurring, then the Calculation Agent shall determine if such Market Disruption Event has a material effect on the Notes and, if so, (I) the Calculation Agent may make such adjustments to any of the Conditions as it considers appropriate to account for any such Market Disruption Event and determine the date(s) on which any such adjustments will be effective; or (II) the Issuer may give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest.

(ii) Notice

Upon the Calculation Agent making a determination pursuant to (i) above, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of such determination.

(c) Definitions applicable to Certificate Linked Notes

Averaging Date means, subject as provided in Condition 15(b)(i) above, each date (if any) specified as an Averaging Date in the applicable Pricing Supplement.

Certificate means the Certificate (or, if more than one, each Certificate) specified in the applicable Pricing Supplement.

Exchange means the exchange or quotation system specified in the applicable Pricing Supplement or any successor to such exchange or quotation system.

Information Source means the information source specified in the applicable Pricing Supplement.

Market Disruption Event means the suspension of or limitation imposed on trading either (i) on any exchange on which the Underlying is listed and/or traded or (ii) on any exchange on which any futures, forward or options contract with respect to the Underlying are listed and/or traded if, in the determination of the Calculation Agent, such suspension or limitation is material.

Valuation Date means, subject as provided in Condition 15(b)(i) above, the date specified as the Valuation Date in the applicable Pricing Supplement.

16. Additional Disruption Events

(a) Definitions

Additional Disruption Event means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Insolvency Filing and/or Loss of Stock Borrow, in each case if specified as “Applicable” in the applicable Pricing Supplement, provided that Hedging Disruption shall apply unless otherwise specified in the applicable Pricing Supplement.

Change in Law means that, on or after the Trade Date (as specified in the applicable Pricing Supplement) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in its sole and absolute discretion that (X) it has become illegal to hold, acquire or dispose of Hedging Positions or (Y) the Issuer will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its Affiliates).

Hedging Disruption means that the Issuer and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

Hedging Positions means any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, commodities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instructions or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, the Notes.

Hedging Shares means the number of Underlying Equities (in the case of Equity Linked Notes) or securities/commodities comprised in an Index (in the case of Index Linked Notes) that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Notes.

Increased Cost of Hedging means that the Issuer and/or any of its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Issuer deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

Increased Cost of Stock Borrow means that the Issuer and/or any of its Affiliates would incur a rate to borrow any Underlying Equity (in the case of Equity Linked Notes) or any security/commodity comprised in an Index (in the case of Index Linked Notes) that is greater than the Initial Stock Loan Rate.

Initial Stock Loan Rate means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the rate which the Issuer and/or any of its Affiliates would have incurred to borrow such Underlying Equity or such security/commodity, as the case may be, as of the Trade Date, as determined by the Issuer.

Insolvency Filing means that an Equity Issuer institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Issuer shall not be deemed an Insolvency Filing.

Loss of Stock Borrow means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Underlying Equity (in the case of Equity Linked Notes) or any securities/commodities comprised in an Index (in the case of Index Linked Notes) in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

Maximum Stock Loan Rate means, in respect of an Underlying Equity (in the case of Equity Linked Notes) or a security/commodity comprised in an Index (in the case of Index Linked Notes), the lowest rate at which the Issuer and/or any of its Affiliates, after using commercially reasonable efforts, would have incurred to borrow (and maintain a borrowing of) such Underlying Equity or such security/commodity, as the case may be, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Issuer.

(b) *Occurrence of Additional Disruption Events*

If an Additional Disruption Event occurs, the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Final Redemption Amount and/or the Rate of Interest and/or the Interest Amount(s) and/or the Asset Amount and/or the Strike Price and/or any of the other terms of these Conditions and/or the applicable Pricing Supplement to account for the Additional Disruption Event including (in respect of Equity Linked Notes) (unless "Equity Substitution" is specified as not applying in the applicable Pricing Supplement) the substitution of the Substituted Equity the subject of the Additional Disruption Event by a New Equity and determine the effective date of that adjustment; or
- (ii) give notice to the Noteholders in accordance with Condition 23 and redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount (determined in accordance with the applicable Pricing Supplement) together with, if so specified in the applicable Pricing Supplement, accrued interest.

If the provisions of Condition 9(b) apply, the Calculation Agent may (in respect of Equity Linked Notes) (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the relevant Additional Disruption Event, made by an options exchange to options on the Underlying Equities traded on that options exchange.

In making any determination in respect of any such adjustment, the Issuer and/or Calculation Agent shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such determination for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Issuer and/or Calculation Agent shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Calculation Agent, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Noteholders, Receiptholders or Couponholders.

Upon the occurrence (if applicable) of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 23 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

17. Taxation

The Issuer will not be obliged to gross up any payments in respect of the Notes and will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer or presentation and surrender for payment of any Note and all payments made by the Issuer shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

18. Prescription

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor. There shall be no prescription period for Talons but there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

Claims against the Issuer for delivery of any Asset Amount shall be prescribed and become void unless made within one year of the date on which the relevant Asset Amount becomes deliverable.

The **Relevant Date** in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes, or the Trustee on or prior to such due date) the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Noteholders in accordance with Condition 23.

19. Events of Default

The Trustee at its discretion may, and, if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes of any Series then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the holders of the Notes of any Series then outstanding, shall (subject to its being indemnified or secured to its satisfaction), (subject, in the case of the happening of any of the events mentioned in sub-paragraph (ii) below, to the Trustee having certified in writing to the Issuer that the happening of such event is, in its opinion, materially prejudicial to the interests of holders of the Notes of that Series)

give notice to the Issuer that the Notes of that Series are, and they shall accordingly thereby immediately become, due and repayable if any of the following events occurs and is continuing:

- (i) if default is made for a period of seven days or more in the payment of any principal or for a period of 14 days or more in the payment of any interest due in respect of the Notes of that Series or any of them or if default is made for a period of seven days in the delivery of any Asset Amount due in respect of the Notes of that Series or any of them; or
- (ii) if the Issuer fails to perform or observe any of its other obligations under the Notes of that Series or the Receipts and Coupons (if any) relating thereto or the Trust Deed and (except in the case of a failure to observe a payment or delivery obligation under the terms thereof) such failure continues for a period of 30 days after written notice thereof has been given by the Trustee to the Issuer requiring the same to be remedied; or
- (iii) if an order is made or an effective resolution is passed for the winding up, dissolution or liquidation of the Issuer (except in any such case for the purposes of a merger, reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the holders of the Notes of the relevant Series).

Unless otherwise specified in the applicable Pricing Supplement, Notes which become due and repayable pursuant to this Condition 19 shall be repaid by the Issuer at the relevant Early Redemption Amount (determined in accordance with Condition 5(d)) together with, if so specified in the applicable Pricing Supplement, accrued interest.

At any time after the Notes of any Series or any of them shall have become immediately due and repayable and have not been repaid the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment thereof together with accrued interest and to enforce the provisions of the Trust Deed and these Conditions, but it shall not be bound to institute any such proceedings unless (x) it shall have been so directed by an Extraordinary Resolution of the holders of Notes of such Series or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes of such Series then outstanding and (y) it shall have been indemnified or secured to its satisfaction. No holder of Notes of any Series or the Receipts or Coupons relating thereto shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

20. Replacement of Notes, Receipts, Coupons and Talons

Should any Note (including any Global Note), Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent or, as the case may be, the Registrar upon payment by the claimant of such costs and expenses 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 Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

21. Agent, Registrar and Paying Agents and Calculation Agent determination

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below and the name and initial specified office of the initial Registrar are set out below if this is a Registered Note.

The Issuer is entitled, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and/or the Registrar and/or appoint additional or other Paying Agents and/or other Registrars and/or approve any change in the specified office through which any Paying Agent and/or the Registrar acts, provided that:

- (a) there will at all times be an Agent and a Paying Agent, which may be the Agent (other than in respect of Notes cleared through CREST);
- (b) if, and so long as, Bearer Notes are listed on any stock exchange, there will at all times be a Paying Agent, which may be the Agent, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange; and
- (c) there will at all times be a Registrar which, so long as Registered Notes are listed on any stock exchange, will have a specified office in each location required by the rules and regulations of the relevant stock exchange; and
- (d) the Issuer will, so far as reasonably practicable, ensure that it maintains a Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with or introduced in order to conform to such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4(d). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 23.

In acting under the Agency Agreement, the Agent, the other Paying Agents and the Registrar will act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee, and do not assume any obligations or relationships of agency or trust to or with the Noteholders, Receiptholders and Couponholders, except that (without affecting the obligations of the Issuer to the Noteholders, Receiptholders and Couponholders to repay Notes and pay interest thereon) funds received by the Agent, any other Paying Agent or the relevant Registrar for the payment of any sums due in respect of the Notes shall be held by them in trust for the Noteholders and/or Receiptholders and/or Couponholders until the expiration of the relevant period of prescription under Condition 18. The Agency Agreement contains provisions for the indemnification of the Paying Agents and the relevant Registrar and for their relief from responsibility in certain circumstances, and entitles any of them to enter into business transactions with the Issuer without being liable to account to the Noteholders, Receiptholders or Couponholders for any resulting profit.

In acting under the Registry Services Agreement, the relevant Registrar will act solely as agent of the Issuer and, in certain circumstances specified therein, of the Trustee, and does not assume any obligations or relationships of agency or trust to or with the Noteholders, except that (without affecting the obligations of the Issuer to Noteholders, to repay Notes and pay interest thereon) funds received by such Registrar for the payment of any sums due in respect of the Notes shall be held by them in trust for the relevant Noteholders.

All discretions exercised and calculations and determinations made in respect of the Notes by the Calculation Agent shall be made in its sole and absolute discretion and in good faith and shall (save in the case of manifest error) be final, conclusive and binding on the Issuer, the Agent, any other Paying Agent, the relevant Registrar, the Noteholders, the Receiptholders and the Couponholders.

22. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may (subject to Condition 18) be surrendered at the specified office of the Agent or any other Paying Agent outside the United States in exchange for a further Coupon sheet, including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bearer Note to which it appertains) a further Talon. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

23. Notices

- (a) All notices regarding the Bearer Notes of any Series shall be validly given if published in a leading English language daily newspaper of general circulation in (in the case of all Bearer Notes except those cleared through the CMU Service) London (which is expected to be the *Financial Times*) and in (in the case of Bearer Notes cleared through the CMU Service) Hong Kong (which is expected to be the *South China Morning Post*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Bearer Notes of any Series in accordance with this Condition.

All notices to holders of Registered Notes (other than Registered Notes cleared through CREST or the CMU Service) will be valid if mailed to their registered addresses appearing on the register. All notices to holders of Registered Notes cleared through the CMU Service will be valid if delivered to the CMU Service for communication by them to the persons shown in their respective records as having interests therein. All notices to holders of Registered Notes cleared through CREST will be valid if delivered to the Registrar for communication by them to the relevant Noteholders. Any such notice shall be deemed to have been given on the third day after the day on which it was mailed. In addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, a copy of such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

In the case of Notes which are not cleared through the CMU Service, until such time as any definitive Bearer Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

In the case of Notes which are held in the CMU Service, until such time as any definitive Notes are issued and so long as the Global Note is held in its entirety on

behalf of the CMU Service, any notice to the holders of the Notes shall be validly given by the delivery of the relevant notice to the account holder shown in a CMU Instrument Position Report or other relevant notification issued by the CMU Operator on the Business Day preceding the date of dispatch of such notice as holding interests in the Global Note. Any such notice shall be deemed to have been given to the Noteholders on the second Business Day (as defined in Condition 3(c)) after which such notice is delivered to the persons shown in the CMU Instrument Position Report or other relevant notification issued by the CMU Operator. Any notice to the holder of any definitive Note shall be validly given if published in the *South China Morning Post* in Hong Kong or, if that newspaper shall cease to be published or timely publication therein shall not be practicable, in another English language newspaper with general circulation in Hong Kong. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first such publication as provided above.

- (b) Subject to the provisions of Condition 23(c) below, notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent or the Registrar, as the case may be. Whilst any of the Bearer Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.
- (c) Notwithstanding the provisions of Condition 23(b) above, if “Notices to the Issuer” is specified as applying in the applicable Pricing Supplement, notices to be given by any Noteholder to the Issuer regarding the Notes will be validly given if delivered in writing to the Issuer as specified in the applicable Pricing Supplement. Any such notice shall be deemed to have been given on the day when delivered or, if delivered after 5.00 p.m. in the place of location of the Issuer on an Issuer Business Day or if delivered in the place of location of the Issuer on a day which is not an Issuer Business Day, will be deemed effective on the next following Issuer Business Day. In the case of Bearer Notes, the relevant Noteholder must provide satisfactory evidence to the Issuer of its holding of Bearer Notes which, so long as the Bearer Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, is expected to be in the form of certification from Euroclear and/or Clearstream, Luxembourg, as the case may be.

Issuer Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the Issuer Business Centre specified in the applicable Pricing Supplement.

24. Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor

The Trust Deed contains provisions for convening meetings of Noteholders (or the holders of the Notes of any one or more Series) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Conditions of the Notes of any one or more Series or the provisions of the Trust Deed. Such a meeting may be convened by the Trustee, the Issuer or the Trustee upon the request of Noteholders holding not less than ten per cent, in nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being remaining outstanding. The quorum at any such meeting convened to consider a resolution proposed as an Extraordinary Resolution is two more persons holding or representing a clear majority in nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being

outstanding, or at any adjourned meeting two or more persons being or representing Noteholders (or, as the case may be, holders of the Notes of the relevant one or more Series) whatever the nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding so held or represented, except that at any meeting the business of which includes the modification of certain of the Conditions of the Notes (or, as the case may be, the Notes of the relevant one or more Series) (including postponing the date of maturity of such Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or Asset Amount or the rate of interest payable in respect of such Notes, varying the method of calculating the Asset Amount, the rate of interest or reducing the minimum or maximum rate of interest on the Notes, altering the currency of payment of the Notes and the Receipts and Coupons relating thereto or modifying the majority required to pass an Extraordinary Resolution) or certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes (or, as the case may be, the Notes of the relevant one or more Series) for the time being outstanding. An Extraordinary Resolution duly passed at any meeting of the Noteholders (or, as the case may be, all the holders of the Notes of the relevant one or more Series) shall be binding on all the Noteholders (or, as the case may be, holders of the Notes of the relevant one or more Series), whether or not they are present at the meeting, and on all holders of Receipts and Coupons relating to the relevant Notes.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders (or, as the case may be, the holders of the Notes, Receipts or Coupons of the relevant one or more Series), to:

- (a) any modification (subject to certain exceptions as provided in the Trust Deed) of the Conditions of the Notes (or, as the case may be, the Notes of any one or more Series), the Receipts and Coupons relating thereto or of the provisions of the Trust Deed which in its opinion is not materially prejudicial to the interests of the Noteholders (or, as the case may be, the holders of the Notes of the relevant one or more Series); or
- (b) any modification of the Conditions of the Notes (or, as the case may be, the Notes of the relevant one or more Series), the Receipts and Coupons relating thereto or the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders (or, as the case may be, the holders of the Notes, Receipts or Coupons of the relevant one or more Series) and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders (or, as the case may be, the holders of the Notes of the relevant one or more Series) in accordance with Condition 23 as soon as practicable thereafter.

The Trustee may also waive or authorise any breach or proposed breach of the Conditions of the Notes (or, as the case may be, the Notes of any one or more Series) or the provisions of the Trust Deed in relation to such Notes which, in its opinion, is not materially prejudicial to the interests of the holders of the Notes of the relevant Series.

The Trustee may also agree, subject to the conditions set out in the immediately following sentence and to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, the Receiptholders or the Couponholders of the relevant Series of Notes, to the substitution of the Holding Company or

of a subsidiary of the Issuer in place of the Issuer as principal debtor under the Notes, the Receipts and the Coupons of any Series and under the Trust Deed in relation to such Notes, Receipts and Coupons. Such agreement shall only be granted if, *inter alia*, (i) the obligations of such substituted principal debtor thereunder are guaranteed by the Issuer on a basis acceptable to the Trustee and (ii) the Trustee is satisfied that such substitution is not materially prejudicial to the interests of the Noteholders, the Receiptholders and the Couponholders of such Series. The Trustee may further agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, the Receiptholders and the Couponholders of the relevant Series of Notes, to the substitution, in place of the Issuer as principal debtor under the Notes, the Receipts and the Coupons of any Series and under the Trust Deed in relation to such Notes, Receipts and Coupons, of a Successor in Business (as defined in the Trust Deed).

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Noteholders (or the Noteholders of the relevant one or more Series, as the case may be) as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders.

25. Further Issues

The Issuer shall be at liberty from time to time without the consent of the relevant Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as (or the same in all respects save for the Issue Date, Interest Commencement Date and Issue Price), and so that the same shall be consolidated and form a single Series with, the outstanding Notes of a particular Series. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of each Series in certain circumstances where the Trustee so decides.

26. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and/or any of its subsidiaries without accounting for any profit resulting therefrom and to act as Trustee for the holders of any other securities issued by the Issuer.

27. Contracts (Rights of Third Parties) Act 1999

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

28. Governing Law and Submission to Jurisdiction

The Trust Deed, the Agency Agreement, the Registry Services Agreement, the Notes, the Receipts and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by English law. The Issuer has submitted to the jurisdiction of the English courts in the Trust Deed and has appointed the Issuer's London office at the date hereof situated at Fifth Floor, 280 Bishopsgate, London EC2M 4RB as its agent for service of process in England.

SCHEDULE

Exchange Traded Funds

- 1 For the avoidance of doubt, references in the Conditions to “Underlying Equities” includes shares or units in exchange traded funds (and related expressions shall be construed accordingly).
- 2 If “Exchange Traded Fund” is specified to apply in the applicable Pricing Supplement, the following provisions shall apply in addition to, and without prejudice to, the provisions of Condition 8 (*Equity Linked Notes*) (except for the provisions relating to “Equity Substitution”, which shall not apply). In the case of inconsistency between the provisions of this Schedule and the provisions of Condition 8, the provisions of this Schedule shall prevail:

If the Calculation Agent determines in respect of any day on which the price of any Exchange Traded Fund Shares is to be determined (each an Exchange **Traded Fund Valuation Date**) that a Trigger Event, Potential Trigger Event or Insolvency in respect of the Exchange Traded Fund, the Exchange Traded Management Company or any Exchange Traded Fund Service Provider, or any Merger Event in respect of the Exchange Traded Fund or the Exchange Traded Management Company has occurred or is occurring, then the Calculation Agent shall determine the price of the relevant Exchange Traded Fund Shares on such Exchange Traded Fund Valuation Date, at such time and in such manner, as it considers commercially reasonable in its sole and absolute discretion, acting in good faith.

Following the determination by the Calculation Agent of the occurrence of any Trigger Event, Potential Trigger Event or Insolvency in respect of the Exchange Traded Fund, the Exchange Traded Management Company or any Exchange Traded Fund Service Provider, or any Merger Event in respect of the Exchange Traded Fund or the Exchange Traded Management Company, (and regardless of whether or not such event is then continuing) the Calculation Agent may (but shall not be obliged to) in its discretion take any of following actions (each, a **Permitted Action**):

- (a) (X) make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and relating to the relevant Notes as the Calculation Agent determines appropriate to account for the economic effect on the relevant Notes of such Trigger Event, Potential Trigger Event, Insolvency or Merger Event and (Y) determine the effective date of the relevant adjustments; or
- (b) if specified as applicable in the applicable Pricing Supplement, select a replacement exchange traded fund (the **Replacement Exchange Traded Fund**), which in its reasonable opinion has a similar risk profile as the Exchange Traded Fund as determined by the Calculation Agent to replace such Exchange Traded Fund and the appropriate date (the **Substitution Date**) for the replacement of the Exchange Traded Fund by the Replacement Exchange Traded Fund;

Following any such selection (i) the Replacement Exchange Traded Fund shall replace the Exchange Traded Fund on the Substitution Date and (ii) the Calculation Agent shall, in good faith, make such adjustment as it determines to be appropriate, if any, to any variable, calculation methodology, valuation,

settlement, payment terms or any other terms and conditions in relation to the relevant Notes to reflect such substitution;

- (c) redeem all, but not some only, of the Notes, each Specified Amount being redeemed at the Early Redemption Amount determined in accordance with the applicable Pricing Supplement together with, if so specified in the applicable Pricing Supplement, accrued interest; or
- (d) if “Suspension Asset” is specified as applicable in the applicable Pricing Supplement, make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions as are necessary to reflect a notional liquidation of all of the Exchange Traded Fund Shares (with the timing of such notional liquidations being the same timing as would be the case on an actual liquidation of Exchange Traded Fund Shares at the relevant time) and a notional investment of the liquidation proceeds in either (i) a zero coupon bond, or equivalent, such that the amount payable at redemption of such zero coupon bond is at least an amount per Note equal to the Issue Price of the Note, (ii) commercial paper rated at least A1/P1 or above by Moody’s Investors Service, Inc. (any transaction costs that would be incurred in respect of an actual such investment may be deducted from the value of the Note) or (iii) an interest bearing deposit bearing interest at prevailing rates that would be offered by the Calculation Agent in respect of such a deposit (each a **Suspension Asset**) as determined by the Calculation Agent in its discretion.

Notwithstanding that the Calculation Agent may have previously determined not to take a Permitted Action or only took one Permitted Action, it shall not be prevented from subsequently or concurrently deciding to adopt an additional or different Permitted Action in respect of the same Trigger Event, Potential Trigger Event, Insolvency or Merger Event. In such respect, the Issuer may make such adjustments to any variable, calculation methodology, valuation, settlement, payment terms or any other terms and conditions of the relevant Notes as the Calculation Agent determines appropriate to account for the fact that the Permitted Action selected has been altered.

Notwithstanding anything contained in this Schedule, the Calculation Agent is under no obligation to determine that a Trigger Event, Potential Trigger Event, Insolvency or Merger Event has occurred or take any or all of the Permitted Actions.

Upon the Calculation Agent making a determination pursuant to (i) above, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 23 giving details of such determination.

For the purposes of Schedule:

Effective Date means the date on which any Hedge Position becomes effective.

Exchange Traded Fund means, subject to adjustment or substitution (if applicable) in accordance with this Schedule, the issuer in respect of any share specified in the applicable Pricing Supplement where such issuer is identified in the applicable Pricing Supplement to be an “Exchange Traded Fund” (being the relevant “Underlying Issuer” specified in the applicable Pricing Supplement in respect of any such share) and related expressions shall be construed accordingly.

Exchange Traded Fund Business Day means any day that is not a Saturday or a Sunday on which banks are open for general business in the jurisdiction(s) specified in the applicable Pricing Supplement.

Exchange Traded Fund Documents means the constitutive and governing documents of the relevant Exchange Traded Fund, including, but not limited to any prospectus, programme document, offering memorandum, listing particulars or other document which contains, among other things, the investment objectives, portfolio guidelines or strategy of the Exchange Traded Fund and the subscription agreements and other agreements relating to Exchange Traded Fund Shares.

Exchange Traded Fund Service Provider means any third party service provider appointed to provide services, directly or indirectly, to the Exchange Traded Fund, whether or not specified in any Exchange Traded Fund Documents, including but not limited to any adviser, administrator, operator, management company, depository, custodian, sub-custodian, prime broker, trustee, registrar and transfer agent or domiciliary agent.

Exchange Traded Fund Shares means the shares issued by an issuer which is identified in the applicable Pricing Supplement to be an “Exchange Traded Fund”.

Hedge Position means any purchase, sale, entry into or maintenance of, one or more (i) positions or contracts in Exchange Traded Fund Shares, securities, options, futures, derivatives or foreign exchange, (ii) securities lending transactions or (iii) other instruments or arrangements (however described) by the Issuer, the Calculation Agent or any Hedge Provider in order to hedge the Issuer’s risk of entering into and performing its obligations with respect to Notes.

Hedge Provider means any Affiliate(s) and/or any other party(ies) and/or any special purpose vehicle(s) holding or entering into a Hedge Position in connection with the Issuer’s hedging arrangements in respect of Notes.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Relevant Party, (A) all the shares, units or other equity interests of that Relevant Party, respectively, are required to be transferred to a trustee, liquidator or other similar official or (B) holders of all or some of the shares, units or other equity interests of that Relevant Party, respectively, become legally prohibited from transferring them.

Exchange Traded Fund Management Company means, in respect of an Exchange Traded Fund, the investment manager of the Exchange Traded Fund or, in respect of any publication of the net asset value of the Exchange Traded Fund, the service provider responsible for publishing such net asset value.

Merger Event means, in respect of any relevant shares, units or interests issued by a Relevant Party, any (i) reclassification or change of such shares, units or interests that results in a transfer of or an irrevocable commitment to transfer all of such shares, units or interests outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of such Relevant Party with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Relevant Party is the continuing entity and which does not result in a reclassification or change of all of such shares, units or interests outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of

the outstanding shares, units or interests of such Relevant Party that results in a transfer of or an irrevocable commitment to transfer all such shares, units or interests (other than such shares, units or interests owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Exchange Traded Fund or Exchange Traded Fund Management Company, as applicable, or its subsidiaries with or into another entity in which the Exchange Traded Fund or Exchange Traded Management Company, as applicable, is the continuing entity and which does not result in a reclassification or change of all such shares, units or interests outstanding but results in the outstanding shares, units or interests (other than shares, units or interests owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding shares, units or interests immediately following such event.

Portfolio Guidelines means the investment guidelines, objectives and restrictions of the Exchange Traded Fund as set out in the relevant Exchange Traded Fund Documents.

Potential Trigger Event means any event or circumstance which would or may (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing), in the determination of the Calculation Agent, constitute or cause a Trigger Event or where the Calculation Agent reasonably believes in good faith that a Trigger Event may have occurred but does not at that time have evidence thereof.

Relevant Party means the Exchange Traded Fund, its Exchange Traded Fund Management Company or any prime broker, custodian or other service provider to the Exchange Traded Fund.

Trigger Event means each of the following events, as determined by the Calculation Agent and/or the Issuer (as the case may be) (in the sole and absolute discretion of the Issuer or the Calculation Agent (as applicable)):

(a) **Global Events:**

- (i) The strategy/investment objective of the Exchange Traded Fund has changed so that it is substantially different from that applicable at the Effective Date or, if applicable, the Substitution Date (as the case may be), or any material change in the underlying nature, strategy or risk of the Exchange Traded Fund's portfolio, over and above that expected with respect to the trading strategies employed.
- (ii) The Calculation Agent is not satisfied that the Exchange Traded Fund is being managed in accordance with its rules or in accordance with the description of the Exchange Traded Fund's strategy/investment/portfolio objectives contained in the relevant Exchange Traded Fund Documents, and the Exchange Traded Fund Management Company, any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund has failed to take any action satisfactory to the Calculation Agent within five Business Days from the date on which such change occurred with a view towards correcting such change.
- (iii) The currency of denomination of the Exchange Traded Fund is amended so that the net asset value of the Exchange Traded Fund is

no longer calculated in the same currency as at the Effective Date or, if applicable, Substitution Date, as the case may be.

- (iv) The activities of the Exchange Traded Fund or the Exchange Traded Fund Management Company, or any Exchange Traded Fund Service Provider and/or any of their respective directors, officers, employees or agents are placed under review or investigation by any administrative or regulatory authority or court of competent jurisdiction and/or are subject to any charges or actions by any administrative or regulatory authority for reasons of wrongdoing, suspected wrongdoing, alleged engagement in fraudulent activities, breach of any rule or regulation or other similar reason and/or the Exchange Traded Fund or the Exchange Traded Fund Management Company, or any Exchange Traded Fund Service Provider and/or any of their respective directors, officers, employees or agents have any of their respective registrations, authorisations, licences or memberships with any administrative or regulatory authorities revoked, suspended, terminated, limited or qualified.
- (v) Written notification by the Exchange Traded Fund Management Company to holders of Exchange Traded Fund Shares, or to the administrator of the Exchange Traded Fund, that it believes it is not advisable to continue operation of the Exchange Traded Fund because it is not economically prudent to do so or the strategy/investment/portfolio objectives of the Exchange Traded Fund cannot be met in the foreseeable future, or for similar reasons or the Exchange Traded Fund ceasing to trade or a petition is made for the winding-up, dissolution or liquidation of the Exchange Traded Fund.
- (vi) The Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider becomes party to any litigation or dispute which the Calculation Agent considers material.
- (vii) Any security granted by the Exchange Traded Fund, the Exchange Traded Management Company or any Exchange Traded Fund Service Provider over any of their assets is enforced or becomes capable of being enforced or any arrangement which in the determination of the Calculation Agent is comparable to security over any such assets (including without limitation any repo or prime brokerage arrangement) becomes enforceable or capable of early termination or any derivatives, repo, securities lending or other trading or dealing arrangement relating to the assets of the Exchange Traded Fund becomes enforceable or terminable early by reason of any event of default (howsoever described) relating to the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider.
- (viii) The Calculation Agent determines that the operation or organisation of the Exchange Traded Fund or the Exchange Traded Management Company (including, without limitation, its organisational structure and its procedures, processes or policies in respect of investment selection, due diligence, asset allocation, risk management or investment monitoring) has changed from that at the Effective Date

or, if applicable, the Substitution Date, as the case may be, or that any such procedures, processes or policies are either not being applied or are not being applied consistently with their application on the Effective Date or, if applicable, the Substitution Date, as the case may be.

- (ix) Any event or change affecting any of the structure, ownership, management, reputation or solvency of the Exchange Traded Fund and/or any units in the capital of the Exchange Traded Fund and/or the Exchange Traded Fund Management Company and/or any Exchange Traded Fund Service Provider that the Calculation Agent does not pre-approve in writing and which is likely to have a significant impact on the price of the Exchange Traded Fund Shares immediately or thereafter which the Calculation Agent determines is material.
- (x) The Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider has experienced or is experiencing a material adverse change, as determined by the Calculation Agent, in its business, assets, operations or financial condition.
- (xi) Any material amendments, changes, modifications or variations made to any of the material terms and conditions or contents of any Exchange Traded Fund Documents or investment guidelines of the Exchange Traded Fund (including a material change in the liquidity of the Exchange Traded Fund) that has not been previously agreed with the Issuer and which could be detrimental to the Issuer.
- (xii) Any event occurs which, in the opinion of the Calculation Agent, causes or will, with the passage of time, cause the failure of the Exchange Traded Fund Management Company and/or the Exchange Traded Fund and/or any Exchange Traded Fund Service Provider to meet or maintain any material obligation or undertaking under the Exchange Traded Fund's statutory and operating documents.
- (xiii) There is a reduction in the number of Exchange Traded Fund Shares, or there is a reduction in the number of Exchange Traded Fund Shares held for the account of any investor in the Exchange Traded Fund Shares for reasons beyond the control of that investor which the Calculation Agent considers material.
- (xiv) The Calculation Agent determines that the Issuer, its Affiliates or any Hedge Provider is or may in the future be unable, or that it may be difficult or impractical for any such entity to perform any obligation imposed on any such entity by the law or regulation of any relevant jurisdiction, including, without limitation, any regulatory reporting obligation, any relevant regulatory or administrative body or court of competent jurisdiction by reason of its investment in Exchange Traded Fund Shares.
- (xv) Any circumstances affecting the availability of Exchange Traded Fund Shares to any actual holder of Exchange Traded Fund Shares as a result of which the Calculation Agent determines that if the Issuer, any of its Affiliates or any Hedge Provider were such holder, it

would be unable to hedge its position with respect to the Notes on terms comparable to those applicable on the Effective Date.

- (xvi) A cross-contamination or other failure effectively to segregate the portfolio of assets occurs between different series, classes and/or sub-funds in relation to the Exchange Traded Fund (if the Exchange Traded Fund is part of an umbrella structure with more than one sub-fund).
- (xvii) Significant market, trading or exchange disruption and/or crisis in the major financial markets.

(b) **Exchange Traded Fund Net Asset Value and Reporting:**

- (i) The Exchange Traded Fund Management Company (a) fails to calculate the net asset value of the Exchange Traded Fund for three consecutive days on which it was scheduled, in accordance with the rules of the Exchange Traded Fund or the description contained in the relevant Exchange Traded Fund Documents or (b) makes any change to the methodology used for calculating either the net asset value of the Exchange Traded Fund or any estimate of the net asset value of the Exchange Traded Fund or (c) fails to calculate and publish the net asset value of the Exchange Traded Fund with the frequency set out in the relevant Exchange Traded Fund Documents or (d) fails to calculate and deliver any estimate of the Exchange Traded Fund's net asset value to the Issuer or an Affiliate of the Issuer or a Hedge Provider in accordance with such timing as it has previously provided such information.
- (ii) The Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider amends the time delay between calculation of the net asset value (or any estimated net asset value) of the Exchange Traded Fund and the publication of such net asset value (or estimated net asset value) so that it is no longer the same as set out in the relevant Exchange Traded Fund Documents, or the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider fails to publish any other information relating to the Exchange Traded Fund to be published in accordance with its rules or the relevant Exchange Traded Fund Documents or fails to publish such information in accordance with the timetable therefor set out in its rules or in the relevant Exchange Traded Fund Documents.
- (iii) The audited net asset value of the Exchange Traded Fund is in the determination of the Calculation Agent materially different from the related net asset value previously published by the Exchange Traded Fund, or the auditors of the Exchange Traded Fund qualify any audit report, or refuse to provide an unqualified audit report, in respect of the Exchange Traded Fund or any net asset value published by the Exchange Traded Fund, or the Calculation Agent considers that the net asset value of the Exchange Traded Fund or of any sub-fund held by the Exchange Traded Fund, in respect of any calculation date, does not reflect the net asset value of such fund as it would have been determined by the independent auditors of that fund using generally

accepted accounting standards in the appropriate jurisdiction, unless the Calculation Agent receives the net asset value information in satisfactory form within ten Exchange Traded Fund Business Days of the date it was originally due.

- (iv) The decline in assets under management of the Exchange Traded Fund since the Effective Date or, if applicable, the Substitution Date, as the case may be, is greater than 50 per cent., as determined by the Calculation Agent.
- (v) The Calculation Agent has not received from the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund, any reports, including but not limited to, risk reporting and/or financial reporting and/or audit reporting, required by the Calculation Agent in connection with the relevant Notes within any agreed time scale or has received, in the opinion of the Calculation Agent, erroneous reporting, unless cured within such period as may be agreed from time to time between the Calculation Agent and the Exchange Traded Fund or the Exchange Traded Fund Management Company, or any director of the Exchange Traded Fund or Exchange Traded Fund Service Provider.

(c) **Exchange Traded Fund Shares:**

Any of the following events relating to the Exchange Traded Fund Shares:

- (i) a subdivision, reclassification or distribution of Exchange Traded Fund Shares which has a diluting or concentrative effect on the theoretical value of the Exchange Traded Fund Shares;
- (ii) a (A) dividend (including cash and whether ordinary or extraordinary), (B) distribution or (C) issue of Exchange Traded Fund Shares, capital, securities, rights or other assets or interests to existing holders of Exchange Traded Fund Shares which has or, in the opinion of the Calculation Agent, is likely to have an effect on the value of the Exchange Traded Fund Shares;
- (iii) a call by the Exchange Traded Fund in respect of Exchange Traded Fund Shares that are not fully paid; or
- (iv) any suspension or limitation on the trading of the relevant currencies in which the Exchange Traded Fund Shares are denominated.

(d) **Trading:**

- (i) The Issuer, its Affiliates or any Hedge Provider would be required to pay or would otherwise incur (a) a subscription fee in respect of a purchase of Exchange Traded Fund Shares or (b) a redemption fee in respect of a sale of Exchange Traded Fund Shares (as the case may be) of the Exchange Traded Fund in relation to their hedging activities in respect of the relevant Notes.
- (ii) Any material suspension of or limitation imposed on trading of the Exchange Traded Fund or on trading in the Exchange Traded Fund

Shares or any relevant currencies in which the Exchange Traded Fund Shares are denominated (for any reason, including, without limitation, by reason of liquidity restrictions) or any dealing request made by any investor or prospective investor in the Exchange Traded Fund Shares is deferred in whole or in part or is made at a value other than the relevant price.

- (iii) The failure of trading to commence, or the permanent discontinuation of trading of the Exchange Traded Fund or in the Exchange Traded Fund Shares.
- (iv) The Issuer, its Affiliates or any Hedge Provider would be obliged (whether by the Exchange Traded Fund Management Company or otherwise) to redeem all or some of the Exchange Traded Fund Shares that it is holding in relation to its hedging activities in respect of the relevant Notes.
- (v) If, in the determination of the Calculation Agent, the Issuer would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense, fee or funding spread to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to the Exchange Traded Fund Shares of entering into and performing its obligations with respect to the relevant Notes or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).
- (vi) The Exchange Traded Fund or the Exchange Traded Fund Management Company amends the timing for subscription or redemption of Exchange Traded Fund Shares, including, without limitation, the timetable for payment of redemption proceeds upon redemption.
- (vii) The Calculation Agent determines that if the Issuer or any of its Affiliates were to redeem Exchange Traded Fund Shares, such person would not (i) receive full proceeds of such redemption in cash in accordance with the redemption proceeds timing set out in the relevant Exchange Traded Fund Documents or (ii) receive any in-kind distribution in full or part satisfaction of the redemption proceeds paid or payable to it.
- (viii) The occurrence of any of the following: (i) a devaluation generally of, or decrease in liquidity in respect of, investments in any market in which the Exchange Traded Fund is invested; (ii) a lack of availability of interbank funding to the Issuer, any of the Issuer's Affiliates or any Hedge Provider at a commercially reasonable rate for the purposes of acquiring or maintaining a position in the Exchange Traded Fund Shares; or (iii) any other market restrictions or events that have an adverse effect on the value of the Exchange Traded Fund Shares, or on the ability of the Issuer, any of the Issuer's Affiliates or any Hedge Provider to hedge its exposure in connection with the relevant Notes, as determined by the Calculation Agent in its discretion.

- (ix) Any agreement, whether by way of side letter or otherwise, in respect of any hedging arrangement entered into between the Issuer and the Exchange Traded Fund, or the Exchange Traded Fund Management Company, any Exchange Traded Fund Service Provider or the directors of the Exchange Traded Fund, which the Calculation Agent is advised, to its reasonable satisfaction, to be unenforceable.
- (e) **Exchange Traded Fund Management Company and Exchange Traded Fund Service Provider Failures:**
- (i) The Exchange Traded Fund Management Company indicates or acknowledges that in its opinion the strategy/investment/portfolio objectives of the Exchange Traded Fund will not be, or are no longer able to be, met or the Exchange Traded Fund Management Company proposes or recommends the liquidation, dissolution or discontinuance of the Exchange Traded Fund.
 - (ii) Failure by the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider to (a) submit redemption notices, enter into subscription agreements, or take other action, in each case, within five Exchange Traded Fund Business Days from the date on which a breach of the Portfolio Guidelines occurred, with a view towards curing such breach or (b) actually cure any breach of the parameters of the Portfolio Guidelines on the date on which the relevant breach of the Portfolio Guidelines occurred.
 - (iii) The Calculation Agent is unable, or it is impracticable for the Calculation Agent, to promptly obtain any information in relation to the business, assets, operations or financial condition of the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider which the Calculation Agent deems necessary for any determinations, including, but not be limited to, determinations in respect of the breach of any parameter of the Portfolio Guidelines and the occurrence of any Trigger Event or in the execution of its duties and obligations under the relevant Notes.
 - (iv) Other than in connection with a market disruption, a failure by the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider to submit redemption notices to the entities in which the Fund invests as and when required to begin the redemption process.
 - (v) Failure by the Exchange Traded Fund Management Company to take action satisfactory to the Calculation Agent and within a prompt timescale satisfactory to the Calculation Agent so as to have cured within such time period as may be agreed to from time to time between the Calculation Agent and the Exchange Traded Fund or the Exchange Traded Fund Management Company any breach of any representations, covenants and agreements under the investment management agreement relating to the Exchange Traded Fund.
 - (vi) Resignation by the Exchange Traded Fund Management Company as investment manager of the Exchange Traded Fund or any Exchange Traded Fund Service Provider, or termination or other change of the

Exchange Traded Fund Management Company as investment manager or other Exchange Traded Fund Service Provider or any change in the personnel of the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider, which the Calculation Agent considers material.

- (vii) The Exchange Traded Fund Management Company increases its management fee or incentive fee charged to the Exchange Traded Fund in an amount that the Calculation Agent determines is material.
- (viii) The Exchange Traded Fund Management Company, the Exchange Traded Fund or any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund fails to provide the Calculation Agent with adequate information as may be required to determine the occurrence of a Trigger Event.
- (ix) Failure by the Exchange Traded Fund and/or the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider or director of the Exchange Traded Fund to notify or disclose to the Issuer, on the Effective Date, any information, event or circumstance that was in existence on such date and which the Calculation Agent determines is material.
- (x) The Exchange Traded Fund Management Company ceases to exist or trade or a petition is made for the winding-up, dissolution or liquidation of the Exchange Traded Fund Management Company.

(f) **Exchange Traded Fund Service Provider Failures:**

Any Exchange Traded Fund Service Provider or the Exchange Traded Fund Management Company resigns or their relationship with the Exchange Traded Fund or the Exchange Traded Fund Management Company, as applicable, is otherwise terminated and the Calculation Agent considers that such resignation or termination (as the case may be) is material, or such party is bankrupt, insolvent, wound-up, liquidated, dissolved, ceases to exist or otherwise ceases to continue to perform its duties.

(g) **Regulatory Constraints:**

- (i) There is any change in the regulatory or tax treatment applicable with respect to the Exchange Traded Fund, the Exchange Traded Fund Management Company or Exchange Traded Fund Service Provider which, in the determination of the Calculation Agent, could have an economic impact for the Issuer, its Affiliates or any Hedge Provider as a holder of an interest in the Exchange Traded Fund, as the case may be, or could materially adversely affect the carrying out of the strategy/investment objective of the Exchange Traded Fund or could result in the Exchange Traded Fund, the Exchange Traded Fund Management Company or any Exchange Traded Fund Service Provider incurring additional costs which, in the determination of the Calculation Agent, would be material.
- (ii) The Issuer deems it necessary or appropriate, in order for it or any of its Affiliates or any Hedge Provider to comply with or remain within any applicable legal and/or regulatory limits on the amounts of

Exchange Traded Fund Shares that it or they may hold, to redeem all or some of the Exchange Traded Fund Shares.

- (iii) The Calculation Agent determines that the Issuer, its Affiliates or any Hedge Provider is or may in the future be unable, or that it may be difficult or impractical for any such entity to perform any obligation imposed on it by the law or regulation of any relevant jurisdiction, including, without limitation, any regulatory or accounting reporting obligation, any relevant regulatory or administrative body or court of competent jurisdiction by reason of its investment in Exchange Traded Fund Shares.

(h) **Hedge Provider:**

- (i) A material decline in the creditworthiness of a party with whom the Issuer has entered into any relevant hedging transaction (a **Relevant Hedging Transaction**) in respect of the Issuer's obligations in connection with the Notes.
- (ii) The general unavailability of:
 - (a) market participants who will agree to enter into a Relevant Hedging Transaction; or
 - (b) market participants who will so enter into a Relevant Hedging Transaction on commercially reasonable terms.

(i) **General:**

Any other event which, in the discretion of the Calculation Agent, has an analogous effect to any of the events specified in this Schedule.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer to fund its general banking business. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades and the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement, respectively (together, the “Circulars”), with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC, and (iii) the restriction on designated offshore districts was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle any current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC.

As a new regulation, the Circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circulars and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities. On 7 April 2011, SAFE issued the Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border Renminbi Capital Account Items, which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies.

On 12 October 2011, MOFCOM promulgated the Circular on Issues in relation to Crossborder Renminbi Foreign Direct Investment (the “MOFCOM Renminbi FDI Circular”), and pursuant to which, prior written consent from the appropriate office of MOFCOM and/or its local counterparts (depending on the size and the relevant industry of the investment) is required for Renminbi Foreign Direct Investment (the “RMB FDI”). The MOFCOM RMB

FDI Circular also requires that the proceeds of RMB FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in the PRC domestic listed companies through private placements or share transfers by agreement.

On 13 October 2011 and on 14 June 2012, the PBOC successively issued the Administrative Measures on Renminbi Settlement for Foreign Direct Investment (the “PBOC RMB FDI Measures”) and its implementation regulations (the “Implementation Regulations”), which jointly set out operating procedures for PRC banks to handle Renminbi settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBOC RMB FDI Measures, cross-border Renminbi settlement for RMB FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. Foreign invested enterprises, whether established or acquired by foreign investors, shall complete the corporate information registration after the completion of relevant RMB FDI transactions, and shall make post-event registration or filing with the PBOC of increases or decreases in registered capital, equity transfers or swaps, merger or acquisition or other changes to registered information. Pursuant to the Implementation Regulations, foreign-invested enterprises shall not borrow Renminbi funds from abroad until the registered capital is fully paid, and foreign-invested real estate enterprises shall not borrow Renminbi funds from abroad.

Foreign-invested enterprises can use the Renminbi funds in the special deposit account for Renminbi capital and the Renminbi general deposit account to repay the onshore and offshore debts. The Renminbi funds in the special deposit account for Renminbi capital and the Renminbi general deposit account shall be used in accordance with the scope of business approved by relevant authorities, and shall not be used for the investment of securities or financial derivatives, or for entrusted loans, or for the purchase of financial products or owner-occupation real estate; and shall not be used for onshore reinvestment unless the reinvestment is made by foreign-invest holding companies.

As new regulations, such notices will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out under the relevant SAFE rules.

TAXATION

United Kingdom

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom tax law and HM Revenue & Customs practice relating only to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position may consider seeking their own professional advice.

1. *Payments of interest on the Notes*

Provided the Issuer continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the **Act**), and provided that the interest on the Notes is paid in the ordinary course of its business within the meaning of section 878 of the Act, the Issuer should be entitled to make payments of interest on the Notes without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the Notes may also be made without withholding or deduction for or on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Act. The Irish Stock Exchange is a recognised stock exchange for these purposes. Notes will be treated as listed on the Irish Stock Exchange if they are both admitted to trading by the Irish Stock Exchange and are officially listed in Ireland. HM Revenue & Customs have confirmed that securities that are admitted to trading on the Global Exchange Market satisfy the condition of being listed on the Irish Stock Exchange. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom tax whether or not the Issuer carries on a banking business in the United Kingdom and whether or not the interest is paid in the ordinary course of its business.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom tax where the maturity of the Notes is less than 365 days and the Notes are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of one year or more.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where, at the time the payment is made, the Issuer reasonably believes that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue & Customs has not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty, as applicable).

HM Revenue & Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

2. *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**), member states of the European Union (**EU**) are required to provide to the tax authorities of another member state of the EU details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident or certain other persons established in that other member state. However, for a transitional period, Luxembourg and Austria may instead (unless during that period they elect otherwise) impose a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The Luxembourg government has announced its intention to elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Directive (the **Amending Directive**) amending the Savings Directive, which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the circumstances in which information must be provided and/or tax withheld pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payments, through a “look through” approach. The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive. Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive and the Amending Directive on their investment.

3. *Stamp Duty and Stamp Duty Reserve Tax (SDRT)*

The United Kingdom stamp duty and SDRT analysis applicable to the transfer of a particular series of Notes will depend on the precise terms and conditions of those Notes. The following summary of the stamp duty and SDRT treatment of the transfer of Notes assumes that transfers of Bearer Notes will only take place either by delivery or by book-entry within Euroclear, Clearstream, Luxembourg or the CMU Service and that Registered Notes may be issued into CREST or Euroclear, or Clearstream, Luxembourg, DTC or the CMU Service and will be transferred either through CREST, by book-entry within Euroclear, Clearstream, Luxembourg, DTC or the CMU Service or under an instrument of transfer. It also assumes that the CMU Service is a clearance service for the purposes of Finance Act 1986 and that Notes will only be repayable in their currency of issue. The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

(a) *Bearer Notes*

Generally, no stamp duty will be payable on the issue of Bearer Notes or on any transfer by delivery. However, in relation to Bearer Notes which are denominated in Sterling and which are not loan capital, a charge to stamp duty at 1.5 per cent. of the value of such Notes will arise on issue. For these purposes, a Note would be loan capital if the holder has the right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Note, either with or without an additional amount that may be payable on redemption. In addition, it is likely that HM Revenue & Customs would regard a Note as loan capital even if there is no guarantee that the holder will receive on redemption an amount equal to all or substantially all of the amount subscribed for the Note. This will, however, depend on the Pricing Supplement relating to the Note.

No SDRT will be payable on the issue of Bearer Notes which are denominated in Sterling into Euroclear or Clearstream, Luxembourg or the CMU Service or any other clearance service or depositary receipt system. As a matter of UK domestic law, no SDRT will be payable on the issue of Bearer Notes which are denominated in a currency other than Sterling into Euroclear or Clearstream, Luxembourg or the CMU Service on the assumption that the Bearer Notes are issued for cash and do not carry any rights to acquire shares or other securities. Following the ECJ decision in *C-569/07 HSBC Holdings plc and Vidacos Nominees Ltd v The Commissioners of Her Majesty's Revenue & Customs* (Case C-569/07) and the First-tier Tax Tribunal decision in *HSBC Holdings Plc and the Bank of New York Mellon Corporation v The Commissioners of Her Majesty's Revenue & Customs* (the “**HSBC Decisions**”) HM Revenue & Customs has indicated that the overall effect of the HSBC Decisions is that the 1.5% SDRT charge is no longer applicable to issues of UK shares and securities to clearance services or depositary receipt issuers anywhere in the world. However, it is possible that HM Revenue & Customs might amend the United Kingdom stamp duty and/or SDRT regime.

SDRT will generally not be payable in relation to agreements to transfer Bearer Notes within Euroclear or Clearstream, Luxembourg, or the CMU Service unless the relevant clearance service has made an election under Section 97A Finance Act 1986, in which case SDRT may be payable (at the rate of 0.5 per cent. of the consideration) on an agreement to transfer unlisted Bearer Notes denominated in a currency other than Sterling or on an agreement to transfer Bearer Notes which carry rights to convert into, or acquire, shares or other securities to which such election applies (subject to the exceptions referred to in (c) below).

SDRT may be payable at the rate of 0.5 per cent. of the consideration (or 1.5 per cent. in the case of a transfer to a clearance service or to a depositary receipt system, or to an agent or nominee for such service or system) on any agreement to transfer unlisted Bearer Notes denominated in a currency other than Sterling or Bearer Notes which carry rights to convert into, or acquire, shares or other securities (subject to the exceptions referred to in (c) below).

(b) Registered Notes

No stamp duty or SDRT will be payable in respect of the issue of Registered Notes, including where such Notes are issued into CREST, provided they are not issued into (or into the CREST account of) Euroclear, Clearstream, Luxembourg, DTC or the CMU Service or any other clearance service or depositary receipt system or to an agent or nominee for such service or system).

In the case of an issue of Registered Notes into Euroclear, Clearstream, Luxembourg, DTC or the CMU Service or any other clearance service or depositary receipt system, as a matter of UK domestic law, SDRT may be payable at the rate of 1.5 per cent. of the issue price (subject to the exceptions referred to in (c) below). However, as noted above, HM Revenue & Customs has indicated that the overall effect of the HSBC Decisions is that the 1.5% SDRT

charge is no longer applicable to issues of UK shares and securities to clearance services or depositary receipt issuers anywhere in the world. However, it is possible that HM Revenue & Customs might amend the United Kingdom stamp duty and/or SDRT regime.

Depending on the terms of the Registered Notes, an instrument transferring Registered Notes on the sale of such Registered Notes may be subject to stamp duty at the rate of 0.5 per cent. (or 1.5 per cent. in the case of a transfer to a clearance service or to a depositary receipt service, or to an agent or nominee for such a service or system) of the consideration paid for the Registered Notes (subject to the exceptions referred to in (c) below). Where the transfer of Registered Notes is subject to stamp duty, the stamp duty is normally the liability of the purchaser.

SDRT will be payable at the rate of 0.5 per cent. of the consideration (or 1.5 per cent. in the case of a transfer to a clearance service or to a depositary receipt service, or to an agent or nominee for such a service or system) on transfers within CREST or on any agreement to transfer the Registered Notes (subject to the exceptions referred to in (c) below). However, if an instrument effecting the transfer is executed, which is duly stamped or is not chargeable with stamp duty or otherwise required to be stamped, within the period of six years beginning with the date of the agreement, the SDRT liability will be cancelled (or, if already paid, will be repayable).

SDRT will generally not be payable in relation to agreements to transfer Registered Notes within Euroclear, Clearstream, Luxembourg, DTC or the CMU Service unless the relevant clearance service has made an election under Section 97A Finance Act 1986, in which case SDRT may be payable (at the rate of 0.5 per cent. of the consideration) on an agreement to transfer Registered Notes to which such election applies (subject to the exceptions referred to in (c) below).

(c) Exceptions

None of the charges to stamp duty or SDRT charges discussed above will arise in relation to Notes the terms of which are such that they are exempt from all stamp duties on transfer and which are therefore not chargeable securities. Notes will be exempt from stamp duty and will not be chargeable securities if they: constitute “loan capital” of the Issuer; are not convertible or exchangeable into (or for) or otherwise carry a right to acquire other shares or securities; do not carry a right to interest which either exceeds a reasonable commercial return on the nominal amount of the Notes or is determined to any extent by reference to the results of or part of any business or to the value of any property (unless it would only be so chargeable by reason only that (i) the right is to interest which either (a) reduces in the event of the results of a business or part of a business improving or the value of any property increasing or (b) increases in the event of the results of a business or part of a business deteriorating or the value of any property diminishing or (ii), the instrument transferring the Notes is a capital market instrument (meaning an instrument transferring a capital market investment issued as part of a capital market arrangement (both as defined in Schedule 2A to the Insolvency Act 1986)) and the capital market investment concerned carries or has carried a right to interest which ceases or reduces if, or to the extent that, the Issuer, after meeting or providing for other obligations specified in the capital market arrangement concerned, has insufficient funds available from that capital market arrangement to pay all or part of the interest otherwise due); and, do not carry a right to a premium on redemption which is not reasonably comparable with the redemption premium generally payable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the Official List of the London Stock Exchange.

(d) Physical settlement

Stamp duty may be payable in respect of the transfer of an asset on settlement of a Physically Settled Note. In addition SDRT may be payable (possibly at the time of issue) in respect of any agreement to transfer an asset pursuant to a Physically Settled Note. However, any such liability to SDRT will be cancelled (or if already paid will be repayable) if an instrument effecting the transfer is executed, which is duly stamped or is not chargeable with stamp duty or otherwise required to be stamped, within six years of the agreement being made or, in the case of a conditional agreement, within six years of all conditions being satisfied.

4. *The Proposed Financial Transaction Tax (FTT)*

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

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

Luxembourg

The comments below are intended as a basic summary of certain withholding tax consequences in relation to the purchase, ownership and disposal of the Notes under Luxembourg law. Persons who are in any doubt as to their tax position may consider consulting a professional tax adviser.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders or so-called residual entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders or so-called residual entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-residents

Under the Luxembourg laws dated 21 June 2005, as amended, implementing the European Council Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (**EU**), a Luxembourg based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest

and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident or certain residual entities established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the exchange of information or, in case of an individual beneficiary, for the tax certificate procedure. "Residual entities" within the meaning of Article 4.2 of the Savings Directive are entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, and which are not and have not opted to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. Responsibility for withholding the withholding tax will be assumed by the Luxembourg paying agent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

The Council of the European Union has adopted certain amendments to the Savings Directive, which will, upon implementation, amend or broaden the scope of the requirements described above.

The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect as from 1 January 2015.

Luxembourg residents

In accordance with the law of 23 December 2005 as amended by the law of 17 July 2008 on the introduction of a withholding tax on certain interest payments on savings income, interest payments made after 1 July 2005 by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the European Council Directive 85/611/EEC, as replaced by the European Council Directive 2009/65/EC, or for the exchange of information regime) are subject to a 10 per cent. withholding tax. Responsibility for withholding the 10 per cent. withholding tax will be assumed by the Luxembourg paying agent.

United States

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS PROGRAMME DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS MAY CONSIDER SEEKING ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes. This summary does not address the U.S. federal income tax consequences of every type of Note which may be issued under the Programme, and the relevant Pricing Supplement may contain additional or modified disclosure concerning U.S. federal income tax consequences relevant to such type of Note as appropriate. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax or the net investment income tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes or investors whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Notes with a term of 30 years or less. The U.S. federal income tax consequences of owning Notes with a longer term will be discussed in the applicable Pricing Supplement.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes. As used herein, the term “Non-U.S. Holder” means a beneficial owner of a Note that, for U.S. federal income tax purposes, is not a U.S. Holder.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes may consider consulting their tax adviser concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS MAY CONSIDER CONSULTING THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Federal Income Tax Characterisation of the Notes

The characterisation of a Series or Tranche of Notes may be uncertain and will depend on the terms of those Notes. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. There may be no statutory, judicial or administrative authority directly addressing the characterisation of some of the types of Notes that are anticipated to be issued under the Programme or of instruments similar to the Notes.

Depending on the terms of a particular Series or Tranche of Notes, the Notes may not be characterised as debt for U.S. federal income tax purposes despite the form of the Notes as debt instruments. For example, Notes of a Series or Tranche may be more properly characterised as notional principal contracts, collateralised put options, prepaid forward contracts, or some other type of financial instrument. Additional alternative characterisations may also be possible. Further possible characterisations, if applicable, may be discussed in the relevant Pricing Supplement or any Programme Document or series listing particulars.

No rulings will be sought from the IRS regarding the characterisation of any of the Notes issued hereunder for U.S. federal income tax purposes. Each holder may consider consulting its own tax adviser about the proper characterisation of the Notes for U.S. federal income tax purposes and consequences to the holder of acquiring, owning or disposing of the Notes.

Part 1: U.S. Holders

U.S. Federal Income Tax Treatment of Notes Treated as Debt

The following summary applies to Notes that are properly treated as debt for U.S. federal income tax purposes.

Payments of Interest

General

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a **foreign currency**), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “Original Issue Discount – General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. Interest paid by the Issuer on the Notes and OID, if any, accrued with respect to the Notes (as described below under “Original Issue Discount”) generally will constitute income from sources outside the United States. Prospective purchasers may consider consulting their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with original issue discount (**OID**).

A Note, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued with OID (a **Discount Note**) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete

years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an **installment obligation**) will be treated as a Discount Note if the excess of the Note's stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note's stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note's weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note's stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest." A qualified stated interest payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "Variable Interest Rate Notes"), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being **acquisition premium**) and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Note's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Fungible Issue

The Issuer may, without the consent of the Holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Notes may be considered to have been issued with OID even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a **Market Discount Note**) if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Under current law, any gain recognised on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day

of the first taxable year to which the election applies. This election may not be revoked without the consent of the Internal Revenue Service (the **IRS**). A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note that is in excess of the interest and OID on the Note includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Note was held by the U.S. Holder.

Under current law, market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Variable Interest Rate Notes

Notes that provide for interest at variable rates (**Variable Interest Rate Notes**) generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g. two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e. a cap) or a minimum numerical limitation (i.e. a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g. one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating

rate” is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note’s issue date is intended to approximate the fixed rate (e.g. the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a “current value” of that rate. A “current value” of a rate is the value of the rate on any day that is no earlier than 3 months prior to the first day on which that value is in effect and no later than 1 year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a “variable rate debt instrument”, then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a “variable rate debt instrument” will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a “true” discount (i.e. at a price below the Note’s stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from “true” discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a “variable rate debt instrument” will be converted into an “equivalent” fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. See “Contingent Payment Debt Instruments” below for a discussion of the U.S. federal income tax treatment of such Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also “Original Issue Discount – Election to Treat All Interest as Original Issue Discount”.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “Original Issue Discount – General,” with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described above under “Notes Purchased at a Premium”) or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “Market Discount” to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders may consider consulting their tax advisers concerning the propriety and consequences of this election.

Contingent Payment Debt Instruments

Certain Series or Tranches of Notes may be treated as “contingent payment debt instruments” for U.S. federal income tax purposes (**Contingent Notes**). Under applicable U.S. Treasury regulations, interest on Contingent Notes will be treated as “original issue discount” (**OID**), and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed-rate non-exchangeable instrument (the **comparable yield**), in accordance with a projected payment schedule. This projected

payment schedule must include each non-contingent payment on the Contingent Notes and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on Contingent Notes. This schedule must produce the comparable yield.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF CONTINGENT NOTES FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF THE NOTES.

The use of the comparable yield and the calculation of the projected payment schedule will be based upon a number of assumptions and estimates and will not be a prediction, representation or guarantee of the actual amounts of interest that may be paid to a U.S. Holder or the actual yield of the Contingent Notes. A U.S. Holder will generally be bound by the comparable yield and the projected payment schedule determined by the Issuer, unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly discloses such schedule to the IRS, and explains to the IRS the reason for preparing its own schedule. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

A U.S. Holder of a Contingent Note will generally be required to include OID in income pursuant to the rules discussed in the third paragraph under "Original Issue Discount – General", above, applied to the projected payment schedule. The "adjusted issue price" of a Contingent Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period, and decreased by the projected amount of any payments on the Note. No additional income will be recognised upon the receipt of payments of stated interest in amounts equal to the annual payments included in the projected payment schedule described above. Any differences between actual payments received by the U.S. Holder on the Notes in a taxable year and the projected amount of those payments will be accounted for as additional interest (in the case of a positive adjustment) or as an offset to interest income in respect of the Note (in the case of a negative adjustment), for the taxable year in which the actual payment is made. If the negative adjustment for any taxable year exceeds the amount of OID on the Contingent Note for that year, the excess will be treated as an ordinary loss, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Note exceed the total amount of any ordinary loss in respect of the Contingent Note claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Contingent Note is sold, exchanged or retired, to the extent not applied to OID accrued for such year, reduces the U.S. Holder's amount realised on the sale, exchange or retirement.

Purchase, Sale and Retirement of Notes

Notes other than Contingent Notes

A U.S. Holder's tax basis in a Note will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount

included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Note.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the Note. The amount realised does not include the amount attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Original Issue Discount – Market Discount" or "Original Issue Discount – Short Term Notes" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Contingent Notes

Gain from the sale or retirement of a Contingent Note will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Contingent Note will generally be foreign source.

A U.S. Holder's tax basis in a Contingent Note will generally be equal to its cost, increased by the amount of interest previously accrued with respect to the Note (determined without regard to any positive or negative adjustments reflecting the difference between actual payments and projected payments), increased or decreased by the amount of any positive or negative adjustment that the Holder is required to make to account for the difference between the Holder's purchase price for the Note and the adjusted issue price of the Note at the time of the purchase, and decreased by the amount of any projected payments scheduled to be made on the Note to the U.S. Holder through such date (without regard to the actual amount paid).

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars

at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or disposition of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Foreign Currency Contingent Notes

Special rules apply to determine the accrual of OID, and the amount, timing, source and character of any gain or loss on a Contingent Note that is denominated in, or determined by

reference to, a foreign currency (a **Foreign Currency Contingent Note**). The rules applicable to Foreign Currency Contingent Notes are complex, and U.S. Holders may consider consulting their tax advisers concerning the application of these rules.

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note will generally be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated (i) at a yield at which the Issuer would issue a fixed rate debt instrument denominated in the same foreign currency with terms and conditions similar to those of the Foreign Currency Contingent Note, and (ii) in accordance with a projected payment schedule determined by the Issuer, under rules similar to those described above under “Contingent Payment Debt Instruments”. The amount of OID on a Foreign Currency Contingent Note that accrues in any accrual period will be the product of the comparable yield of the Foreign Currency Contingent Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Note. The adjusted issue price of a Foreign Currency Contingent Note will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Note.

OID on a Foreign Currency Contingent Note will be translated into U.S. dollars under translation rules similar to those described above under “Foreign Currency–Interest”. Any positive adjustment (i.e. the excess of actual payments over projected payments) in respect of a Foreign Currency Contingent Note for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Note is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Note (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate at which the OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Note, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

Sale or Retirement

Notes other than Foreign Currency Contingent Notes. As discussed above under “Purchase, Sale and Retirement of Notes”, a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder’s tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes traded on an established securities market, within the meaning of the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the

U.S. dollar values of the U.S. Holder's purchase price for the Note (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Foreign Currency Contingent Notes.

Upon a sale, exchange or retirement of a Foreign Currency Contingent Note, a U.S. Holder will generally recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's tax basis in the Foreign Currency Contingent Note, both translated into U.S. dollars as described below. A U.S. Holder's tax basis in a Foreign Currency Contingent Note will equal (i) the cost thereof (translated into U.S. dollars at the spot rate on the issue date), (ii) increased by the amount of OID previously accrued on the Foreign Currency Contingent Note (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such OID) and (iii) decreased by the projected amount of all prior payments in respect of the Foreign Currency Contingent Note. The U.S. dollar amount of the projected payments described in clause (iii) of the preceding sentence is determined by (i) first allocating the payments to the most recently accrued OID to which prior amounts have not already been allocated and translating those amounts into U.S. dollars at the rate at which the OID was accrued and (ii) then allocating any remaining amount to principal and translating such amount into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was acquired by the U.S. Holder. For this purpose, any accrued OID reduced by a negative adjustment carry forward will be treated as principal.

The amount realised by a U.S. Holder upon the sale, exchange or retirement of a Foreign Currency Contingent Note will equal the amount of cash and the fair market value (determined in foreign currency) of any property received. If a U.S. Holder holds a Foreign Currency Contingent Note until its scheduled maturity, the U.S. dollar equivalent of the amount realised will be determined by separating such amount realised into principal and one or more OID components, based on the principal and OID comprising the U.S. Holder's basis, with the amount realised allocated first to OID (and allocated to the most recently accrued amounts first) and any remaining amounts allocated to principal. The U.S. dollar equivalent of the amount realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be determined in a similar manner, but will first be allocated to principal and then any accrued OID (and will be allocated to the earliest accrued amounts first). Each component of the amount realised will be translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued OID. The amount of any gain realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be equal to the excess of the amount realised over the holder's tax basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date. Gain from the sale or retirement of a Foreign Currency Contingent Note will generally be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total OID inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Note will generally be foreign source. Prospective purchasers may consider consulting their tax advisers as to the foreign tax credit implications of the sale or retirement of Foreign Currency Contingent Notes.

A U.S. Holder will also recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the receipt of foreign currency in respect of a Foreign Currency Contingent

Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued OID to which such payment relates.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

U.S. Federal Income Tax Treatment of Certain Notes Not Treated as Debt

The following summary may apply to certain Notes that are not treated as debt for U.S. federal income tax purposes, and in particular certain index linked redemption Notes and equity linked Notes. This summary does not discuss all types of Notes that may not be treated as debt for U.S. federal income tax purposes. The applicable Pricing Supplement or any Programme Document or series listing particulars will specify if the discussion below will apply to a particular Series or Tranche of Notes. The U.S. federal income tax consequences of owning Notes that are not treated as debt for U.S. federal income tax purposes and are not described below will be discussed, as appropriate, in the applicable Pricing Supplement or any Programme Document or series listing particulars.

Forward Notes

General

A Note that provides for a payment in redemption at maturity that is based on the value of one or more Reference Items (whether physically settled by delivery of those Reference Items or settled in cash) and does not provide for a current coupon, may be identified as a “Forward Note” by the Issuer in the applicable Pricing Supplement or any Programme Document or series listing particulars. A U.S. Holder of a Forward Note would generally be subject to the U.S. federal income tax consequences discussed below.

In Notice 2008-2, the IRS and the U.S. Department of Treasury announced that they were considering whether the holder of an instrument such as a Forward Note should be required to accrue ordinary income on a current basis whether additional gain or loss from Forward Notes should be treated as ordinary or capital, whether Non-U.S. Holders of Forward Notes should be subject to withholding tax on any deemed income accruals, and whether the special constructive ownership rules of Section 1260 of the Code might be applied to Forward Notes. Legislation has also been proposed in Congress that would require the holders of certain prepaid forward contracts to accrue income during the term of the transaction. It is not possible to predict the final form of legislative or regulatory changes that might affect holders of instruments such as the Forward Notes, if any, but it is possible that any such changes could be applied retroactively. U.S. Holders are urged to consult their tax advisers concerning the potential impact of these proposals. The Issuer intends to continue to treat the Forward Notes as described below, unless and until such time as Congress, the Treasury, and/or the IRS determine, based on future developments, that some alternative treatment is more appropriate.

Characterisation

A Forward Note should constitute a prepaid forward contract for U.S. federal income tax purposes. Under current law, U.S. Holders should not be required to recognise income or loss

upon the acquisition of a Note, and U.S. Holders should not be required to accrue income with respect to a Note over the life of the Note.

Purchase, Sale and Retirement

A U.S. Holder will recognise gain or loss on the sale or retirement for cash of a Forward Note equal to the difference between the amount of cash received upon sale or retirement and the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Forward Note will generally be the Note's U.S. Dollar cost. The U.S. Dollar cost of a Forward Note purchased with a foreign currency will generally be the U.S. Dollar value of the purchase price on the date of purchase increased by the nominal exercise price, if any, paid by the U.S. Holder. Except as provided under "Constructive Ownership Transactions" below, any gain or loss recognised on the sale or retirement of a Forward Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Note exceeds one year.

Upon a retirement of a Forward Note by physical delivery of the Reference Items, a U.S. Holder will not be required to recognise gain or loss at that time. A U.S. Holder will have a basis in the Reference Items equal to the U.S. Holder's basis in the Forward Note. A U.S. Holder's holding period in the Reference Items will not include the U.S. Holder's holding period in the Forward Notes.

Constructive Ownership Transactions

To the extent that a Forward Note is treated as a "constructive ownership transaction," any gain on disposition may be treated as ordinary income and an interest charge may be imposed on a deemed underpayment of tax for each taxable year during which the Note was held. For purposes of determining the interest charge, gain treated as ordinary income is allocated to each such taxable year during which the Forward Note was held so that the amount of gain accrued from each year to the next increases at a constant rate equal to the "applicable federal rate" (a rate published monthly by the IRS based on prevailing Treasury yields) in effect at the time the Note is sold or redeemed.

A Note could be treated in whole or in part as a constructive ownership transaction if the issuer of a Reference Item and, if the Reference Item is an index, possibly the issuer of any security included in that index is treated for U.S. federal income tax purposes as, among others, a passive foreign investment company, a partnership, a trust, or a common trust fund.

The Issuer does not intend to determine whether the issuers of any Reference Item in fact fall in any of these categories. Prospective purchasers may consider consulting their tax advisers regarding the status of the Reference Items and the application of the constructive ownership transaction rules to ownership of the Note.

Option Notes

A Note that provides for a payment in redemption at maturity that may under certain circumstances be based on the value of one or more Reference Items (whether physically settled by delivery of those Reference Items or settled in cash) and also provides for a current coupon, may be identified as an "Option Note" by the Issuer. The discussion below describes the U.S. federal income tax consequences to a U.S. Holder of holding Option Notes.

The treatment of Option Notes for U.S. federal income tax purposes is highly uncertain. It would be reasonable to treat the purchase of an Option Note by a U.S. Holder as a grant by the U.S. Holder to the Issuer of an option contract (the **Put Option**), pursuant to which the U.S. Holder may be required to purchase from the Issuer one or more the Reference Items (or

an amount equal to the value of the Reference Items in the case of a cash-settled Option Note), and under which option (a) at the time of the issuance of the Option Note the U.S. Holder deposits irrevocably with the Issuer a fixed amount of cash to assure the fulfilment of the holder's purchase obligation described below (the **Deposit**), (b) until maturity the Issuer will be obligated to pay interest to the U.S. Holder, as compensation for the use of the cash Deposit during the term of the Option Note, (c) the Issuer will be obligated to pay an option premium to the holder in consideration for granting the option (the **Put Premium**), which premium will be payable as part of the coupon payments, (d) if pursuant to the terms of the Option Notes at maturity the holder is obligated to purchase the Reference Item(s), then the Deposit will be applied by the Issuer in full satisfaction of the holder's purchase obligation under the Put Option, and the Issuer will deliver to the holder the number of Reference Items that the holder is entitled to receive at that time pursuant to the terms of the Notes (or, if the Option Notes are cash settled, a cash amount equal to the value of the Reference items), and (e) if pursuant to the terms of the Option Notes the holder is not obligated to purchase the Reference Items at maturity, the Issuer will return the cash Deposit to the U.S. Holder at maturity. The discussion below assumes that an Option Note is so treated, except as explicitly provided.

Amounts paid to the Issuer in respect of the original issue of the Option Notes will be treated as allocable in their entirety to the amount of the cash Deposit attributable to such Notes. A portion of the coupon on the Notes (which coupon may be denominated entirely as stated interest) will be characterised as interest payable on the amount of such Deposit, includible in the income of a U.S. Holder as interest in the manner described below. A portion of the coupon will be characterised as Put Premium, includible in the income of a U.S. Holder in the manner described below. There is no assurance that the IRS will agree with this treatment, and alternative treatments of the Option Notes could result in less favourable U.S. federal income tax consequences to a holder, including a requirement to accrue income with respect to the Put Option on a current basis.

Interest Payments

Interest payments on the Deposit will generally be included in the income of a U.S. Holder as interest at the time that such interest is accrued or received in accordance with such U.S. Holder's method of accounting. If the Option Notes are issued at a discount or have a term of one year or less, U.S. Holders will be subject to the rules discussed above under "U.S. Federal Income Tax Treatment of Notes Treated as Debt – Original Issue Discount" with respect to interest or OID payable on the Deposit. Interest paid by the Issuer and OID, if any, accrued with respect to the Option Notes, generally constitute income from sources outside the United States.

Payments of Put Premium

Payments of the Put Premium will not be included in the income of a U.S. Holder until sale or other taxable disposition of Option Notes or retirement of Option Notes for cash; if the Option Note is settled by delivery of Reference Items, the payments of Put Premium will instead be incorporated into the U.S. Holder's basis in the such Reference Items. Upon the sale or other taxable disposition of Option Notes or at maturity, as the case may be, the Put Premium payment will be treated in the manner described below.

Retirement of an Option Note for Cash

If the Put Option is deemed not to have been exercised at maturity, the cash payment of the full principal amount of the Option Note at maturity would likely be treated as (i) payment in full of the principal amount of the Deposit (which would likely not result in the recognition of gain or loss to an initial purchaser) and (ii) the lapse of the Put Option, which would likely

result in a U.S. Holder's recognition of short-term capital gain in an amount equal to the Put Premium paid to the Holder.

If the Put Option is deemed to be exercised at maturity and is cash-settled, the payment at maturity would likely be treated as (i) payment in full of the principal amount of the Deposit (resulting in neither gain nor loss for an initial purchaser) and (ii) the exercise by the Issuer of the Put Option. The exercise of the Put Option would result in short-term capital gain or loss to the U.S. Holder in an amount equal to the difference between (i) the sum of the cash received at maturity (other than amounts attributable to accrued but unpaid interest) and all previous payments of Put Premium, and (ii) the holder's adjusted basis in the Deposit, as determined under "U.S. Federal Income Tax Treatment of Notes Treated as Debt – Purchase, Sale and Retirement of Notes".

Other Retirement of an Option Note

Delivery at maturity of Reference Items would likely be treated as (i) payment in full of the Deposit (resulting in neither gain nor loss for an initial purchaser) and (ii) the exercise by the Issuer of the Put Option and the U.S. Holder's purchase of the Reference Items for an amount equal to the principal amount of the Option Note. The U.S. Holder will have a tax basis in the Reference Items equal to the principal amount of the Option Notes less an amount equal to the aggregate amount of the Put Premium payments and less the portion of the tax basis of the Option Notes allocable to any fractional Reference Item, as described in the next sentence. A U.S. Holder will recognise gain or loss (which will be treated as short-term capital gain or loss) with respect to cash received in lieu of fractional Reference Items, in an amount equal to the difference between the cash received and the portion of the basis of the Option Notes allocable to fractional Reference Items (based on the relative value of fractional Reference Items and full Reference Items delivered to the U.S. Holder). A U.S. Holder's holding period in the Reference Items received will not include the U.S. Holder's holding period in the Option Notes.

Sale or Other Taxable Disposition of an Option Notes Prior to Maturity

Upon the sale or other taxable disposition of an Option Note, a U.S. Holder should allocate the amount received between the Deposit and the Put Option on the basis of their respective values on the date of sale or other disposition. The U.S. Holder should generally recognise gain or loss with respect to the Deposit in an amount equal to the difference between the amount of the sales proceeds allocable to the Deposit and the U.S. Holder's adjusted tax basis in the Deposit (which will generally equal the issue price of the Option Note for an initial purchaser (as may be adjusted for any accrued OID on the Deposit)). Except to the extent attributable to accrued but unpaid interest, which will be taxed as such, this gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Option Notes for more than one year. If the Put Option has a positive value on the date of a sale of the Option Note, the U.S. Holder should recognise short-term capital gain equal to the portion of the sale proceeds allocable to the Put Option plus any previously received Put Premium. If the put option has a negative value on the date of sale, the U.S. Holder should be treated as having paid the buyer an amount equal to the negative value in order to assume the U.S. Holder's rights and obligations under the Put Option. In such a case, the U.S. Holder should recognise short-term capital gain or loss in an amount equal to the difference between the total Put Premium previously received and the amount of the payment deemed made by the U.S. Holder with respect to the assumption of the Put Option.

Foreign Currency Option Notes

Option Notes denominated in, or determined by reference to, a foreign currency (**Foreign Currency Option Notes**) will be subject to special rules. Interest and OID denominated in, or

determined by reference to, a foreign currency will generally be subject to the rules described in “U.S. Federal Income Tax Treatment of Notes Treated as Debt – Foreign Currency Notes” above.

The treatment upon the sale, retirement or disposition of the Deposit, as described above, should also be governed by the rules described under “U.S. Federal Income Tax Treatment of Notes Treated as Debt – Foreign Currency Notes” above, regardless of whether the Option Note is cash settled. A U.S. Holder will have a tax basis in any Reference Items received in an amount equal to the excess of the purchase price of the Option Note, translated into U.S. dollars at the exchange rate in effect on the date of retirement, over the total premium payments received, with each premium likely translated into U.S. dollars at the exchange rate in effect on the date that it is received. U.S. Holders may consider consulting their tax advisers about the proper method for translating foreign currency with respect to an Option Note into U.S. dollars.

Possible Alternative Characterisations

Due to the absence of authority as to the proper characterisation of the Option Notes, no assurance can be given that the IRS will accept, or that a court will uphold, the characterisation and tax treatment described above. It is possible, for example, that the IRS could maintain that amounts denominated as Put Premium (i) should be includible in the U.S. Holder’s income as interest in the manner described above regarding the interest payment, or (ii) should be included in a U.S. Holder’s income even in a case where the Option Notes is retired for Reference Items. Such treatment might arise, for example, if the IRS were successfully to maintain that amounts denominated as Put Premium (i) should be characterised for federal income tax purposes as interest, or (ii) should be treated as a return on the U.S. Holder’s investment in the Option Notes that constitutes income. Alternatively, the IRS could maintain that the Option Notes should be treated as contingent payment debt obligations, in which case the U.S. Holder would be treated as owning Contingent Notes (or Foreign Currency Contingent Notes), subject to the treatment discussed above under “U.S. Federal Income Tax Treatment of Notes Treated as Debt”.

Backup Withholding and Information Reporting

In general, payments of interest and accruals of OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders are not subject to backup withholding. U.S. Holders may consider consulting their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a reportable transaction will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an

information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers may consider consulting their tax advisers regarding the application of these rules.

Foreign Financial Asset Reporting

Legislation enacted in 2010 imposes new reporting requirements on the holding of certain foreign financial assets, including debt of foreign entities, if the aggregate value of all of these assets exceeds \$50,000 at the end of the taxable year or \$75,000 at any time during the taxable year. These thresholds are higher for U.S. persons living outside of the United States and married couples filing jointly. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are in an account at a domestic financial institution. U.S. Holders may consider consulting their tax advisors regarding the application of this legislation.

Part 2: Non-U.S. Holders

Subject to the discussion of backup withholding, FATCA, and Dividend Equivalent Payments below, payments on, and any proceeds of a sale or other disposition of, the Notes are currently exempt from U.S. federal income tax, including withholding taxes, if paid to a Non-U.S. Holder unless the payment is effectively connected with the conduct of a trade or business within the United States.

In addition, (i) subject to the discussion of backup withholding, FATCA, and Dividend Equivalent Payments below, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized on the sale or exchange of the Notes, provided that such gain is not effectively connected with the conduct by the holder of a United States trade or business and, in the case of a Non-U.S. Holder who is an individual, the holder is not present in the United States for a total of 183 days or more during the taxable year in which the gain is realized and certain other conditions are met and (ii) the Notes will be deemed to be situated outside the United States for purposes of the U.S. federal estate tax and will not be includible in the gross estate for purposes of such tax in the case of a non-resident of the United States who is not a citizen of the United States at the time of death.

FATCA Withholding

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (**FATCA**) may impose a withholding tax of 30 per cent. on payments made to certain holders of Notes that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the IRS (**IRS Agreements**) (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law (**IGA legislation**) intended to implement an intergovernmental agreement entered into pursuant to FATCA (**IGAs**), may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to

determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entity in the payment chain is still developing. In particular, a number of jurisdictions (including the United Kingdom) have entered into, or have announced their intention to enter into, IGAs (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. In the case of obligations that pay only “foreign passthru payments,” FATCA withholding may be applied on or after January 1, 2017 (at the earliest) in respect of “foreign passthru payments” and then, for “obligations” that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register. It is not yet certain how the United States and the jurisdictions which enter into IGAs will address withholding on “foreign passthru payments” or if such withholding will be required at all.

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the **ICSDs**), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent or the Common Depositary/Common Safekeeper, given that each of the entities in the payment chain is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

If an amount were to be deducted or withheld from interest, principal or other payments on the Notes, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts with respect to the deduction or withholding. Certain beneficial owners may be eligible for a refund of all or a portion of any amounts withheld as a result of FATCA.

The application of FATCA to Notes issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register, (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in supplement/supplementary prospectus to this Programme Document, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

Dividend Equivalent Payments

U.S. legislation enacted in 2010 imposes a 30 per cent. U.S. withholding tax on certain payments that are directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from a U.S. entity (a **Dividend Equivalent Payment**). The type of payments that constitute Dividend Equivalent Payments subject to this withholding tax is not entirely clear. Payments on Notes with equity in U.S. entities, or indices that include equity in U.S. entities, as the Underlying, or that reference dividend payments made by U.S. entities, could become subject to this withholding tax. Non-U.S. Holders may be able to claim the benefits of a double tax treaty to reduce this withholding. Additionally, amounts paid pursuant

to an early termination made in accordance with Condition 5(k) could be subject to withholding if they are deemed to be Dividend Equivalent Payments. Neither the Issuer nor the Paying Agent nor any other person shall pay any additional amounts to the Non-U.S. Holders in respect of any U.S. withholding imposed on any Dividend Equivalent Payment. The application and interpretation of the rules governing U.S. withholding tax on Dividend Equivalent Payments is subject to change. Non-U.S. Holders may consider consulting their tax advisers about possibility of U.S. withholding on payments made on Notes.

Backup Withholding and Information Reporting

Payments of principal and interest on, and the proceeds of sale or other disposition of Notes by a U.S. paying agent or other U.S. intermediary to a non-U.S. Holder will not be subject to backup withholding and information reporting requirements if appropriate certification (Form W-8BEN or other appropriate form) is provided by the holder to the payor and the payor does not have actual knowledge that the certificate is false, but these payments and proceeds may be reported to the IRS as required under applicable regulations.

SUBSCRIPTION AND SALE

In respect of each Tranche of Notes issued under the Programme a Dealer may, by entering into a purchase agreement, agree with the Issuer the basis upon which it agrees to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above.

(a) United States of America

General

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act and any applicable U.S. state securities laws. The Notes will be offered and sold only: (i) in the case of the Unrestricted Notes, outside the United States to persons other than U.S. persons in offshore transactions that meet the requirements of Rule 903 or Rule 904 of Regulation S; (ii) in the case of the Restricted Notes, in accordance with Rule 144A to a U.S. person that it or any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB; and (iii) in each case in compliance with any other applicable securities laws. Terms used in this paragraph have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

Prospective purchasers are hereby notified that sellers (other than the Issuer) of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

With respect to Bearer Notes issued in compliance with the TEFRA D Rules:

- (i) except to the extent permitted under Section 1.163-5(c)(2)(i)(D) of the United States Treasury Regulations (the **TEFRA D Rules**) (a) each Dealer represents that it has not offered or sold, and agree that during a 40-day restricted period it will not offer or sell the Bearer Notes to a person who is within the United States or its possessions or to a U.S. person, and (b) represents that it has not delivered and it will not deliver within the United States or its possessions any Bearer Notes that are sold during the restricted period;
- (ii) each Dealer has acknowledged and agreed that it has and throughout the restricted period (as defined under the TEFRA D Rules) will have in effect, procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling the Bearer Notes are aware that such Bearer Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a U.S. person, except as permitted by the TEFRA D Rules;
- (iii) if it is a U.S. person, each Dealer represents that it is acquiring the Bearer Notes for purposes of resale in connection with their original issuance and if it retains the Notes

for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and

- (iv) with respect to each affiliate that acquires from it any Notes for the purpose of offering or selling such Bearer Notes during the restricted period, it either (a) confirms the representations contained in paragraphs (i) to (iii) above on behalf of such affiliate or (b) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations contained in paragraphs (i) to (iii) above.

Terms used in this paragraph (i), (ii), (iii) and (iv) have the meanings given to them by the U.S. Internal Revenue code of 1986 and regulations thereunder, including the TEFRA D Rules.

Under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the **TEFRA C Rules**), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance and each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Bearer Notes within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Bearer Notes, each Dealer represents that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of Bearer Notes. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder, including the TEFRA C Rules.

The Issuer or, as the case may be, each Dealer of an issue will be required to represent and agree that it has not offered, sold or, in the case of the Bearer Notes, delivered and will not offer, sell or, in the case of the Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Notes are a part, as determined and certified by the Issuer or, as the case may be, the relevant Dealer or, in the case of an issue of Notes on a syndicated basis the relevant lead Dealer, of all Notes of the identifiable Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. The Issuer or, as the case may be, each Dealer of an issue will agree that it will send to each Dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by the Issuer or any Dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each issue of Index Linked Notes, Equity Linked Notes, Credit Linked Notes, Currency Linked Notes, Commodity Linked Notes, Government Bond Linked Notes, Fund Linked Notes, Inflation Index Linked Notes or Certificate Linked Notes will be subject to such additional U.S. selling restrictions as the Issuer and any Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The Issuer or, as the case may be, each Dealer of an issue will agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Available Information

To permit compliance with Rule 144A under the Securities Act in connection with sales of any Rule 144A Notes or Rule 144A Definitive Notes, the Issuer has undertaken to furnish, upon the request of a Holder of such Notes, or a beneficial owner of an interest therein, to such Holder or beneficial owner or to a prospective purchaser designated by such Holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

Transfer Restrictions

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

Each purchaser or transferee of a Note or Notes or a beneficial interest therein will, by its purchase of such Notes, be deemed to acknowledge, represent and agree as follows (unless otherwise specified, terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that for so long as the Notes are “restricted securities” (as defined in Rule 144 under the Securities Act) either: (a) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware, and each beneficial owner of such Note has been advised, that any sale to it is being made in reliance on Rule 144A, or (b) it is or at the time Notes are purchased will be, the beneficial owner of such Notes and (i) it is located outside the United States and is not a U.S. person and (ii) it is not an affiliate of the Issuer or a person acting on behalf of such affiliate;;
- (ii) trading in the Notes has not been and will not be approved by the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act;
- (iii) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and that the Notes have not been and will not be registered under the Securities Act or any other applicable United States state securities laws and may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iv) that if in the future it decides to resell, or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, for so long as the Notes are restricted securities, only (a) to the Issuer or any affiliate thereof, (b) pursuant to an effective registration statement under the Securities Act, (c) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, or (d) outside the United States in compliance with Rule 903 or 904 under the Securities Act, in each case in accordance with all applicable United States state securities laws;
- (v) it will, and will require each subsequent Noteholder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iv) above, if then applicable;

- (vi) that Notes offered in the United States to QIBs will be Restricted Notes and that Notes offered outside the United States in reliance on Regulation S (other than Registered Notes cleared through CREST) will be Unrestricted Notes and that U.S. persons can hold interests in the Notes only in the form of Restricted Notes; provided that the nominal amounts of corresponding Restricted Notes and Unrestricted Notes may be adjusted to reflect transfers of beneficial ownership interests in the relevant Notes between a QIB and a non-U.S. person or a non-U.S. person and a QIB, as the case may be;
- (vii) that each Restricted Note will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND UNLESS IN ACCORDANCE WITH ANY APPLICABLE LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THIS NOTE, WHETHER UPON ORIGINAL ISSUANCE OR SUBSEQUENT TRANSFER, ACKNOWLEDGES THE RESTRICTIONS ON TRANSFER SET FORTH BELOW AND AGREES THAT IT SHALL TRANSFER SUCH NOTES ONLY AS PROVIDED HEREIN. BY ITS ACQUISITION THEREOF, THE HOLDER OF THIS NOTE OR AN INTEREST HEREIN REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS NOTE OR AN INTEREST HEREIN FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS. EACH PURCHASER OF THIS NOTE OR AN INTEREST HEREIN IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE OR AN INTEREST HEREIN MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE OR AN INTEREST HEREIN, BY ITS ACCEPTANCE THEREOF, AGREES TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE, FOR SO LONG AS THIS NOTE IS A “RESTRICTED SECURITY” (AS DEFINED IN RULE 144 UNDER THE SECURITIES ACT) ONLY (A) TO THE ISSUER OR ANY AFFILIATE THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) TO A PERSON IT OR ANYONE ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (D) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (E) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION. THE HOLDER (OR BENEFICIAL HOLDER)

WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE TRANSFER RESTRICTIONS REFERRED TO IN THIS PARAGRAPH. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

IF AT ANY TIME THE AGENT OR THE REGISTRAR SUBSEQUENTLY DETERMINES OR IS SUBSEQUENTLY NOTIFIED BY THE ISSUER THAT THE HOLDER OF ANY INTEREST IN THE NOTES REPRESENTED BY THIS GLOBAL CERTIFICATE WAS IN BREACH, AT THE TIME GIVEN, OF ANY REPRESENTATION OR AGREEMENT SET FORTH IN ANY TRANSFER CERTIFICATE, THEN THE PURPORTED TRANSFER SHALL BE ABSOLUTELY NULL AND VOID AB INITIO AND SHALL VEST NO RIGHTS IN THE PURPORTED TRANSFEREE (SUCH PURPORTED TRANSFEREE, A DISQUALIFIED TRANSFEREE) AND THE LAST PRECEDING HOLDER OF SUCH INTEREST THAT WAS NOT A DISQUALIFIED TRANSFEREE SHALL BE RESTORED TO ALL RIGHTS AS A HOLDER THEREOF RETROACTIVELY TO THE DATE OF SUCH TRANSFER OF SUCH INTEREST BY SUCH HOLDER.

IF REQUESTED BY THE ISSUER OR BY A DEALER, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS NOTE IS PERMISSIBLE UNDER THE SECURITIES ACT.”

- (viii) if it is outside the United States and is not a U.S. person, that if it should offer, resell, pledge or otherwise transfer the Notes prior to the expiration of the Distribution Compliance Period (as defined in Rule 902 under the Securities Act), it will do so only (a)(i) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in each case in accordance with all applicable United States state securities laws; and it acknowledges that each Unrestricted Note will bear a legend to the following effect unless otherwise agreed to by the Issuer:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND UNLESS IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION.”

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

- (x) It understands that the Notes offered in reliance on Rule 144A will be represented by the Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide an agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (xi) It understands that the Notes offered in reliance on Regulation S will be represented by the Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide an agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

No sale of interests in a Restricted Note to any one purchaser, will be for less than U.S.\$ 250,000 (or its foreign currency equivalent) nominal amount. No interest in a Restricted Note will be issued in connection with a sale in a smaller applicable nominal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$ 250,000 (or its foreign currency equivalent) nominal amount of Notes.

(b) European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer of an issue will represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Programme Document as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a Non-exempt Offer), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- (iv) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “**an offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

(c) United Kingdom

Each Dealer will represent and agree that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer were not an authorised person, apply to the Issuer; and
- (iii) it has complied with and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA) with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

(d) Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **Financial Instruments and Exchange Act**). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

(e) France

Each Dealer of an issue will represent and agree that:

- (i) it has only made and will only make an offer of Notes to the public in France during the period beginning on the date of notification to the *Autorité des marchés financiers* (“AMF”) of the approval of the prospectus relating to those Notes by the competent authority of a Member State of the European Economic Area other than the AMF which has implemented the EU Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU), all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Programme Document;
- (ii) otherwise, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Programme Document or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

(f) Switzerland

The Notes may not be publicly offered, sold, advertised, distributed or re-distributed, directly or indirectly, in or from Switzerland (as such term is defined or interpreted under the Swiss Code of Obligations). Neither this Programme Document nor any documents related to the Notes constitute a prospectus in the sense of article 652a or article 1156 of the Swiss Code of Obligations. The Issuer has not applied for a listing of the Notes on the SIX Swiss Exchange AG or any other regulated securities market in Switzerland, and consequently, the information presented in this Programme Document does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange AG. In addition, the Notes may not be offered and distributed by means of public advertising in or from Switzerland, as such term is defined or interpreted under the Swiss Collective Investment Schemes Act (**CISA**). The Notes do not constitute a participation in a collective investment scheme in the meaning of the CISA and they are neither subject to approval nor supervision by the Swiss Federal Banking Commission. Therefore, investors in the Notes do not benefit from protection under CISA or supervision by the Swiss Federal Banking Commission.

(g) Hong Kong

Each Dealer of an issue will represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, in the Hong Kong Special Administrative Region of the People’s Republic of China (**Hong Kong**) by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**)) other than (i) to “professional investors” as defined in the SFO and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Winding Up

and Miscellaneous Provisions) (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

(h) The People’s Republic of China

Each Dealer of an issue will represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People’s Republic of China (excluding Hong Kong, Macau and Taiwan, the **PRC**) as part of the initial distribution of the Notes.

This Programme Document does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC to any person to whom it is unlawful to make the offer or solicitation in the PRC.

The Issuer does not represent that this Programme Document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in the PRC, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Notes or distribution of this document in the PRC. Accordingly, the Notes are not being offered or sold within the PRC by means of this Programme Document or any other document. Neither this Programme Document nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with any applicable laws and regulations.

The Notes may be offered or sold to PRC investors outside the territory of the PRC provided that such PRC investors are authorized to buy and sell financial instruments in the offshore market. Potential investors resident in the PRC are responsible for obtaining all relevant approvals from the PRC government authorities, including but not limited to the State Administration of Foreign Exchange, and compliance with all applicable laws and regulations, including but not limited to those of the PRC, before purchasing the Notes.

(i) The Republic of China (Taiwan)

The Notes may be made available from outside Taiwan for purchase by investors residing in Taiwan (either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors), but may not be offered or sold in Taiwan.

(j) The Republic of Korea (Korea)

The Notes have not been registered with the Financial Services Commission of Korea for a public offering in Korea. The Notes have not been and will not be offered, sold or delivered directly or indirectly, or offered, sold or delivered to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations, including the Financial Investment Services and Capital Markets Act and the Foreign Exchange Transaction Law and the decrees and

regulations thereunder. By the purchase of the Notes, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Notes pursuant to the applicable laws and regulations of Korea.

(k) Singapore

This Programme Document has not been registered as a prospectus with the Monetary Authority of Singapore and accordingly, the Notes may not be offered or sold, nor may the Notes be the subject of an invitation for subscription or purchase, nor may this Programme Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (b) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offer of Investments)(Shares and Debentures) Regulations 2005 of Singapore.

(l) General

With regard to each issue of Notes, any Dealer will be required to agree to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers the Notes or possesses or distributes this Programme Document or any other offering material and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in

any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and any Dealer shall have responsibility therefor.

None of the Issuer and any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, any Dealer will be required to comply with such other restrictions as shall be set out in the relevant Pricing Supplement.

CERTAIN ERISA CONSIDERATIONS

The Issuer and certain affiliates of the Issuer may each be considered a “party in interest” within the meaning of the Employee Retirement Income Security Act of 1974, as amended (**ERISA**) or a “disqualified person” within the meaning of the Internal Revenue Code of 1986, as amended, (the **Code**) with respect to certain employee benefit plans and individual retirement accounts, Keogh plans and other plans subject to Section 4975 of the Code. Prohibited transactions within the meaning of ERISA or the Code may arise, for example, if the Notes are acquired by or with the assets of a pension or other employee benefit plan or account with respect to which the Issuer or any of its affiliates is a service provider, unless the Notes are acquired pursuant to an exemption from the prohibited transaction rules. Similar rules may also apply to certain governmental plans (as defined in Section 3(32) of ERISA) church or non-U.S. plans, to the extent such plans are subject to provisions similar to the prohibited transaction rules under other federal, state, local or non-U.S. laws.

The assets of a pension or other employee benefit plan may include assets held in the general account of an insurance company that are deemed to be “plan assets” under ERISA.

The acquisition of the Notes may be eligible for one of the exemptions noted below if such acquisition:

- (a) (i) is made solely with the assets of a bank collective investment fund and (ii) satisfies the requirements and conditions of Prohibited Transaction Class Exemption (**PTCE**) 91-38 issued by the Department of Labor (**DOL**);
- (b) (i) is made solely with assets of an insurance company pooled separate account and (ii) satisfies the requirements and conditions of PTCE 90-1 issued by the DOL;
- (c) (i) is made solely with assets managed by a qualified professional asset manager and (ii) satisfies the requirements and conditions of PTCE 84-14 issued by the DOL;
- (d) (i) is made solely with assets of a governmental, church or non-U.S. plan and (ii) is not subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code;
- (e) (i) is made solely with assets of an insurance company general account and (ii) satisfies the requirements and conditions of PTCE 95-60 issued by the DOL;
- (f) (i) is made solely with assets managed by an in-house asset manager and (ii) satisfies the requirements and conditions of PTCE 96-23 issued by the DOL; or
- (g) is made in accordance with Section 408(b)(17) to a non-fiduciary service provider for adequate consideration.

Unless otherwise provided in the applicable Pricing Supplement, by its purchase of any Note and by each subsequent transferee’s purchase of any Note, each holder and each subsequent transferee will be deemed to have represented and warranted on each day from the date on which it acquires the Note through and including the date on which it disposes of its interest in the Note, either that (A) it is not a plan subject to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code or a governmental, church or non-U.S. plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or, (B)(i) its purchase, holding and disposition of the Note will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 or the Code (or, in the case of a governmental, church or non-

U.S. plan, a violation of any substantially similar federal, state, local or non-U.S. law) or any other violation of an applicable requirement of ERISA of the Code (including, without limitation, Section 404(b) of ERISA and DOL regulation section 2550.404b-1) for which an exemption is not available, and (ii) neither the Issuer nor any of its affiliates is a “fiduciary” (within the meaning of Section 3(21) of ERISA or, in the case of a governmental, church or non-U.S. plan, any substantially similar federal, state, local or non-U.S. law) with respect to it by reason of its investment in the Notes and no advice that has been provided to it by the Issuer or any of its affiliates has formed a basis for any investment decision by it made in connection with the Notes. By its purchase of any Note, each holder hereby indemnifies the Issuer, its subsidiaries and affiliates, and its officers, directors, advisors and other representatives and any of their subsidiaries or affiliates, against any direct or indirect liability that arises from any breach (whether or not intentional) of the foregoing representations.

Each purchaser of Notes will, by its purchase of such Notes, be deemed to acknowledge that the purchase of the Note may not satisfy the indicia of ownership requirements under ERISA (Section 404(b)) and the Issuer makes no representations in connection therewith. Accordingly, benefit plan investors that are subject to ERISA should consult with their own counsel to determine whether the purchase of Notes will satisfy the indicia of ownership requirements of ERISA applicable to such purchase.

Any insurance company or pension or employee benefit plan proposing to invest in the Notes should consult with its legal counsel. Purchasers of the Notes have exclusive responsibility for ensuring that their purchase and holding of the Notes does not violate the fiduciary and prohibited transaction rules of ERISA, the Code or any similar laws or rules.

THE SALE OF SECURITIES TO A PENSION OR OTHER EMPLOYEE BENEFIT PLAN IS IN NO RESPECT A REPRESENTATION BY THE ISSUER THAT SUCH AN INVESTMENT MEETS ALL RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO INVESTMENTS BY PENSION OR EMPLOYEE BENEFIT PLANS GENERALLY OR ANY PARTICULAR PLAN, OR THAT SUCH AN INVESTMENT IS APPROPRIATE FOR PLANS GENERALLY OR ANY PARTICULAR PLAN.

GENERAL INFORMATION

Authorisation

The establishment and updating of the Programme and the issue of Notes under the Programme have been duly authorised by (i) resolutions of the Board of Directors of the Issuer dated 30 October 2002, 28 January 2004, 16 February 2005, 22 June 2005, 9 November 2006, 13 August 2007 and 12 December 2007; (ii) resolutions of a Committee of the Board of Directors of the Issuer dated 30 October 2002, 11 March 2004, 28 June 2005, 11 May 2006, 3 May 2007, 14 August 2007, 17 December 2007, 14 May 2008 and 13 May 2009; and (iii) resolutions of a Sub-committee of the Group Asset and Liability Management Committee on behalf of the Board of Directors of the Issuer dated 22 April 2010, 26 April 2011, 22 February 2012, 25 June 2012, 13 March 2013 and 28 March 2014. The increase in the aggregate nominal amount of the Programme to its current maximum size of U.S.\$50,000,000,000 was authorised by a resolution of the Board of Directors of the Issuer dated 12 December 2007.

Listing

Application has been made to list Notes issued under the Programme on the Official List of the Irish Stock Exchange and to admit them to trading on the Irish Stock Exchange's Global Exchange Market.

The listing of the Programme in respect of Notes is expected to be granted on or about 3 April 2014.

Ratings Information

The following information supersedes and replaces in their entirety the excluded provisions of the Registration Document set out in paragraph (a) of the section of this Programme Document entitled "Documents Incorporated by Reference":

Moody's Investors Service Limited ("**Moody's**") is expected to rate: senior notes issued by RBS with a maturity of one year or more "Baa1"; senior notes issued by RBS with a maturity of less than one year "P-2"; and dated subordinated notes and undated tier 2 notes issued by RBS will be rated on a case-by-case basis.

As defined by Moody's, a "Baa" rating means that the ability of the Issuer to meet its obligations on the relevant notes issued by it is judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. As defined by Moody's, the addition of a "1" indicates that the obligation ranks in the higher end of its generic rating category. As defined by Moody's, a "P-2" rating means that the Issuer has a strong ability to repay its short-term debt obligations on the relevant notes issued by it.

The rating definitions set out above constitute third-party information and were obtained in the English language from the publication entitled "Rating Symbols and Definitions — September 2013" published by Moody's (available at www.moody's.com).

The information found at the website referred to in the previous sentence does not form part of, and is not incorporated by reference into, this Programme Document. The rating definitions set out above have been accurately reproduced from the source identified above and, so far as RBS is aware and is able to ascertain from information published by Moody's referred to above, no facts have been omitted which would render the ratings definitions set out above inaccurate or misleading.

Documents Available

For the period of twelve months from the date of this Programme Document, copies of the following documents will, when published, be available in physical form for inspection during normal business hours at the registered office of the Issuer and at the specified offices of each of the Paying Agents for the time being:

- (i) the constitutional documents of the Issuer;
- (ii) the audited consolidated annual financial statements of the Issuer for each of the financial years ended 31 December 2011 and 31 December 2012, in each case together with the audit reports prepared in connection therewith;
- (iii) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith;
- (iv) the Trust Deed (which contains the forms of the temporary and permanent Global Notes, the Global Certificates, the definitive Notes, the Receipts, the Coupons and the Talons) and the Agency Agreement (which, for the avoidance of doubt, shall not be available for inspection at the specified office of the Registrar in respect of Registered Notes cleared through CREST);
- (v) the form of transfer in respect of Registered Notes (other than Registered Notes cleared through CREST); and
- (vi) in the case of each issue of listed Notes subscribed pursuant to a Purchase Agreement, the Purchase Agreement (or equivalent document).

In addition, copies of the Registry Services Agreement will be made available for inspection during normal business hours at the registered office of the Registrar in respect of Registered Notes cleared through CREST.

Clearing Systems

The applicable Pricing Supplement will specify through which clearing system(s) a Tranche of Notes may be cleared. Bearer Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and Registered Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and CREST (which are the entities in charge of keeping the records) as specified in the relevant Pricing Supplement. Acceptance by DTC or the CMU Service of such Notes will be confirmed in the relevant Pricing Supplement. The Common Code, the International Securities Identification Number (ISIN), the CMU Code, the Committee on the Uniform Security Identification Procedure (CUSIP) number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be contained in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels,

The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The address of DTC is 55 Water Street, New York, New York 10041. The address of CREST is Euroclear UK and Ireland Limited 33 Cannon Street, London EC4M 5SB.

CMU Service

The CMU Service is a central depository service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (**HKMA**) for the safe custody and electronic trading between the members of this service (**CMU Members**) of capital markets instruments (**CMU Instruments**) which are specified in the CMU Service Reference Manual as capable of being held within the CMU Service. The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and “authorised institutions” under the Banking Ordinance (Cap. 155) of Hong Kong. Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European Clearing Systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the payment or notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are to be credited or notices in respect of the relevant CMU Instruments are to be delivered, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor may hold an interest in any Notes cleared through the CMU Service through an account with either Euroclear or Clearstream, Luxembourg. If that is the case, such investor will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

The address of the CMU Service is 55th Floor, Two International Finance Centre, 8 Finance Street Central, Hong Kong.

Conditions for determining price

The issue price and amount of Notes to be issued under the Programme will be determined at the time of issue in accordance with then prevailing market conditions.

Post-issuance information

Unless otherwise specified in the applicable Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issues of Note.

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