

## Prospectus

### Corsair (Cayman Islands) No. 4 Limited

*(an exempted company incorporated with limited liability under the laws of the Cayman Islands)*

#### Series 21

#### JPY 2,000,000,000 Secured Fixed to Floating Rate Repackaged Notes due 2022

(the “Notes”)

Issue Price: 100 per cent.

This Prospectus has been prepared for the purpose of giving information about the issue by Corsair (Cayman Islands) No. 4 Limited (the “**Company**”) as issuer of the series of notes listed above (the “**Notes**”) and should be read with the documents incorporated by reference herein (see “Incorporation” below). The Notes were issued on the terms set out in the Master Conditions (which are incorporated by reference into this Prospectus), as supplemented and modified by the specific conditions prepared for the Notes (the “**Final Terms**”) and by the provisions of any Global Note or Global Certificate representing such Notes (see “Terms of the Notes” below).

References in this Prospectus (including the documents incorporated by reference herein) to the Programme shall be construed as referring to the Programme for the Issuance of Notes and Other Secured Obligations (the “**Programme**”), which was established by the Company executing a programme deed (the “**Programme Deed**”) and under which Programme the Notes are being issued. Terms used but not defined herein that are defined in the documents incorporated by reference herein shall have the same meaning in this Prospectus.

The Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under the Prospectus Directive 2003/71/EC (as amended) (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This Prospectus will be available on the Central Bank’s website ([www.centralbank.ie](http://www.centralbank.ie)).

This Prospectus constitutes a “prospectus” for the purposes of the Prospectus Directive.

Such approval relates only to the Notes as defined above which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”) or which are to be offered to the public in any Member State of the European Economic Area (the “**EEA**”). The Central Bank has neither reviewed nor approved this Prospectus in relation to any other notes issued by the Company.

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

For the purposes of the Notes, references to Final Terms in this Prospectus and in the Master Conditions (which are incorporated by reference herein) are to the “Final Terms” as defined in the document dated 26 September 2013, which sets out the series-specific terms of the Notes and which, in relevant part, is set out in “Terms of the Notes” below. For the avoidance of doubt, such document does not constitute “final terms” for the purposes of Regulation 23 of S.I. 324, Prospectus (Directive 2003/71/EC) Regulations 2005.

Any references to Final Terms does not relate to Final Terms as described in Article 5(4) of the Prospectus Directive.

#### **ARRANGER AND DEALER**

**J.P. Morgan**

Dated: 21 October 2013

The Company accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Company, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. For the avoidance of doubt, the Company accepts such responsibility in respect of itself and its Programme, but does not accept any responsibility for any information contained in the documents incorporated by reference herein which relates to any other issuer under that issuer's programme for which responsibility is accepted by such other issuer as provided in the documents incorporated by reference herein. The information in this Prospectus in respect of the Original Charged Assets and the obligor thereof has been accurately reproduced from the issue documentation in respect of the Original Charged Assets. So far as the Company is aware and is able to ascertain from such information published by the obligor of the Original Charged Assets, no facts have been omitted which would render the reproduced information inaccurate or misleading. For the purposes of this Prospectus, the second sentence of the paragraph headed "Responsibility" on page 21 of this Prospectus shall be disregarded and shall not form part of this Prospectus

No person has been authorised to give any information or to make any representations other than those contained in this Prospectus and any documents incorporated by reference herein in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Company or the Dealer. Neither the delivery of this Prospectus, nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that there has been no adverse change in the financial position of the Company since the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Neither the Arranger nor the Dealer undertakes to review the financial condition or affairs of the Company at any time.

Neither the Arranger nor the Dealer has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger or the Dealer as to the accuracy or completeness of the information contained in this Prospectus, any Final Terms or any other information provided by the Company in connection with the Notes. Neither the Arranger nor the Dealer accepts liability in relation to the information contained in this Prospectus, any Final Terms or any other information provided by the Company in connection with the Notes.

None of this Prospectus, any Final Terms or any other information supplied in connection with the Notes constitutes investment advice. None of the Company, the Arranger, the Broker, the Dealer, the Trustee, the Counterparty (or any Credit Support Provider of such Counterparty), the Custodian or any Agent, or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof) is acting as an investment advisor or providing advice of any other nature, or assumes any fiduciary obligation, to any investor in the Notes.

None of this Prospectus, any Final Terms or any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Arranger or the Dealer that any recipient of this Prospectus, any Final Terms or any other information supplied in connection with the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Company and of the tax, accounting, legal and regulatory consequences of an investment in any of the Notes for such investor. Each Noteholder takes full responsibility for its decision to purchase any Notes and the terms on which it does so. None of the Arranger, the Broker, the Dealer, the Trustee, the Counterparty (or any Credit Support Provider of such Counterparty), the Custodian or any Agent, or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof) makes any representation or warranty whatsoever or accepts any responsibility with respect to the Outstanding Charged Assets for the Notes or the creditworthiness of the Underlying Obligor with respect to such Outstanding Charged Assets. In addition, none of the Arranger, the Broker, the Dealer, the Trustee, the Counterparty (or any Credit Support Provider of such Counterparty), the Custodian or any Agent, or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof) makes any representation or warranty whatsoever or accepts any responsibility as to the effect or possible effect of the linking of any payments due under the Notes to the performance of any other entity or index. None of the Arranger, the Broker, the Dealer, the Trustee, the Counterparty (or any Credit Support Provider of such Counterparty), the Custodian or any Agent, or any subsidiary, holding or associated company of any of them (including any directors, officers or employees thereof) undertakes to review the financial condition or affairs of the Company during the life of the Notes or to advise any purchaser or potential purchaser of the Notes of any information coming to the attention of any of the parties which is not included in this Prospectus.

Neither this Prospectus nor any Final Terms constitute an offer of, or an invitation by or on behalf of, the Company, the Arranger or the Dealer to subscribe for, or purchase, any Notes. The distribution of this Prospectus or the Final Terms and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or the Final Terms come are required by the Company, the Arranger and the Dealer to inform themselves about and to observe any such restrictions.

Notes may be sold by the Dealer from time to time to other purchasers in negotiated transactions.

The Notes are in bearer form and are subject to U.S. tax law requirements.

The information set forth herein, to the extent that it comprises a description of certain provisions of the documentation relating to the transactions described herein, is a summary and is not presented as a full statement of the provisions of such documentation. Such summaries are qualified by reference to and are subject to the provisions of such documentation.

This Prospectus contains references to credit ratings granted by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Service, Inc. ("**Moody's**") and Fitch Ratings Limited ("**Fitch**"). Fitch is established in the European Community and is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**Regulation**"). S&P and Moody's are not established in the European Community and have not applied for registration pursuant to the Regulation.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to:

- (a) "JPY" and "¥" are to Japanese Yen; and
- (b) "Sterling" and "£" are to the lawful currency of the United Kingdom.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "**Morgan**" are to JPMorgan Chase Bank, N.A..

### **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 THE NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS OR THE FINAL TERMS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES 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, AND NONE OF THE COMPANY, THE ARRANGER OR THE DEALER SPECIFIED HEREIN (INCLUDING THE DIRECTORS, OFFICERS OR EMPLOYEES THEREOF) SHALL HAVE ANY RESPONSIBILITY THEREFOR.

NOTES MAY BE SUBJECT TO RESTRICTIONS ON TRANSFER AND RESALE AS DETAILED IN THIS PROSPECTUS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN NOTES FOR AN INDEFINITE PERIOD OF TIME.

### **Important Notice Regarding Certain United States Laws**

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 COMPANY HAS NOT BEEN NOR WILL BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**") IN RELIANCE, WHERE APPLICABLE, ON THE EXCEPTION PROVIDED UNDER SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT.

NOTES WILL BE OFFERED, SOLD AND DELIVERED AS PART OF THEIR DISTRIBUTION ONLY OUTSIDE THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, NON-U.S. PERSONS IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT.

REGARD SHOULD BE HAD TO APPENDIX A OF THE BASE PROSPECTUS (AS DEFINED BELOW) WHICH SETS OUT CERTAIN INFORMATION REGARDING THE BOOK-ENTRY NATURE OF THE NOTES AND ALSO SETS OUT THE TRANSFER RESTRICTIONS APPLICABLE TO THE NOTES.

IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS OR ANY OTHER DOCUMENT PRODUCED IN CONNECTION WITH THE NOTES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

### **Certain ERISA Restrictions**

EACH PURCHASER AND TRANSFEREE OF A NOTE, OR OF ANY INTEREST THEREIN, WILL BE DEEMED AND IN CERTAIN CIRCUMSTANCES WILL BE REQUIRED IN WRITING TO HAVE REPRESENTED, AGREED AND ACKNOWLEDGED THAT, AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD OF ITS

HOLDING AND DISPOSITION OF SUCH NOTE OR INTEREST THEREIN, (1) IT IS NOT, AND IS NOT USING THE ASSETS OF, (A) (i) AN "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO THE FIDUCIARY RESPONSIBILITY REQUIREMENTS OF TITLE I OF ERISA, (ii) A "PLAN" TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") APPLIES, OR (iii) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (AS DETERMINED PURSUANT TO THE "PLAN ASSETS REGULATION" ISSUED BY THE U.S. DEPARTMENT OF LABOR AT 29 C.F.R. SECTION 2510.3-101 AS MODIFIED BY SECTION 3(42) OF ERISA) BY REASON OF ANY SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY (ANY SUCH PLAN OR ENTITY DESCRIBED IN (i), (ii), OR (iii), A "BENEFIT PLAN INVESTOR") OR (B) A NON-U.S. PLAN, GOVERNMENTAL PLAN, CHURCH PLAN OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW OR REGULATION THAT IS SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (A "SIMILAR LAW") UNLESS ITS ACQUISITION AND HOLDING AND DISPOSITION OF SUCH NOTE, OR ANY INTEREST THEREIN, WILL NOT CONSTITUTE A VIOLATION OF SUCH SIMILAR LAW, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE, OR ANY INTEREST THEREIN, TO ANY PERSON WITHOUT FIRST OBTAINING FROM SUCH PERSON THESE SAME FOREGOING WRITTEN REPRESENTATIONS, AGREEMENTS AND ACKNOWLEDGEMENTS. ANY PURPORTED TRANSFER TO A TRANSFEREE THAT DOES NOT COMPLY WITH SUCH REQUIREMENTS SHALL BE NULL AND VOID AB INITIO.

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## **Risk Factors**

Prospective investors should refer to the section entitled "Risk Factors" contained in the Base Prospectus (as defined below) (pages 20 to 53 inclusive) and incorporated by reference herein.

**THE NOTES ARE COMPLEX INSTRUMENTS THAT INVOLVE SUBSTANTIAL RISKS AND ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS WHO HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE AND ACCESS TO PROFESSIONAL ADVISERS AS THEY SHALL CONSIDER NECESSARY IN ORDER TO MAKE THEIR OWN EVALUATION OF THE RISKS AND THE MERITS OF SUCH AN INVESTMENT (INCLUDING WITHOUT LIMITATION THE TAX, ACCOUNTING, CREDIT, LEGAL, REGULATORY AND FINANCIAL IMPLICATIONS FOR THEM OF SUCH AN INVESTMENT) AND WHO HAVE CONSIDERED THE SUITABILITY OF THE NOTES IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL CONDITION. EACH PROSPECTIVE INVESTOR IN THE NOTES SHOULD HAVE SUFFICIENT FINANCIAL RESOURCES AND LIQUIDITY TO BEAR ALL OF THE RISKS OF AN INVESTMENT IN THE NOTES. OWING TO THE STRUCTURED NATURE OF THE NOTES THEIR PRICE MAY BE MORE VOLATILE THAN THAT OF UNSTRUCTURED SECURITIES.**

## **Incorporation**

The following information contained in the Base Prospectus dated 11 July 2012 relating to the Company (the “**Base Prospectus**”) shall be incorporated in, and form part of, this Prospectus, save that any statement contained therein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The table below sets out the relevant page references for the information incorporated herein by reference.

<b>Section</b>	<b>Page(s)</b>
Preamble	pp. (i)-(vii)
Overview	pp. 1–19
Risk Factors	pp. 20–53
Conflicts of Interest	pp. 54-55
Commonly Asked Questions	pp. 56-68
Master Conditions	pp. 69–133
The Swap Agreement	pp. 136–147
The Custody Agreement	pp. 148–149
Calculation Agent and Determination Agent	p. 150
Taxation Considerations	pp. 151–160
ERISA Considerations	pp. 161–164
Subscription and Sale	pp. 165–172
General Information	pp. 173-174
Appendix A Non-U.S. Distribution	pp. 175
Book-Entry Clearance Procedures	pp. 176-178
Summary of Provisions relating to the Notes while in Global Form	pp. 179-183
Transfer Restrictions	p. 184
Glossary of Defined Terms	pp. 236
Listed Company Disclosure Annex	
Corsair (Cayman Islands) No.4 Limited	pp. DA-7-DA-10
The Counterparty	pp. DA-30-DA-31
The Bank of New York Mellon, London Branch (formerly The Bank of New York)	p. DA-32
Cayman Company Taxation	pp. DA-34
Cayman Risk Factors	pp. DA-35

The parts of the Base Prospectus not listed in the table above are either not relevant for an investor or are covered elsewhere in this Prospectus. Accordingly, any information not listed in the table above but included in the Base Prospectus is given for information purposes only.

Notwithstanding any statement in this prospectus which may indicate otherwise, full information on the Notes is only available on the basis of the combination of the provisions set out in this document, the information from the Base Prospectus listed in the table above and the applicable Final Terms. Prospective investors who have not previously reviewed all such information should do so in connection with their evaluation of the Notes.

The Base Prospectus is available on the website of the Irish Stock Exchange at

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_a430481b-f8ed-4854-82aa-e19766815c9d.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_a430481b-f8ed-4854-82aa-e19766815c9d.pdf)

The Principal Paying Agent on behalf of the Company will provide a paper copy of the Prospectus, the Base Prospectus, free of charge, on request by an investor in any Note or beneficial interest therein. Any such request should be directed to the Principal Paying Agent at the specified office of the Principal Paying Agent shown on the final page of this Prospectus.

Any reference to websites in this Prospectus is for information purposes only and such websites shall not form part of this document.

The Base Prospectus has expired. Accordingly, reference to any section of the Base Prospectus should only be made to the extent that such section has been incorporated by reference into this Prospectus.

For the purposes of the Base Prospectus and this Prospectus, each reference to the “**Listed Company**” in this Prospectus shall mean the Company.



## Description of the Notes

On 30 September 2013, the Company issued the following Notes:

Notes	Expected Rating(s)
Series 21 JPY 2,000,000,000 Secured Fixed to Floating Rate Repackaged Notes due 2022	Not Applicable

The terms of the Notes are set out in "Terms of the Notes" below.

## Terms of the Notes

### Additional Information

The additional information in this section does not constitute part of the Conditions of the Notes and is subject to amendment at any time without reference to the Noteholders.

In respect of each Listed Company, the Central Bank has approved the base prospectus under part 7 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the Irish Regulations) (as amended by the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012) as having been drawn up in accordance with the Irish Regulations and Commission Regulation (EC) No. 809/2004 (as amended by Commission Delegated Regulation (EU) No. 486/2012).

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and are in bearer form and subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons. For a description of certain further restrictions on offers and sales of the Notes and distribution of the offering documentation with respect to the Notes, see the Base Prospectus.

The Notes will not be rated.

### Conditions of the Notes

**THE NOTES ARE COMPLEX INSTRUMENTS THAT INVOLVE SUBSTANTIAL RISKS AND ARE SUITABLE ONLY FOR SOPHISTICATED INVESTORS WHO HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE AND ACCESS TO PROFESSIONAL ADVISERS AS THEY SHALL CONSIDER NECESSARY IN ORDER TO MAKE THEIR OWN EVALUATION OF THE RISKS AND THE MERITS OF SUCH AN INVESTMENT (INCLUDING WITHOUT LIMITATION THE TAX, ACCOUNTING, CREDIT, LEGAL, REGULATORY AND FINANCIAL IMPLICATIONS FOR THEM OF SUCH AN INVESTMENT) AND WHO HAVE CONSIDERED THE SUITABILITY OF THE NOTES IN LIGHT OF THEIR OWN CIRCUMSTANCES AND FINANCIAL CONDITION. EACH PROSPECTIVE INVESTOR IN THE NOTES SHOULD HAVE SUFFICIENT FINANCIAL RESOURCES AND LIQUIDITY TO BEAR ALL OF THE RISKS OF AN INVESTMENT IN THE NOTES. OWING TO THE STRUCTURED NATURE OF THE NOTES THEIR PRICE MAY BE MORE VOLATILE THAN THAT OF UNSTRUCTURED SECURITIES.**

The Notes issued by the Company will be subject to the Master Conditions set out in the Principal Trust Deed in respect of the Company's Programme for the Issuance of Notes and other Secured Obligations and reproduced in the Base Prospectus dated 11 July 2012 (the “**Base Prospectus**”), and also to the following terms (such terms, together with any schedules hereto, the “**Final Terms**” in relation to the Notes), in each case as the same may be supplemented or varied by the provisions of any Global Note or Global Certificate (including any legend or capitalised text thereon) representing such Notes.

Terms defined in these Final Terms shall have the same meanings for the purposes of the Master Conditions and the Credit Provisions Annex set out in Schedule 1 hereto. Terms used herein but not defined herein shall have the meanings given to them in the Master Conditions and the Credit Provisions Annex. In the event of any inconsistency between these Final Terms, the Credit Provisions Annex and the Master Conditions, these Final Terms shall govern. In the event of any inconsistency between the Credit Provisions Annex and the Master Conditions, the Credit Provisions Annex shall govern.

This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus. Full information on the Company and the Notes is only available on the basis of the combination of such documents.

Prospective investors should note that these Final Terms do not constitute ‘final terms’ within the meaning of the Prospectus Directive.

(Note: headings are for ease of reference only)

Company:	Corsair (Cayman Islands) No. 4 Limited
Series Number:	21
Tranche Number:	1
Currency of Denomination:	Japanese Yen (“ <b>JPY</b> ”)

Relevant Currency:	JPY
Aggregate Principal Amount:	JPY 2,000,000,000
Trade Date:	27 August 2013
Issue Date:	30 September 2013
Issue Price:	100 per cent
Original Charged Assets:	The “ <b>Original Charged Assets</b> ” shall comprise GBP 13,200,000 principal amount of an issue by HSBC Holdings plc of Callable Subordinated Fixed to Floating Rate Notes due 18 October 2022 (ISIN XS0326347373) to be purchased on or about the Issue Date.
Swap Agreement(s):	Yes
Credit Support Annex:	No
Counterparty:	JP Morgan Chase Bank, N.A.
Dealer:	J.P. Morgan Securities plc
Custodian:	The Bank of New York Mellon SA/NV, London Branch
Principal Paying Agent:	The Bank of New York Mellon, London Branch
Calculation Agent:	The Bank of New York Mellon, London Branch
Credit Observation End Date:	18 October 2022, subject to adjustment in accordance with the Following Business Day Convention.

#### **Condition 1 (Form, Denomination and Title)**

Form of Notes:	Bearer Notes
Temporary Global Note exchangeable for Permanent Global Note or Definitive Bearer Notes:	Yes, exchangeable for Permanent Global Note in the circumstances specified in the Temporary Global Note.
Certificates to be Issued:	Not Applicable
New Global Note:	No
Denomination(s):	JPY 100,000,000 (which may not be subsequently divided into a lower denomination).
Calculation Amount:	JPY 100,000,000

#### **Condition 4 (Security)**

Substitution of Original Charged Assets pursuant to Condition 4(i):	Permitted
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#### **Condition 6 (Interest)**

Interest Basis:	<p>(i) For each Specified Interest Payment Date from and including 24 April 2014, to and including 24 October 2017, Fixed Rate; and</p> <p>(ii) for each Specified Interest Payment Date from and including 24 January 2018 to and including the Scheduled Maturity Date, Floating Rate.</p>
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Specified Interest Payment Dates:

(i) 24 April and 24 October in each year, from and including 24 April 2014 to and including 24 October 2017; and

(ii) 24 January, 24 April, 24 July and 24 October in each year, from and including 24 January 2018 to and including the Scheduled Maturity Date,

provided that, if in respect of any Specified Interest Payment Date:

(a) an Event Determination Date has occurred with respect to the Reference Entity on or prior to the Cut-off Date preceding such Specified Interest Payment Date;

(b) an Uncured Default exists with respect to the Reference Entity on the Cut-off Date preceding such Specified Interest Payment Date,

then no amount of interest otherwise payable on such Specified Interest Payment Date in the absence of the occurrence of any such Event Determination Date or the existence of any such Uncured Default shall be due. In the event that, after the relevant Cut-off Date, a Default Correction Date occurs in respect of any Uncured Default, the amount of interest that would have been payable on the Specified Interest Payment Date in the absence of such Uncured Default shall be payable on the Deferred Interest Payment Date and no additional amount shall be due in respect of any such delay. No interest shall be payable if any Uncured Default results in an Event Determination Date or if a Default Correction Date has not occurred in respect of each relevant Uncured Default at the time of the occurrence of any Event Determination Date.

Where:

**"Default Correction Date"** means with respect to an Uncured Default in respect of the Reference Entity that is a Potential Failure to Pay, the day (if any) on which Publicly Available Information exists confirming that a Potential Failure to Pay has been cured and ceases to exist, as determined by the Determination Agent, provided that such Potential Failure to Pay is cured within the originally applicable grace period prior to the expiry of which such debt is not capable of being declared due and payable, and provided that such cure occurs before an Event Determination Date in respect of the Reference Entity as a result of a Failure to Pay occurs.

**"Deferred Interest Payment Date"** means the date falling five Payment Business Days following the relevant Default Correction Date.

**"Event Determination Date"** means the date on which the Determination Agent delivers a Credit Event Notice to the Company that is effective during the Notice Delivery Period.

**"Notice Delivery Period"** means the period from and including the Credit Event Backstop Date to and including the Credit Observation End Date.

**"Uncured Default"** means, with respect to the Reference Entity and any day falling on or prior to the Credit Observation End Date and on or after the Credit Event Backstop Date (determined, in each case, by reference to Greenwich Mean Time), a Potential Failure to Pay has occurred with respect to the Reference Entity and neither an Event Determination Date in respect of the Reference Entity as a result of a Failure to Pay nor a Default Correction Date has occurred.

**Fixed Rate:**

Applicable for each Specified Interest Payment Date from and

including 24 April 2014, to and including 24 October 2017.

Interest Rate: 0.8 per cent per annum

Adjustment: Applicable

Business Day Convention: Following Business Day Convention.

Day Count Fraction: Actual/365 (Fixed)

**Floating Rate:** Applicable for each Specified Interest Payment Date from and including 24 January 2018 to and including the Scheduled Maturity Date.

Spread: Plus 0.65 per cent per annum

Minimum Interest Rate: Zero per cent

Maximum Interest Rate: Not Applicable

Adjustment: Applicable

Business Day Convention: Following Business Day Convention

Day Count Fraction: Actual/360

**Condition 7 (Determination of Index Rates)**

Item to be determined by reference to Index Rate: Interest Rate for each Specified Interest Payment Date from and including 24 January 2018 to and including the Scheduled Maturity Date.

Determination Business Day Centre(s): London

Determination Time: 11.00 a.m. London time.

Benchmark: LIBOR

Primary Source for Index Rate Quotations: Reuters Screen 3750 Page

Designated Maturity: 3 months

ISDA Equivalent: JPY-LIBOR-BBA

**Condition 10 (Redemption and Purchase)**

Scheduled Maturity Date: 24 October 2022

Maturity Date: **"Maturity Date"** means:

- (i) in the event that (a) no Event Determination Date in respect of the Reference Entity has occurred in the period from and including the Credit Event Backstop Date to and including the Credit Observation End Date and (b) no Collateral Securities Call has occurred, the Scheduled Maturity Date;
- (ii) in the event that no Event Determination Date in respect of the Reference Entity has occurred in the period from and including the Credit Event Backstop Date to and including a Collateral Securities Call Date and the Collateral Securities Call occurs on such Collateral Securities Call Date, the Specified Interest Payment Date immediately following such

Collateral Securities Call Date;

(iii) in the event that:

- (a) an Event Determination Date in respect of the Reference Entity where the relevant Credit Event is other than a Restructuring has occurred in the period from and including the Credit Event Backstop Date to and including the Credit Observation End Date (a **"Credit Event Redemption"**); or
- (b) an Event Determination Date in respect of the Reference Entity where the relevant Credit Event is Restructuring has occurred in the period from and including the Credit Event Backstop Date to and including the Credit Observation End Date (a **"Restructuring Credit Event Redemption"**),

the Revised Maturity Date.

In the event that the Maturity Date falls after the Scheduled Maturity Date, no additional amount shall be payable in respect of interest for the period from (and including) the Scheduled Maturity Date to (but excluding) the Maturity Date as a result thereof.

**"Revised Maturity Date"** means the tenth Payment Business Day following the giving of notice to Noteholders that an Event Determination Date in respect of the Reference Entity has occurred.

**"Collateral Securities Call"** means the early redemption of the aggregate outstanding principal amount of the Original Charged Assets in whole (but not in part) on a Collateral Securities Call Date at their redemption amount in accordance with the terms and conditions of the Original Charged Assets in effect as of the date of issuance of the Original Charged Assets.

**"Collateral Securities Call Date"** means 18 October 2017 (subject to adjustment in accordance with the Following Business Day Convention) and thereafter any of 18 January, 18 April, 18 July and 18 October in each year from and including 18 January 2018 to and including 18 July 2022 (subject in each case to adjustment in accordance with the Modified Following Business Day Convention).

Business Day Convention:

Following Business Day Convention.

#### **Condition 11 (Redemption Amount and Early Redemption Amount)**

Redemption Amount:

The Redemption Amount payable in respect of each Note will be determined by the Determination Agent in accordance with the following terms:

- (i) in the event that the Maturity Date has been determined pursuant to sub-paragraph (i) of the definition of Maturity Date, the Redemption Amount in respect of a Note shall be 100 per cent. of the Denomination of such Note;
- (ii) in the event that the Maturity Date has been determined pursuant to sub-paragraph (ii) of the definition of Maturity Date, the Redemption Amount in respect of a Note shall be 100 per cent. of the Denomination of such Note; or
- (iii) in the event that the Maturity Date has been determined pursuant to sub-paragraph (iii) of the definition of Maturity Date, the Redemption Amount payable in respect of each Note shall be the Cash Settlement Amount, provided that a Noteholder that has not sold or transferred (other than to the

Arranger or any of its affiliates) any portion of the Notes purchased by it from the Arranger upon issuance (any such Noteholder, a **"Relevant Noteholder"**) may elect to receive the Physical Settlement Amount *in lieu* of the Cash Settlement Amount in accordance with the provisions set out below. If required by the Company (or the Determination Agent acting on behalf of the Company), a Relevant Noteholder must produce evidence reasonably satisfactory to the Company (or the Determination Agent acting on behalf of the Company) to demonstrate that such Noteholder is a Relevant Noteholder on or before the Revised Maturity Date.

If an Event Determination Date has occurred, then, before the day falling 5 Payment Business Days following notice to the Noteholders that such Event Determination Date has occurred, each Relevant Noteholder shall have the option to elect for Physical Settlement by giving a Physical Settlement Notice to the Determination Agent (duly completed to the satisfaction of the Determination Agent). To be effective, each Physical Settlement Notice must be given by the Relevant Noteholder and must include the identity and contact details of the Relevant Noteholder and proof satisfactory to the Determination Agent of ownership by the Relevant Noteholder of the Notes in respect of which such Physical Settlement Notice is given. If any Noteholder (who is a Relevant Noteholder) does not elect for Physical Settlement, or in respect of any Noteholder that is not a Relevant Noteholder, Cash Settlement shall apply to such Noteholder.

For the avoidance of doubt notwithstanding the provisions of Schedule 1 hereto, each Note will redeem in whole following a Restructuring Credit Event Redemption even where the Exercise Amount specified in the Credit Event Notice in respect of such Restructuring Credit Event is less than 100 per cent. of the Credit Position of the Reference Entity. In particular, the provisions of Section 3.9 of Schedule 1 hereto dealing with the provisions relating to the calculation of principal (including Redemption Amount) and interest payable under the Notes and dealing with the calculation of the Notional Swap Early Termination Amount shall not apply and the provisions set out in these Final Terms in relation thereto shall apply.

**"Cash Settlement"** means the payment of the Cash Settlement Amount in respect of each Note on the Revised Maturity Date.

**"Cash Settlement Amount"** means, in respect of each Note to which Cash Settlement applies, the aggregate of:

- (i) a *pro rata* share of the Relevant Currency Proceeds but as if references in the definition of "Actual Currency Proceeds" (as amended below) to (a) "in connection with an Early Redemption" shall instead be deemed to be a reference to "in connection with the Liquidation as a result of the occurrence of an Event Determination Date (and satisfaction of the conditions relating thereto)" (b) "Outstanding Assets" were references to the "Securities to be Sold", and as if references in the definition of "Early Valuation Date" to the "Early Redemption Date" were to the "Revised Maturity Date" as adjusted, in the case of a Restructuring Credit Event Redemption only where the Exercise Amount is determined to be less than 100 per cent. of the Credit Position of the Reference Entity, by:
  - (a) if the Notional Swap Early Termination Amount is an amount that the Determination Agent would be prepared to receive from the Company, the deduction of a cash amount, in JPY, equal to a portion of the Notional Swap Early Termination Amount calculated by applying thereto a fraction, the numerator of which is the number of Notes in relation to which Cash Settlement applies and the

denominator of which is total number of Notes outstanding; or

- (b) if the Notional Swap Early Termination Amount is an amount that the Determination Agent would be prepared to pay to the Company, the addition of a cash amount, in JPY, equal to a portion of the Notional Swap Early Termination Amount calculated by applying thereto a fraction, the numerator of which is the number of Notes in relation to which Cash Settlement applies and the denominator of which is total number of Notes outstanding; and
- (ii) an amount equal to the Residual Cash Amount divided by the total number of Notes outstanding.

**“Deliverable Securities”** means a portion of the Original Charged Assets calculated by:

- (i) applying thereto a fraction, the numerator of which is the number of Notes in relation to which Physical Settlement applies and the denominator of which is the total number of Notes outstanding, and
- (ii) subtracting the Liquidated Portion,

rounded down to the nearest whole denomination of the Original Charged Assets (the **“Securities Denomination”**) and subject to a minimum of zero.

**“Liquidated Portion”** means a portion of the Original Charged Assets comprising what would, but for this provision, have been the Deliverable Securities, as determined by the Determination Agent in its sole discretion, with a cash value on sale, excluding accrued interest, equal to the sum of:

- (i) if, in the event of a Restructuring Credit Event Redemption where the Exercise Amount specified in the Credit Event Notice is less than the Credit Position of the Reference Entity, the Notional Swap Early Termination Amount is an amount that the Determination Agent would be prepared to receive from the Company, a portion of such Notional Swap Early Termination Amount calculated by applying thereto a fraction, the numerator of which is the number of Notes in relation to which Physical Settlement applies and the denominator of which is the total number of Notes outstanding; and
- (ii) any taxes, expenses, costs and losses incurred in effecting such delivery of the Deliverable Securities and/or sale of the Liquidated Portion.

**“Notional Non-Affected Swap Transaction”** means, in the event of a Restructuring Credit Event Redemption only where the Exercise Amount specified in the Credit Event Notice is less than the Credit Position of the Reference Entity, a notional swap transaction which, for the purposes only of determining the Notional Swap Early Termination Amount, shall be deemed to have been entered into between the Company and the Determination Agent with an effective date of the Issue Date on identical terms to the Swap Agreement save that:

- (i) the Morgan Final Exchange Amount shall be deemed to be an amount in JPY equal to JPY 2,000,000,000 less the Exercise Amount;
- (ii) the Morgan Fixed Rate Payer Calculation Amount shall be



deemed to be an amount in JPY equal to JPY 2,000,000,000 less the Exercise Amount, or the Morgan Floating Amount shall be calculated on the basis that:

$$"C1" = \left( JPY 100,000,000 - \left( \frac{\text{Exercise Amount}}{20} \right) \right) \times "R1" \times (Actual / 360)$$

- (iii) the Issuing Counterparty Final Exchange Amount and the Issuing Counterparty Fixed Rate Payer Calculation Amount, or as the case may be, the Issuing Counterparty Floating Rate Payer Calculation Amount shall be deemed to be an amount in GBP equal to GBP 13,200,000 less an amount in GBP calculated by applying a fraction to GBP 13,200,000, the numerator of which is the Exercise Amount and the denominator of which is the Credit Position; and
- (iv) an Event Determination Date will be deemed not to have occurred or to occur for the term of the notional swap transaction.

Capitalised terms in this definition, unless the context indicates otherwise, shall have the meaning given to them in the Swap Agreement.

In (ii) above, the definition of "Exercise Amount" shall be specified in whole units of the Calculation Amount (with each unit being equal to JPY 100,000,000).

**"Notional Swap Early Termination Amount"** means the amount, which may be zero, in JPY that the Determination Agent would be prepared to pay to, or as the case may be, receive from, the Company on the Revised Maturity Date occurring as a result of a Restructuring Credit Event Redemption where the Exercise Amount specified in the Credit Event Notice is less than 100 per cent. of the Credit Position of the Reference Entity as its bid price for an unwind of the Notional Non-Affected Swap Transaction. For the avoidance of doubt, the Notional Swap Early Termination Amount shall not be determined under Section 6(e) of the ISDA Master Agreement.

**"Physical Settlement"** means the delivery on the Revised Maturity Date of the Physical Settlement Amount in respect of each Note in relation to which a Physical Settlement Notice has been delivered.

**"Physical Settlement Amount"** means in respect of each Note in relation to which a Physical Settlement Notice has been delivered:

- (i) a *pro rata* share of the Deliverable Securities rounded down to the nearest whole Securities Denomination;
- (ii) an amount in cash equal to the Residual Cash Amount divided by the total number of Notes outstanding; and
- (iii) in the case of a Restructuring Credit Event Redemption where the Exercise Amount specified in the Credit Event Notice is less than the Credit Position of the Reference Entity, if the Notional Swap Early Termination Amount is an amount that the Determination Agent would be prepared to pay to the Company, a *pro rata* share of a cash amount, in JPY, equal to a portion of the Notional Swap Early Termination Amount calculated by applying thereto a fraction, the numerator of which is the number of Notes in relation to which Physical Settlement applies and the denominator of which is the total number of Notes outstanding.

**"Physical Settlement Notice"** means an irrevocable notice to the Determination Agent (acting on behalf of the Company) by which the Relevant Noteholder provides evidence of its entitlement to its holding

of Notes and contact details, such notice being in the form set out in Schedule 4 hereto.

**“Pro rata”**, unless otherwise stated, when applied to an amount and a Note means a proportion of such amount calculated by multiplying such amount by a fraction, the numerator of which is the Denomination of such Note and the denominator is the aggregate of the Denominations of all Notes outstanding.

**“Residual Cash Amount”** means (i) the cash proceeds of any Original Charged Assets remaining after the rounding referred to in the definition of “Deliverable Securities” and “Securities to be Sold” less (ii) any taxes, costs, losses and expenses incurred in such sale.

**“Securities to be Sold”** means a portion of the Original Charged Assets calculated by applying thereto a fraction, the numerator of which is the number of Notes in relation to which Cash Settlement applies and the denominator of which is the total number of Notes outstanding, rounded down to the nearest whole Securities Denomination.

## Condition 12 (Payments and Talons)

Payment Business Day Centre(s): London and Tokyo

### Other

Distribution Type: Non-U.S. Distribution

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

Talon(s) will be attached in the limited circumstances in which the Permanent Global Note is exchangeable for Definitive Bearer Notes and more than 27 Specified Interest Payment Dates remain at such time.

Details of any additions or variations to the Selling Restrictions:

Notice pursuant to the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended) of Japan (the “FIEL”) – transfer restriction, etc.

No registration pursuant to Article 4, Paragraph 1 of the FIEL has been made or will be made concerning the Notes for the reason that the solicitations of an application to acquire the newly issued Notes are conducted in a manner falling under the Solicitation for Small Number of Investors (specifically, the case stipulated in Article 2, Paragraph 3, Item 2 ha of the FIEL) as defined in Article 23-13, Paragraph 4 of the FIEL.

The Notes may not be subdivided in a denomination smaller than the one stipulated on the Notes.

### Further additions or variations:

The following provisions shall constitute “Additional Conditions”:

1. If the Reference Entity at any time is the beneficial owner of a Note, such Note shall, notwithstanding any other provisions of the Conditions and regardless of the occurrence or non-occurrence of an Event Determination Date, have a Redemption Amount and an Early Redemption Amount of zero (0) and no interest will be due and payable in respect of the Note and for the purposes of the provisions of Noteholders’ meetings such Note shall be deemed not to be outstanding.
2. If the Determination Agent gives notice to the Company and the Broker that (a) a Cash Settlement is to occur following a Credit Event Redemption or a Restructuring Credit Event Redemption, (b) a Physical Settlement is to occur following a Credit Event Redemption or a Restructuring Credit Event Redemption and sale of Original Charged Assets falls to be made due to any

rounding thereof or as part of the Liquidated Portion, there shall be a Liquidation of the Outstanding Charged Assets and, for the purposes of the definition of OCA Liquidation Period, a Liquidation Event shall be deemed to occur on the date on which such notice is effective.

3. Notwithstanding anything to the contrary contained in the Credit Provisions Annex, an Event Determination Date shall not be capable of being reversed, moved or deemed not to have occurred following commencement by the Broker of the Liquidation under Condition 4(d) that arises as a result of the occurrence of such Event Determination Date (and satisfaction of the conditions relating thereto). Where an event occurs that would, were it not for the operation of this paragraph, reverse, move or deem the Event Determination Date not to have occurred, for purposes of the Credit Provisions Annex such event shall be deemed not to have occurred. Following the delivery of a Credit Event Notice, the Determination Agent can revoke such Credit Event Notice at any time prior to commencement by the Broker of the Liquidation under Condition 4(d) that arises as a result of the occurrence of such Event Determination Date (and satisfaction of the conditions thereto).
4. Notwithstanding anything to the contrary in the provisions of Condition 4(d), if an Event Determination Date occurs in respect of the Reference Entity:
  - (a) the "OCA Liquidation Period" shall be the period from and including the date on which the Determination Agent notifies the Company and the Broker (i) that Cash Settlement is to occur following an Event Determination Date or (ii) that any liquidation of the Original Charged Assets falls to be made pursuant to the definition of Physical Settlement Amount or Deliverable Securities to but excluding the fifth Payment Business Day following such notification.
  - (b) the method of liquidation set out in Condition 4(d) shall apply to the "Securities to be Sold", the "Liquidated Portion" and any portion of the Original Charged Assets to be liquidated pursuant to the definition of "Deliverable Securities" or "Physical Settlement Amount" as if references in Condition 4(d) to "all Outstanding Charged Assets" were to such securities or portion and references to the "Early Redemption Date" were to the "Revised Maturity Date".
5. The occurrence of an Event Determination Date shall not preclude the giving of notice of the redemption of the Notes following the occurrence of an Event of Default or the other circumstances referred to in Condition 10(b) or 10(c) of the Notes and in such event such provisions of the Conditions relating to any such redemption shall prevail.
6. The amount of interest payable in relation to each Note shall be payable in JPY and shall be rounded up or down to the nearest whole JPY, with one half JPY being rounded up.
7. The title of Condition 10(c) shall be amended by the insertion of the words "or a Succession Event" after the words "Redemption for Taxation".

Condition 10(c) shall be amended by insertion of the following as 10(c)(iii):

"If the Determination Agent determines that a Succession Event

has occurred in relation to the Reference Entity and there is more than one Successor, then the Company shall redeem all but not some only of the Notes at their Early Redemption Amount on the Early Redemption Date.

8. Section 2.2(a) of Schedule 1 hereto shall be amended by the deletion of the following from the paragraph commencing “The Calculation Agent will be responsible”:

“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 Sections 2.2(a), (k)(i) and (k)(ii)(A) 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 the event that ISDA publicly announces, on or following the Trade Date, a DC Resolution that one or more successors exist with respect to a Reference Entity, each such successor entity will be treated as a Successor for purposes of Section 2.2(b).”

9. Section 2.2(i) of Schedule 1 hereto shall be amended by the deletion of the following from the paragraph commencing “The Calculation Agent will be responsible”:

“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 Sections 2.2(i), k(i) and k(ii)(B) are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the relevant Reference Entity has occurred.

In the event that ISDA publicly announces, on or following the Trade Date, a DC Resolution that one or more successors with respect to such Reference Entity, each such successor entity will be treated as a Successor for purposes of Section 2.2(b).”

10. Section 2.2(j) of Schedule 1 hereto shall be deemed to be amended by deleting it in its entirety and replacing it with:

**“Succession Event Backstop Date”** means the Trade Date.”

11. Sections 1.8, 1.9, 2.2(b), 2.2(k), 6.5, 7.4, 7.8 and Articles VI, VII, VIII and XII of Schedule 1 attached hereto shall be deemed to be deleted in their entirety.

12. Condition 13(iv) shall apply provided that, if an event or circumstance which would otherwise constitute or give rise to a Charged Assets Default also gives rise to an Event Determination Date in respect of the Reference Entity, it will be treated as giving rise to an Event Determination Date in respect of the Reference Entity and will not constitute a Charged

Assets Default.

13. Section 1.23 of Schedule 1 hereto shall be deemed to be amended by deleting it in its entirety and replacing it with:

**“Credit Event Backstop Date”** means the Trade Date.”

14. The definition of Cut-off Date in Section 13.1 of the definitions set out in Schedule 1 hereto shall be deemed replaced with the following:

**“Cut-off Date”** means (i) in respect of any date which is a Specified Interest Payment Date the third Payment Business Day preceding such Specified Interest Payment Date and (ii) in respect of any other date, the third Payment Business Day preceding such date.”

15. All references in Schedule 1 hereto to “Auction Settlement”, “Final Price”, “DC Credit Event Announcement” and “Notices to ISDA” and related provisions shall not be applicable.

16. The Exercise Amount shall be a minimum amount of JPY 100,000,000 and thereafter in integral multiples of such amount.

17. The provisions set out in Schedule 1 hereto shall be deemed to be incorporated in, and to form a part of these Final Terms. To the extent that the meanings attributed to defined terms in these Final Terms differ from the meanings attributed to such terms in Schedule 1 hereto, the definitions as used in these Final Terms shall prevail.

18. Condition 24 shall be amended by the deletion of the last sentence thereof and the insertion of the following words:

“The Company has appointed Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX, to act as its agent in England to receive service of process in any proceedings in England based on any of the Notes or the Coupons.”

Responsibility

The Company accepts responsibility for the information contained in these Final Terms. The Company confirms that such information has been accurately reproduced and that, so far as it is aware, no facts have been admitted which would render the reproduced inaccurate or misleading.

Signed for and on behalf of the Company

By:

(Authorised signatory)

(representative of the Principal Paying Agent acting on behalf of the Company)

## PART B - OTHER INFORMATION

*For the avoidance of doubt, the other information contained in this Part B of the Final Terms does not form part of the Conditions.*

Listing and admission to trading:	Application will be made for the Notes to be admitted to the Official List of the Irish Stock Exchange Limited and to be admitted to trading on the regulated market of the Irish Stock Exchange Limited following issue. No assurance can be given that such listing will be obtained and/or maintained.
Rating:	N/A
Method of issue of Notes:	J.P. Morgan Securities plc as individual Dealer at 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom.
Authorisation:	The issue of the Notes was authorised by resolutions of the board of directors of the Company passed on 6 July 2012 and 24 September 2013.
Dealers' Commission(s) (Syndicated Issue):	None.
Members of syndicate (Syndicated Issue):	N/A
Common Code:	096845383
ISIN:	XS0968453836
Details of additional/alternative clearing systems:	N/A
Intended to be held in a manner which would allow Eurosystem eligibility:	No

## SCHEDULE 1

## Credit Provisions Annex

### ARTICLE I

#### CERTAIN GENERAL DEFINITIONS

##### Section 1.1. Credit Derivative Transaction.

N/A

##### Section 1.2. Confirmation.

N/A

##### Section 1.3. Term.

N/A

##### Section 1.4. Effective Date.

N/A

##### Section 1.5. Trade Date.

“Trade Date” means the date specified as such in the Swap Agreement or, as the case may be, the Final Terms. In the event that any Reference Entity is included in the Reference Portfolio after the Trade Date, the date of inclusion of such Reference Entity in the Reference Portfolio shall be deemed to be the Trade Date with respect to such Reference Entity for the purposes of this Credit Provisions Annex.

##### Section 1.6. Scheduled Termination Date.

N/A

##### Section 1.7. Termination Date.

N/A

##### Section 1.8. Event Determination Date.

(a) **“Event Determination Date” means, with respect to a Reference Entity:**

(i) subject to Section 1.8(a)(ii), if neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the date on which the Calculation Agent delivers a Credit Event Notice to the Company, that is 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 Sections 1.24(a) and (b) (II) to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or

(ii) notwithstanding Section 1.8(a)(i), if a DC Credit Event Announcement has occurred, either:

(I) the Credit Event Resolution Request Date, if either:

(A) the relevant Credit Event is not a Restructuring and either (1) if “Auction Settlement” is specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement, the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable, or (2) if “Auction Settlement” is not specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement, the Trade Date occurs on or prior to the relevant DC Credit Event Announcement; or

- (B) the relevant Credit Event is a Restructuring, and the Calculation Agent delivers a Credit Event Notice to the Company that is effective on or prior to the Exercise Cut-off Date; or
- (II) the first date on which the Calculation Agent delivers a Credit Event Notice to the Company that is effective during (A) the Notice Delivery Period or (B) the period from, and including, the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement to, and including, the date that is fourteen calendar days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)), if:
  - (A) the relevant Credit Event is not a Restructuring;
  - (B) “Auction Settlement” is not specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement; and
  - (C) the Trade Date occurs following the relevant DC Credit Event Announcement,

provided that, in the case of this Section 1.8(a)(ii):

- (1) no Maturity Date (in the case of the Notes) or Termination Date (in the case of the Swap Agreement) has occurred on or prior to the date on which the DC Credit Event Announcement occurs;
  - (2) if any Valuation Date has occurred as of the date on which the DC Credit Event Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to any Credit Position (or portion thereof) with respect to which no Valuation Date has occurred in respect of the relevant Reference Entity; and
  - (3) no Credit Event Notice specifying a Restructuring as the only Credit Event has previously been delivered by the Calculation Agent, (aa) unless the Restructuring specified in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date or (bb) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding Remaining Credit Position.
- (b) N/A
- (c) Notwithstanding the above, no Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, prior to the Auction Final Price Determination Date, a Valuation Date, the Maturity Date (in the case of the Notes) or the Termination Date (in the case of the Swap Agreement), as applicable (or, if earlier and only where the Notes provide that on the occurrence of an Event Determination Date (and satisfaction of the conditions related thereto) there shall be a Liquidation of the Outstanding Charged Assets, the earliest date on which any Liquidation of Outstanding Charged Assets has been commenced by the Broker), a DC No Credit Event Announcement Date occurs with respect to the relevant Reference Entity or Obligation thereof.
- (d) N/A

**Section 1.9. Notice Delivery Period.** “Notice Delivery Period” means, with respect to a Reference Entity, the period from and including the Trade Date to and including the date that is fourteen calendar days after the Extension Date.

**Section 1.10. Requirements Regarding Notices.** A notice delivered on or prior to 4.00 p.m. Greenwich Mean Time on any day will be effective on such day. A notice delivered after 4.00 p.m. Greenwich Mean Time on any day will be deemed effective on the next following 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 Payment Business Day (in the case of the Notes) or one Morgan Business Day (in the case of the Swap Agreement) of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice.

**Section 1.11. Grace Period Extension Date.** “Grace Period Extension Date” means, with respect to a Reference Entity, if (a) Potential Failure to Pay is applicable and (b) a Potential Failure to Pay occurs on or prior to the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)), the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay.

**Section 1.12. Grace Period; Grace Period Business Day.**



- (a) **"Grace Period"** means:
- (i) subject to clauses (ii), (iii) and (iv), 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 with respect to a Reference Entity in respect of which Potential Failure to Pay applies, a Potential Failure to Pay has occurred on or prior to the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the relevant Standard or, if no period is specified, thirty calendar days;
  - (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 the Reference Entity is one in respect of which Potential Failure to Pay applies, such deemed Grace Period shall expire no later than the Credit Observation End Date; and
  - (iv) in the event that the Calculation Agent is not able to ascertain the Grace Period applicable with respect to any Obligation, it shall be deemed that the Grace Period with respect to that Obligation is thirty calendar days. If the terms of the relevant Obligation are not publicly available such that the length of any grace period, conditions precedent to the commencement of any such grace period or whether any such conditions are satisfied cannot be established, it shall be deemed that the Grace Period is a period of thirty calendar days from the due date for payment and all conditions precedent to the commencement thereof were satisfied on such due date.
- (b) **"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.

**Section 1.13. Potential Failure to Pay.** **"Potential Failure to Pay"** means, with respect to a Reference Entity in respect of which Potential Failure to Pay is applicable, the failure on or before the Credit Observation End Date 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.

**Section 1.14. Calculation Agent.**

N/A

**Section 1.15. Calculation Agent City.**

N/A

**Section 1.16. Valuation Business Day.** **"Valuation Business Day"** means a day on which commercial banks and foreign exchange markets are generally open to settle payments in London and New York and in any additional location that is specified as being applicable in the relevant Standard and a day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) (or any successor thereto) is open.

**Section 1.17. Calculation Agent City Business Day.**

N/A

**Section 1.18. Affiliate.** **"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity, directly or indirectly, under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

**Section 1.19. Buyer.**

N/A

**Section 1.20. Seller.**

N/A

**Section 1.21. TARGET Settlement Day.**

N/A

**Section 1.22. Credit Derivatives Determinations Committees.** “Credit Derivatives Determinations Committee” means, with respect to a Reference Entity or an Obligation thereof, the relevant committee (if any) established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions referencing such Reference Entity.

**Section 1.23. Credit Event Backstop Date.** “Credit Event Backstop Date” means, with respect to a Reference Entity or an Obligation thereof:

- (a) for purposes of any event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in Section 4.6(a)(ii)), as determined by an Applicable Resolution, the date that is 60 calendar days prior to the Credit Event Resolution Request Date; or
- (b) otherwise, the date that is 60 calendar days prior to the earlier of:
  - (i) the first date on which the Credit Event Notice is delivered by the Calculation Agent to the Company and is 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 Sections 1.24(a) and (b) are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, and (C) the Credit Event Notice is delivered by the Calculation Agent to the Company and is effective not more than fourteen calendar days after the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date.

The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

**Section 1.24. Credit Event Resolution Request Date.** “Credit Event Resolution Request Date” means, with respect to a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

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

the date, as publicly announced by ISDA, 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 Applicable Resolutions referred to in Sections 1.24(a) and (b) above.

**Section 1.25. Extension Date.** “Extension Date” means, with respect to a Reference Entity, the latest of (a) the Credit Observation End Date, (b) the Grace Period Extension Date if (i) Potential Failure to Pay is applicable to that Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and (c) the Repudiation/Moratorium Evaluation Date if (i) Potential Repudiation/Moratorium is stated to be applicable with respect to that Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in Section 4.6(a)(ii) occurs after the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)), (iii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and (iv) the Repudiation/Moratorium Extension Condition is satisfied.

**Section 1.26. Exercise Cut-off Date.** “Exercise Cut-off Date” means, with respect to a Credit Event:

- (a) if such Credit Event is a Restructuring with respect to a Reference Entity for which neither “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” nor “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard, either (i) the Relevant City Business Day prior to the Auction Final Price Determination Date, if any; (ii) the Relevant City Business Day prior to the Auction Cancellation Date, if any; or (iii) the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; or
- (b) if such Credit Event is a Restructuring with respect to a Reference Entity for which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and:
  - (i) the relevant Credit Derivatives Determinations Committee has Resolved that Credit Derivatives Auction Settlement Terms may be published in respect of such Credit Event, the date that is five Relevant City Business Days following the date on which ISDA publishes the Final List applicable to such Credit Derivatives Auction Settlement Terms in accordance with the Rules, provided that the Calculation Agent determines that such Credit Derivatives Auction Settlement Terms constitute Applicable Transaction Auction Settlement Terms or, as the case may be, Parallel Auction Settlement Terms; or
  - (ii) a No Auction Announcement Date occurs pursuant to Section 12.12(a), the date that is 21 calendar days following such No Auction Announcement Date.

**Section 1.27. DC Party.**

N/A

**Section 1.28. Resolve.** “Resolve” has the meaning given to that term in the Rules, and “Resolved” and “Resolves” shall be interpreted accordingly.

**Section 1.29. DC Resolution.** “DC Resolution” has the meaning given to that term in the Rules.

**Section 1.30. DC Credit Event Announcement.** “DC Credit Event Announcement” means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)). A DC Credit Event Announcement will be deemed not to have occurred with respect to a Reference Entity unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date) and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**Section 1.31. DC No Credit Event Announcement.** “DC No Credit Event Announcement” means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof).

**Section 1.32. Relevant City Business Day.** “Relevant City Business Day” has the meaning given to that term in the Rules.

**Section 1.33. Final List.** “Final List” has the meaning given to that term in the Rules.

## ARTICLE II

### GENERAL TERMS RELATING TO CREDIT DERIVATIVE TRANSACTIONS

**Section 2.1. Reference Entity.** “Reference Entity” means each of the entities specified in or determined in accordance with the Swap Agreement or, as the case may be, the Final Terms and any Successors.

**Section 2.2. Provisions for Determining a Successor.**

- (a) **“Successor”** means, in relation to a Reference Entity that is not a Sovereign (for which purpose, Section 2.2(i) applies), the entity or entities, if any, determined as set forth below:
- (i) if one entity directly or indirectly succeeds to seventy five per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor.
  - (ii) if only one entity directly or indirectly succeeds to more than twenty five per cent. (but less than seventy five per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event and not more than twenty five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twenty five per cent. of the Relevant Obligations will be the sole Successor.
  - (iii) if more than one entity each directly or indirectly succeeds to more than twenty five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than twenty five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty five per cent. of the Relevant Obligations will each be a Successor and the Credit Position will be divided and the terms of the Notes and the provisions of the Swap Agreement, if any, will be amended in accordance with the provisions of paragraph (b) below.
  - (iv) if one or more entities each directly or indirectly succeeds to more than twenty five per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than twenty five per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor and the Credit Position will be divided and the terms of the Notes and the provisions of the Swap Agreement, if any, will be amended in accordance with the provisions of paragraph (b) 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 twenty five per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Credit Position will not be changed in any way as a result of the Succession Event.
  - (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 twenty five 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.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event with respect to a Reference Entity that is not a Sovereign (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 above have been met, or which entity qualifies under Section 2.2(a)(vi), 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 Sections 2.2(a), (k)(i) and (k)(ii)(A) are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under Section 2.2(a)(vi), as applicable, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in “Best Available Information” below.

In the event that ISDA publicly announces, on or following the Trade Date, a DC Resolution that one or more successors exist with respect to a Reference Entity, each such successor entity will be treated as a Successor for purposes of Section 2.2(b).

- (b) Where pursuant to Section 2.2(a) above or Section 2.2(i) below, one or more Successors have been identified, the following provisions will apply with effect from the Succession Date in respect of the Notes and the Swap Agreement:

- (I) except in the case of (IV) below, each Successor shall be a Reference Entity for the purposes of the Conditions and the Swap Agreement;
- (II) except in the case of (IV) below, the Credit Position of each such Successor shall be equal to the Credit Position of the Reference Entity to which that Successor relates, divided by the number of Successors (including that Original Reference Entity if applicable) to that Reference Entity, provided that if any Successor was a Reference Entity immediately prior to the relevant Succession Event, the Credit Position determined in accordance with the previous sentence shall be added to the existing Credit Position of that Reference Entity;
- (III) if the Notes or, as the case may be, the Swap Agreement is linked to a single Reference Entity and there is more than one Successor to that Reference Entity:
  - (A) The Notes will not redeem in whole following the occurrence of an Event Determination Date in respect of a Successor but an instalment amount shall be payable following each occurrence of an Event Determination Date in respect of any such Successor which shall be calculated in the same way as the Redemption Amount payable following the occurrence of an Event Determination Date in respect of the Original Reference Entity except that the Credit Position shall be the Credit Position of the relevant Successor and, in respect of such instalment amount, there shall only be a Liquidation of a portion of the Outstanding Charged Assets such portion being equal to the Credit Position of the relevant Successor divided by the Credit Position of the Original Reference Entity (subject to adjustment for rounding). The instalment date for any such instalment amount shall be determined in accordance with the provisions for determining the Maturity Date following an Event Determination Date. In addition, if no Event Determination Date occurs with respect to one or more Successors an instalment amount will be due in respect of each such Successor on the Scheduled Maturity Date or, if the Maturity Date is postponed beyond the Scheduled Maturity Date (assuming for this purpose that the provisions in the definition of "Maturity Date" referring to the Reference Entity instead refer to the Successor), the Maturity Date, equivalent to the Credit Position of the relevant Successor. More than one instalment amount may be payable on the same day in respect of different Successors.
  - (B) The amount of interest accruing and payable in respect of the Notes will be reduced with effect from the date on which it would have been reduced upon the occurrence of an Event Determination Date in respect of the Original Reference Entity but the balance on which interest is calculated shall only be reduced by the Credit Position of the Successor in respect of which the relevant Event Determination Date occurred.
  - (C) Subject as provided in Section 4.1, more than one Event Determination Date may occur but not more than one Event Determination Date may occur with respect to a single Successor.
  - (D) The Swap Agreement will not terminate in whole following the occurrence of an Event Determination Date in respect of a Successor.
  - (E) Under the Swap Agreement (including, for the avoidance of doubt, the Credit Support Annex (if any)), upon each occurrence of an Event Determination Date in respect of a Successor, the Company and Morgan shall make payment or delivery of a portion of the amounts payable or assets deliverable following an Event Determination Date with respect to the Original Reference Entity, such portion being equal to the Credit Position of the relevant Successor divided by the Credit Position of the Original Reference Entity and the Fixed Amounts and/or Floating Amounts payable by the parties shall continue to be payable but the Fixed Rate Payer Calculation Amounts and/or Floating Rate Payer Calculation Amounts on which such amounts are calculated shall be reduced from the date that such payments would have ceased to be payable following an Event Determination Date with respect to the Original Reference Entity by a portion equivalent to the Credit Position of the relevant Successor divided by the Credit Position of the Original Reference Entity (subject to adjustment for rounding).

Upon the identification of more than one Successor, the Calculation Agent acting in good faith shall revise the Conditions to reflect the above provisions and preserve as far as possible the economic effects of the original Notes and the Company will cause such revised Conditions to be substituted for the original Conditions and such revised Conditions shall, in the absence of manifest error, be binding on the Company, the Trustee, the Noteholders, the Couponholders and the agents appointed under the Agency Agreement.

Upon the identification of more than one Successor, the Calculation Agent acting in good faith shall revise the provisions of the Swap Agreement to reflect the above provisions and preserve as far as

possible the economic effects of the original Swap Agreement and Morgan and the Company will cause such revised provisions to be substituted for the original provisions and such revised provisions shall, in the absence of manifest error, be binding on Morgan and the Company.

- (IV) If the Notes or, as the case may be, the Swap Agreement is linked to more than one Reference Entity and the Notes are issued on the basis that they will be redeemed in whole (or the Swap Agreement will be terminated) following the occurrence of an Event Determination Date in respect of a single Reference Entity, then:
- (A) if there is more than one Successor to the relevant Reference Entity and such Successors do not include any Reference Entity (other than the Original Reference Entity), the Calculation Agent has the right to select one of the Successors (including the Original Reference Entity) to be the Reference Entity in place of such Reference Entity and that Successor shall become a Reference Entity under the Notes and the Swap Agreement; or
  - (B) if there is one or more Successors and such Successor or Successors include one or more Reference Entities (other than the Original Reference Entity) then (x) each of those Reference Entities (other than the Original Reference Entity, if the Original Reference Entity is a Successor), shall continue to be Reference Entities; and (y) the Calculation Agent shall, in its sole discretion, select a Replacement Entity to replace the Original Reference Entity. Such entity shall be deemed to be the sole Successor on and with effect from the date of the Succession Event (if the entity selected was a Successor) or from the date of notification to the parties, in any other case.

Such selection shall be final and binding in respect of the Notes, on the Company, the Trustee, the Noteholders, the Couponholders and the agents appointed under the Agency Agreement, and in respect of the Swap Agreement, Morgan and the Company. The Calculation Agent shall give notice to the parties of the Replacement Entity so selected as soon as reasonably practicable after making such selection.

**“Geographical Area”** means North America, Europe or Asia Pacific, as the case may be.

**“Original Reference Entity”** means the Reference Entity which has been subject to the Succession Event.

**“Replacement Entity”** means an entity which is either:

- (1) one of the Successors to the Original Reference Entity (including, if applicable, the Original Reference Entity); or
- (2) an entity that is incorporated within the same Geographical Area as the Original Reference Entity and which is of a similar or better credit quality than the Original Reference Entity, as measured by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and/or by Moody's Investors Service, at the date of the relevant Succession Event.

Notwithstanding, inter alia, its geographical location or type, any Successor to a Reference Entity to which a particular Standard applies shall be treated as a Reference Entity to which the same Standard applies. If (i) Reference Entities to which more than one Standard applies have the same Successor, or (ii) a Reference Entity to which one Standard applies is the Successor to a Reference Entity to which a different Standard applies then (a) for all purposes the provisions relating to the Successor shall be applied separately to each category of Reference Entity to which a particular Standard applies and which is affected by the relevant Succession Event and (b) each relevant Successor and each entity involved shall be treated as a separate and distinct entity as it affects any category of Reference Entity to which a particular Standard applies from the same entity as it affects any other category of Reference Entity and (c) all provisions relating to the Successor will be applied separately to any affected category of Reference Entity to which a particular Standard applies in respect of their respective Credit Positions (which, in the case of any Reference Entity in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as applicable in such Standard and in respect of which an Event Determination Date relating only to a Restructuring has occurred shall be its Remaining Credit Position) and in no event shall such Credit Positions be combined.

In selecting any Successor under Section 2.2(b)(IV) above, the Calculation Agent is under no obligation to the Noteholders, the Couponholders or any other person and, provided that the Successor selected meets the criteria specified above, is entitled, and indeed will endeavour, to

select the least creditworthy of the Successors. In making any selection, the Calculation Agent will not be liable to account to the Noteholders, the Couponholders, the Company or any other person for any profit or other benefit to it or any of its Affiliates which may result directly or indirectly from any such selection.

- (c) **“Succession Event”** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, “Succession Event” shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date applicable to the relevant Reference Entity (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)).
- (d) For purposes of Section 2.2, **“succeed”** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor or insurer with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to Section 2.2(a) shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.
- (e) Where:
- (i) a Benchmark Obligation has been specified with respect to a Reference Entity,
  - (ii) one or more Successors to the Reference Entity have been identified by the Calculation Agent, and
  - (iii) any one or more such Successors have not assumed the Benchmark Obligation,

the Calculation Agent may identify a Benchmark Obligation for any or all of the Successor Reference Entities in accordance with the provisions of Section 2.30.

If the Original Reference Entity is not identified as a Successor Reference Entity no further rights or obligations shall exist in relation to a Credit Event occurring with respect to that Original Reference Entity unless, with respect to a Credit Event, notwithstanding that any action in connection with the relevant Event Determination Date was taken, or the Publicly Available Information is dated, on or after the relevant Succession Date, the relevant Failure to Pay, Repudiation/Moratorium, Restructuring, Obligation Acceleration or Bankruptcy (as applicable) occurred on or prior to the Succession Date, in which case the relevant Event Determination Date will still be capable of occurring with respect to the relevant event notwithstanding that the Reference Entity is, after the Succession Date, not a Reference Entity.

In respect of each Successor Reference Entity, any Failure to Pay, Repudiation/Moratorium, Restructuring, Obligation Acceleration or Bankruptcy (as applicable) which occurs prior to the Succession Event Backstop Date shall not constitute a Credit Event, but without prejudice to any subsequent such event which occurs on or after the Succession Event Backstop Date (whether or not related to an earlier event) being a Credit Event, including a Failure to Pay which occurs on or after the Succession Event Backstop Date in respect of a Potential Failure to Pay which occurs prior to the Succession Event Backstop Date.

**“Succession Date”** means the legally effective date (or, in the case of Reference Entity that is a Sovereign, the date of occurrence) of the Succession Event or where Section 2.2(b)(IV) applies and the Replacement Entity is not a Successor, the date on which the Calculation Agent gives notice to the parties of its selection.

- (f) N/A
- (g) **“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.

(h) **“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 purposes of this Section 2.2, 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 regulator or primary stock exchange, and which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for purposes of this Section 2.2.

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

(i) With respect to a Sovereign Reference Entity, **“Successor”** means each entity which becomes a direct or indirect successor to such Reference Entity by way of a Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event with respect to a Reference Entity that is a Sovereign (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under this Section 2.2(i), 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 Sections 2.2(i), k(i) and k(ii)(B) are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the relevant Reference Entity has occurred.

In the event that ISDA publicly announces, on or following the Trade Date, a DC Resolution that one or more successors exist with respect to such Reference Entity, each such successor entity will be treated as a Successor for purposes of Section 2.2(b).

(j) **“Succession Event Backstop Date”** means, with respect to a Reference Entity:

- (i) for purposes of any event that constitutes a Succession Event, as determined by a DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)); or
- (ii) otherwise, the date that is 90 calendar days prior to the earlier of:
  - (A) the date on which the Succession Event Notice is effective; or
  - (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in Sections 2.2(k)(i) and (ii) 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 Company not more than fourteen calendar days after the date on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date.



The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention unless the parties specify in the Notes or, as the case may be, the Swap Agreement that the Succession Event Backstop Date will be adjusted in accordance with a specified Business Day Convention.

(k) **“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 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.

(l) **“Succession Event Notice”** means, with respect to a Reference Entity, an irrevocable notice from the Calculation Agent to the Company (which may be in writing (including by facsimile and/or e-mail) and/or by telephone) that describes a Succession Event that occurred on or after the Succession Event Backstop Date with respect to that Reference Entity (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)). A Succession Event Notice shall be subject to the requirements regarding notices set forth in Section 1.10.

**Section 2.3. Benchmark Obligation.** **“Benchmark Obligation”** means, with respect to the relevant Reference Entity, the Benchmark Obligation specified in the Swap Agreement or, as the case may be, the Final Terms or such Obligation as may replace such Benchmark Obligation in accordance with the provisions of Section 2.30.

**Section 2.4. Reference Price.**

N/A

**Section 2.5. Fixed Amount.**

N/A

**Section 2.6. Fixed Rate Payer.**

N/A

**Section 2.7. Fixed Rate Payer Calculation Amount.**

N/A

**Section 2.8. Fixed Rate Payer Period End Date.**

N/A

**Section 2.9. Fixed Rate Payer Calculation Period.**

N/A

**Section 2.10. Fixed Rate Payer Payment Date.**

N/A

**Section 2.11. Business Day Convention.**

(a) **“Business Day Convention”** has the meaning given to such term in the Conditions or, as the case may be, the Swap Agreement.

- (b) The Business Day Convention applicable to a date that is specified in the Conditions or, as the case may be, the Swap Agreement to be subject to adjustment in accordance with an applicable Business Day Convention shall be the Business Day Convention specified for that date in the Conditions or, as the case may be, the Swap Agreement or, if a Business Day Convention is not so specified for that date but a Business Day Convention is specified in the Conditions or, as the case may be, the Swap Agreement, the Business Day Convention shall be, subject to Sections 1.23, 2.2(j) and 2.34(b), the Business Day Convention specified in the Conditions or, as the case may be, the Swap Agreement, as determined by the Calculation Agent, and, if a Business Day Convention is not specified in either the Conditions or the Swap Agreement, the Following Business Day Convention (as defined in the Conditions or, as the case may be, the Swap Agreement), subject to Sections 1.23 and 2.2(j), shall apply to that date.
- (c) In the event that the last day of any period calculated by reference to calendar days in Section 1.9, 1.12(a)(ii), 1.26, 2.2(a), 2.2(h), 4.2(d)(ii) or 4.2(g) or in any other Section hereof falls on a day that is not a Payment Business Day (in the case of the Notes) or a Morgan Business Day (in the case of the Swap Agreement), such last day shall be subject to adjustment in accordance with the Following Business Day Convention (as defined in the Conditions or, as the case may be, the Swap Agreement), unless otherwise specified in the Conditions or, as the case may be, the Swap Agreement; provided that, if the last day of any period is the Credit Event Backstop Date or the Succession Event Backstop Date, such last day shall not be subject to any adjustment in accordance with any Business Day Convention.

#### **Section 2.12. Floating Rate Payer.**

N/A

#### **Section 2.13. Floating Rate Payer Calculation Amount.**

N/A

**Section 2.14. Obligation.** “Obligation” means (a) each obligation of the relevant Reference Entity (either directly or (i) in respect of a Reference Entity in respect of which “All Guarantees” is specified as being applicable in the relevant Standard, as provider of any Qualifying Guarantee, (ii) in respect of a Reference Entity in respect of which “All Guarantees” is specified as not being applicable, as provider of any Qualifying Affiliate Guarantee or (iii) in respect of a Reference Entity that is a monoline insurance company issuing financial guaranty insurance policies or similar financial guarantees or in respect of which any supplement or provisions relating to monoline insurance companies are specified as being applicable in the relevant Standard, as provider of any Qualifying Policy) determined pursuant to the method described in Section 2.19 (but excluding any Excluded Obligation); and (b) each Benchmark Obligation, unless specified in the applicable Final Terms or Swap Agreement as an Excluded Obligation.

**Section 2.15. Reference Obligation.** Where Cash Settlement applies for purposes of Section 7.4, “Reference Obligation” means, in respect of each Reference Entity, subject to Sections 2.32(a) and 2.33(a), an obligation as selected by the Calculation Agent in its sole discretion on or before the relevant Valuation Date, which is either:

- (a) an obligation of the Reference Entity (either directly or (i) in respect of a Reference Entity in respect of which “All Guarantees” is specified as being applicable in the relevant Standard, as provider of any Qualifying Guarantee and (ii) in respect of a Reference Entity in respect of which “All Guarantees” is specified as not being applicable in the relevant Standard, as provider of any Qualifying Affiliate Guarantee or, in respect of a Reference Entity that is a monoline insurance company issuing financial guaranty insurance policies or similar financial guarantees or in respect of which any supplement or provisions relating to monoline insurance companies are specified as being applicable in the relevant Standard, as provider of any Qualifying Policy) determined pursuant to the method described in Section 2.20 (but excluding any Excluded Reference 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 (a) to (d) of Section 4.1 below) or right of set off by or of a Reference Entity or, as applicable, an Underlying Obligor or Insured Obligor, as the case may be and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee is capable, at the relevant Relevant Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued or 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) the Benchmark Obligation (if any) for such Reference Entity; or
- (c) solely in relation to a Restructuring applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Reference 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 (a) to (d) of Section 4.1 below) 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 relevant Relevant Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being valued or 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.

Where Auction Settlement applies for purposes of Section 7.4, “**Reference Obligation**” means any obligation that is capable of constituting a deliverable obligation in accordance with the Applicable Credit Derivatives Auction Settlement Terms.

**Section 2.16. Sovereign Restructured Deliverable Obligation.** “**Sovereign Restructured Deliverable Obligation**” means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring has occurred and (b) described by the Reference Obligation Category specified in the relevant Standard, and subject to Section 2.21(c), having each of the Reference Obligation Characteristics, if any, specified in the relevant Standard, 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 Reference Obligation Category or Reference Obligation Characteristics after such Restructuring.

**Section 2.17. Excluded Obligation.** “**Excluded Obligation**” means any obligation of a Reference Entity specified as such or of a type described in the relevant Standard.

**Section 2.18. Excluded Reference Obligation.** “**Excluded Reference Obligation**” means any obligation of a Reference Entity specified as such or of a type described in the relevant Standard.

**Section 2.19. Method for Determining Obligations.** For the purposes of Section 2.14(a), the term “Obligation” may be defined as each obligation of each Reference Entity described by the Obligation Category specified as being applicable in the relevant Standard and having each of the Obligation Characteristics, if any, specified as being applicable in the relevant Standard, in each case, as of the date which constitutes the Credit Event which is the subject of either the Credit Event Notice or 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 relevant Standard and:
  - (i) “**Payment**” means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including without limitation, “Borrowed Money”;
  - (ii) “**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);
  - (iii) “**Reference Obligations Only**” means any obligation that is a Benchmark Obligation only and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (iv) “**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”;
  - (v) “**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
  - (vi) “**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 – Standard Specified Currencies, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, and:
  - (i) (A) “**Not Subordinated**” means an obligation that is not Subordinated to (I) the most senior Benchmark Obligation in priority of payment or (II) if no Benchmark Obligation is specified with respect to the relevant Reference Entity in the Swap Agreement or, as the case may be, the Final Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if any of the events set forth under Section 2.30(a) has occurred with

respect to all of the Benchmark Obligations or if Section 2.2(e) is applicable with respect to the Benchmark Obligation (each, in each case, a **"Prior Benchmark Obligation"**) and no substitute Benchmark Obligation has been identified for any of the Prior Benchmark Obligations at the time of the determination of whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Reference Obligation Characteristic, as applicable, "Not Subordinated" shall mean an obligation that would not have been Subordinated to the most senior such Prior Benchmark Obligation in priority of payment. For purposes of determining whether an obligation satisfies the "Not Subordinated" Obligation Characteristic or Reference Obligation Characteristic, the ranking in priority of payment of each Benchmark Obligation or each Prior Benchmark Obligation, as applicable, shall be determined as of the date as of which the relevant Benchmark Obligation or Prior Benchmark 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 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.
- (ii) **"Specified Currency – Standard Specified Currencies"** means an obligation that is payable in any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America or the euro (or any successor currency to any of the aforementioned currencies) or any currency specified in addition thereto in the relevant Standard.
- (iii) **"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".
- (iv) **"Not Domestic Currency"** means any obligation that is payable in any currency other than the Domestic Currency.
- (v) **"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.
- (vi) **"Listed"** means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.
- (vii) **"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.

**Section 2.20. Method for Determining Reference Obligations.** For purposes of Section 2.15, where Cash Settlement applies for purposes of Section 7.4, the term **"Reference Obligation"** may be defined as each obligation of each Reference Entity described by the Reference Obligation Category specified as being applicable in the relevant Standard, and, subject to Section 2.21(c), having each of the Reference Obligation Characteristics, if any, specified as being applicable in the relevant Standard, in each case, as of the relevant Relevant Date. The following terms shall have the following meanings:

- (a) **"Reference Obligation Category"** means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in Section 2.19(a), except that, for the purpose of determining Reference Obligations, Section 2.19(a)(iii) (Reference Obligations Only) shall be amended to state that no Reference Obligation Characteristics shall be applicable to Reference Obligations Only).

- (b) **"Reference Obligation Characteristics"** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
- (i) **"Not Contingent"** means any obligation having as of the relevant Relevant 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 satisfy the "Not Contingent" Reference Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the relevant Relevant Date. If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then (subject to Section 7.4 hereof) such Reference Obligation may be included as a Reference Obligation only if the rights referred to in clauses (A) and (B) of this Section 2.20(b)(i) have not been exercised (or such exercise has been effectively rescinded) on or before the relevant Relevant Date. An Insured Instrument will not be regarded as failing to satisfy the "Not Contingent" Reference 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.
- (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, as of the relevant Relevant Date, 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, Morgan (in the case of a Long Reference Entity) or the Company (in the case of a Short Reference Entity) (the "Buyer") is capable of creating, or procuring the creation of, a contractual right in favour of, (I) where Morgan is the Buyer, a commercial bank or other financial institution (irrespective of its jurisdiction of incorporation) that provides such entity 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 (i) such entity and (ii) either (A) the Buyer (to the extent the Buyer 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) or (II) where the Company is the Buyer, Morgan that provides Morgan 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 (i) Morgan and (ii) 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).

For such purposes, **"Qualifying Participation Seller"** means any participation seller that meets the requirements specified in the relevant Standard and if no such requirements are specified there shall be no Qualifying Participation Seller.

- (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,

and if specified as being applicable to a Reference Obligation Category, the Transferable Reference Obligation Characteristic shall be applicable only in respect of obligations within that Reference Obligation Category that are not Loans.

- (vi) **“Maximum Maturity”** means an obligation that has a remaining maturity from the relevant Relevant Date of not greater than the period specified in the relevant Standard or, if no such period is specified, 30 years.
- (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 relevant Relevant 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.
- (viii) **“Not Bearer”** means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear system, Clearstream International or any other internationally recognised clearing system.

## Section 2.21. Interpretation of Provisions.

Unless expressly agreed to by the parties that this Section 2.21 is not applicable, and other than for purposes of determining what constitutes a “Reference Obligation” where Auction Settlement applies for purposes of Section 7.4:

- (a) If the Obligation Characteristic “Listed” is specified as being applicable in the relevant Standard, the Notes or, as the case may be, the Swap Agreement 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.
- (b) If (i) either of the Reference Obligation Characteristics “Listed” or “Not Bearer” is specified as being applicable in the relevant Standard, the Notes or, as the case may be, the Swap Agreement, shall be construed as though such Reference Obligation Characteristic had been specified as a Reference Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Reference Obligation Category; (ii) the Reference Obligation Characteristic “Transferable” is specified as being applicable in the relevant Standard, the Notes or, as the case may be, the Swap Agreement shall be construed as though such Reference Obligation Characteristic had been specified as a Reference Obligation Characteristic only with respect to Reference Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Reference Obligation Category); or (iii) any of the Reference Obligation Characteristics “Assignable Loan”, “Consent Required Loan” or “Direct Loan Participation” is specified as being applicable in the relevant Standard, the Notes or, as the case may be, the Swap Agreement shall be construed as though such Reference Obligation Characteristic had been specified as a Reference Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Reference Obligation Category.
- (c) If, in respect of the Reference Entity, any of “Payment”, “Borrowed Money”, “Loan” or “Bond or Loan” is specified under “Reference Obligation” as being applicable in the relevant Standard and more than one of “Assignable Loan”, “Consent Required Loan” and “Direct Loan Participation” are specified as Reference Obligation Characteristics under “Reference Obligation” as being applicable in the relevant Standard, the Reference Obligations may include any Loan that satisfies any one of such Reference Obligation Characteristics specified and need not satisfy all such Reference Obligation Characteristics.
- (d) In the event that an Obligation or Reference Obligation is a Qualifying Guarantee or Qualifying Policy, the following will apply:
- (i) For the purposes of the application of “Obligation Category” and “Reference Obligation Category”, the Qualifying Guarantee or the Qualifying Policy, as the case may be, shall be deemed to satisfy the same category or categories as those that describe the Underlying Obligation or the Insured Instrument, as the case may be.

- (ii) In the event that an Obligation or Reference Obligation is a Qualifying Policy for the purposes of the application of the Obligation Characteristics or the Reference Obligation Characteristics both the Qualifying Policy and the Insured Instrument must satisfy on the relevant Relevant Date each of the applicable Obligation Characteristics or Reference Obligation Characteristics, if any, specified in the relevant Standard from the following list: "Specified Currency – Standard Specified Currencies", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law". For these purposes, unless otherwise specified in the relevant Standard, (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.

For the purposes of the application of the Obligation Characteristics or the Reference Obligation Characteristics, only the Qualifying Policy must satisfy on the relevant Relevant Date the Obligation Characteristic or the Reference Obligation Characteristic of Not Subordinated, if specified in the relevant Standard.

- (iii) For the purposes of the application of the Obligation Characteristics or the Reference Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant Relevant Date each of the applicable Obligation Characteristics or Reference Obligation Characteristics, if any, specified in the relevant Standard from the following list: "Not Subordinated", "Specified Currency – Standard Specified Currencies", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law". For these purposes, unless otherwise specified in the relevant Standard, (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.
- (iv) For the purposes of the application of the Obligation Characteristics or the Reference Obligation Characteristics, only the Underlying Obligation or Insured Instrument, as the case may be, must satisfy on the relevant Relevant Date each of the applicable Obligation Characteristics or Reference Obligation Characteristics, if any, specified in the relevant Standard from the following list: "Listed", "Not Contingent", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", (subject to (ix) below) "Accelerated or Matured" and "Not Bearer".
- (v) For the purposes of the application of the Obligation Characteristics or the Reference Obligation Characteristics to an Underlying Obligation or Insured Instrument, as the case may be, references to the Reference Entity shall be deemed to refer to the Underlying Obligor or Insured Obligor, as the case may be.
- (vi) The terms "outstanding principal balance" and "Due and Payable Amount" 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.
- (vii) The Obligation Category "Borrowed Money" and the Obligation Category and Reference 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 Reference Obligation Category "Bond" shall be deemed to include such an Insured Instrument and the terms "obligation" and "obligor" in respect of such an Insured Instrument shall be construed accordingly.
- (viii) 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.
- (ix) Neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant Relevant Date the Reference Obligation Characteristic of "Accelerated or Matured", whether or not that characteristic is otherwise specified as applicable in the relevant Standard.
- (x) If the "Assignable Loan", "Consent Required Loan", "Direct Loan Participation" or "Transferable" Reference Obligation Characteristics are specified in the relevant Standard, 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.
- (xi) 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" Reference 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.

**"Relevant Date"** means, in relation to an Obligation, the date of the event the subject of the Credit Event and in relation to a Reference Obligation, where applicable, the Valuation Date.

## **Section 2.22. Qualifying Participation Seller.**

N/A

## **Section 2.23. Qualifying Guarantee and Qualifying Policy.**

- (a) **"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.
- (b) **"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 (as defined below) of an instrument that constitutes Borrowed Money (modified as set forth below) (the **"Insured Instrument"**) for which another party (including a special purpose entity or trust) is the obligor (the **"Insured Obligor"**). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of any 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 "Not Contingent" under "Reference Obligation Characteristics" 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.

**Section 2.24. Qualifying Affiliate Guarantee.** **"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.

## **Section 2.25. Downstream Affiliate and Voting Shares.**

- (a) **"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.
- (b) **"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.

**Section 2.26. Sovereign.** **"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.

**Section 2.27. Sovereign Agency.** **"Sovereign Agency"** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**Section 2.28. Supranational Organisation.** **"Supranational Organisation"** means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development.



**Section 2.29. Domestic Currency.** “Domestic Currency” means the currency specified as such in the relevant Standard and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

**Section 2.30. Substitute Reference Obligation.**

- (a) In the event that (i) a Benchmark Obligation specified for any Reference Entity is redeemed in whole or (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Benchmark Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (B) any Benchmark Obligation is an Underlying Obligation or Insured Instrument, as the case may be, with a Qualifying Guarantee or Qualifying Policy, as the case may be, of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee or the Qualifying Policy, as the case may be, 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 Benchmark Obligation is no longer an obligation of a Reference Entity, the Calculation Agent may, at any time after such event identify an Obligation to replace such Benchmark Obligation.
- (b) Any substitute Benchmark Obligation 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 Benchmark Obligation and such Benchmark Obligation (with the ranking in priority of payment of such Benchmark Obligation being determined as of the date as of which such Benchmark Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) in the opinion of the Calculation Agent preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations under the Notes and under the Swap Agreement and (iii) is an obligation of the relevant Reference Entity (either directly or, in the case of a Reference Entity in respect of which “All Guarantees” is specified as not being applicable in the relevant Standard, as provider of a Qualifying Affiliate Guarantee or, in the case of a Reference Entity that is a monoline insurance company issuing financial guaranty insurance policies or similar financial guarantees or in respect of which any supplement or provisions relating to monoline insurance companies are specified as being applicable in the relevant Standard, as provider of a Qualifying Policy or, in the case of a Reference Entity in respect of which “All Guarantees” is specified as being applicable in the relevant Standard, as provider of a Qualifying Guarantee). The substitute Benchmark Obligation identified by the Calculation Agent shall, without further action, replace such Benchmark Obligation. The Benchmark Obligation for any Successor shall be deemed to be the “Benchmark Obligation” from the Succession Date.
- (c) N/A
- (d) N/A
- (e) N/A
- (f) For purposes of identification of a Benchmark Obligation, any change in the Benchmark Obligation’s CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Benchmark Obligation into a different Obligation.

In the event that any Reference Entity is the Successor of any other Reference Entities or any Reference Entities have the same Successor and the Benchmark Obligation of either the Original Reference Entity or the Successor (but not both) is Subordinated and the Benchmark Obligation of the other entity is not Subordinated, the Successor Reference Entity shall be treated as one Reference Entity with a Credit Position equal to the sum of the relevant Credit Positions except that upon the occurrence of a Credit Event with respect to that Successor, a portion of its Credit Position will be determined on the basis of a Subordinated Obligation and a portion of its Credit Position will be determined on the basis of an Obligation that is not a Subordinated Obligation. The Credit Position of the relevant Successor shall be divided into the portion of the Credit Position attributable to the entity in respect of which a Subordinated Obligation was specified as a Benchmark Obligation (the “**Subordinated Credit Position**”) and the portion of the Credit Position attributable to the entity in respect of which an obligation that was not a Subordinated Obligation was specified as the Benchmark Obligation (the “**Senior Credit Position**”). In the event that an Event Determination Date occurs with respect to that Successor, the Redemption Amount or, as the case may be, instalment amount or Triggered Reference Entity Loss shall be equal to the aggregate amount of the amount calculated with respect to the Subordinated Credit Position and a Reference Obligation that is a Subordinated Obligation (or, as the case may be, that is capable of constituting a deliverable obligation in accordance with the Applicable Credit Derivatives Auction Settlement Terms in respect of the Subordinated Credit Position) and the amount calculated with respect to the Senior Credit Position and a Reference Obligation that is not a Subordinated Obligation (or, as the case may be, that is capable of constituting a

deliverable obligation in accordance with the Applicable Credit Derivatives Auction Settlement Terms in respect of the Senior Credit Position).

In the event that such Successor is subject to, or involved in, any further Succession Event, the Credit Position of such Successor (or the Successor to that entity, as the case may be) shall be determined in accordance with the foregoing, taking into account and maintaining any distinction between the Subordinated Credit Position and Senior Credit Position already established for the relevant entity.

For the avoidance of doubt and subject as provided in Section 4.1, (i) an Event Determination Date may occur on one occasion only with respect to any Reference Entity, notwithstanding the apportionment of its Credit Position pursuant to the foregoing, and (ii) except for the purposes of determining the Redemption Amount or, as the case may be, the instalment amount or Triggered Reference Entity Loss, each reference in the Notes or, as the case may be, the Swap Agreement to “**Credit Position**” shall be deemed to be a reference to the aggregate of the Subordinated Credit Position and Senior Credit Position with respect to the relevant Reference Entity, unless the context requires otherwise.

For this purpose the Credit Position of any relevant Reference Entity which is a Defaulted Credit shall be zero, except in the case of a Reference Entity in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as applicable in such Standard and in respect of which an Event Determination Date relating only to a Restructuring has occurred where the Credit Position shall be the Remaining Credit Position.

### Section 2.31. Merger of Reference Entity and Seller.

N/A

### Section 2.32. Restructuring Maturity Limitation and Fully Transferable Obligation.

- (a) Where Cash Settlement applies for purposes of Section 7.4, for the purpose of a Reference Entity in respect of which a Restructuring has occurred, and “Restructuring Maturity Limitation and Fully Transferable Obligation” is specified under “Credit Events – Restructuring” as being applicable in the relevant Standard, and Restructuring is the only Credit Event specified in a Credit Event Notice, the Reference Obligation will be an obligation which (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date. 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 this Section 2.32(a) and in Section 2.33(a) 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.
- (b) “**Fully Transferable Obligation**” means a Reference 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 Reference Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Reference Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Reference Obligation shall not be considered to be a requirement for consent for purposes of this Section 2.32(b). In the event that a Fully Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of this definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument.

For purposes of determining whether a Reference Obligation satisfies the requirements of the definition of “Fully Transferable Obligation”, such determination shall be made as of the relevant Relevant Date by the Calculation Agent in its sole discretion.

- (c) “**Restructuring Maturity Limitation Date**” means, with respect to a Reference Obligation, the Limitation Date occurring on or immediately following the Credit Observation End Date, provided that, in circumstances where the Credit Observation End 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 Credit Observation End 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 Credit Observation End 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 Credit Observation End Date.

(d) **"Eligible Transferee"** means:

(i) any:

- (A) bank or other financial institution;
- (B) insurance or reinsurance company;
- (C) mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in clause (iii)(A) below); and
- (D) 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.\$500,000,000;

(ii) an Affiliate of an entity specified in the preceding clause (i);

(iii) each of a corporation, partnership, proprietorship, organisation, trust or other entity:

- (A) 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.\$100,000,000 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.\$100,000,000; or
- (B) that has total assets of at least U.S.\$500,000,000; or
- (C) the obligations of which under an agreement, contract, or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in clauses (i), (ii), (iii)(B) or (iv) of this Section 2.32(d); or

(iv) a Sovereign, Sovereign Agency or Supranational Organisation.

All references in this Section 2.32(d) to U.S.\$ include equivalent amounts in other currencies.

### **Section 2.33. Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation.**

(a) Where Cash Settlement applies for purposes of Section 7.4, for the purpose of a Reference Entity in respect of which a Restructuring has occurred and "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation" is specified under "Credit Events – Restructuring" as being applicable in the relevant Standard and Restructuring is the only Credit Event specified in a Credit Event Notice, the Reference Obligation must be an obligation which (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

(b) **"Conditionally Transferable Obligation"** means a Reference 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 Reference Obligation other than Bonds, provided, however, that a Reference Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Reference Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Reference Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Reference Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Reference Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Reference Obligation shall not be considered to be a requirement for consent for purposes of this Section 2.33(b). In the event that a Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of this definition and, if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument, and references to the "guarantor" and "guaranteeing" in this paragraph shall be deemed to include the "insurer" and "insuring", respectively.

(i) N/A

(ii) For purposes of determining whether a Reference Obligation satisfies the requirements of the definition of "Conditionally Transferable Obligation", such determination shall be made as of the

relevant Relevant Date, taking into account only the terms of the Reference Obligation and any related transfer or consent documents which have been obtained by the Calculation Agent.

- (c) **“Modified Restructuring Maturity Limitation Date”** means, with respect to a Reference Obligation, the Limitation Date occurring on or immediately following the Credit Observation End Date, provided that, in circumstances where the Credit Observation End 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 relevant Standard and the Credit Observation End 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 Credit Observation End 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 Credit Observation End 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 Credit Observation End Date.

- (d) **“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.

#### **Section 2.34. General Terms Relating to Restructuring Maturity Limitation Date and Modified Restructuring Maturity Limitation Date.**

- (a) **“Enabling Obligation”** means an outstanding Reference 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 Credit Observation End Date and following the Limitation Date immediately preceding the Credit Observation End Date (or, in circumstances where the Credit Observation End 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).
- (b) **“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 the Swap Agreement or, as the case may be, the Final Terms specify that Limitation Dates will be adjusted in accordance with a specified Business Day Convention.
- (c) **“Restructured Bond or Loan”** means an Obligation that is a Bond or Loan and in respect of which the relevant Restructuring has occurred.
- (d) **“Restructuring Date”** means the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

### **ARTICLE III**

#### **CONDITIONS TO SETTLEMENT**

##### **Section 3.1. Settlement.**

N/A

**Section 3.2. Conditions to Settlement.** **“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, a Valuation Date, the Maturity Date (in the case of the Notes) or the Termination Date (in the case of the Swap Agreement), as applicable.

**Section 3.3. Credit Event Notice.** **“Credit Event Notice”** means, with respect to a Reference Entity, an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or e mail) and/or by telephone) to the Company that describes a Credit Event that occurred on or after the Credit Event Backstop Date applicable to the relevant Reference Entity (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and on or prior to the Extension Date with respect to that Reference Entity (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)). A Credit

Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. In circumstances where neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, the Calculation Agent shall only deliver a Credit Event Notice where it determines that Publicly Available Information exists confirming the existence or occurrence of the relevant Credit Event and such Credit Event Notice shall contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. 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 forth in Section 1.10.

### **Section 3.4. Notice of Physical Settlement.**

N/A

### **Section 3.5. Publicly Available Information. "Publicly Available Information" means:**

- (a) information that in the sole discretion of the Calculation Agent reasonably confirms any of the facts relevant to the determination that a Credit Event or a Potential Failure to Pay or a Potential Repudiation/Moratorium, as applicable, has occurred and which (i) has been published in or on not less than two Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Calculation Agent or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Calculation Agent or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; (ii) is information received from or published by (A) a Reference Entity (or 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; (iii) is information contained in any petition or filing instituting a proceeding described in Section 4.2(d) 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, then the Calculation Agent shall also be required to deliver an Officer's Certification to the Company. "**Officer's Certification**" means a certificate signed by a Managing Director (or other substantively 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 Section 3.5(a)(ii), (iii) and (iv), the party receiving such information may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.
- (d) Publicly Available Information need not state (i) in relation to Section 2.25, 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 Potential Failure to Pay, Potential Repudiation/Moratorium or certain Credit Events.
- (e) Once Publicly Available Information exists that an event has occurred in respect of any Reference Entity or any Obligation, then such event will be deemed to continue unless Publicly Available Information or any Applicable Resolution exists to the effect that such event in respect of the relevant Reference Entity or Obligation has been cured. In the absence of any Publicly Available Information or any Applicable Resolution to the effect that any such event has been cured coming to the notice of the Calculation Agent, the Calculation Agent shall be entitled to assume that such event is continuing for the purposes of determining whether any cure has occurred within the Grace Period and the Calculation Agent shall determine the existence or occurrence of a Potential Failure to Pay, Potential Repudiation/Moratorium or Credit Event accordingly. The Calculation Agent shall make reasonable efforts to establish whether Publicly Available Information or any Applicable Resolution exists to the effect that the relevant event has been cured.

### **Section 3.6. Notice of Publicly Available Information.**

N/A

**Section 3.7. Public Source.** "**Public Source**" means, with respect to any Reference Entity, each Additional Public Source of Publicly Available Information specified as such in the Swap Agreement or, as the case may be, the Final Terms and each of Bloomberg Service, Reuters Monitor Money Rates Services, Dow Jones Newswires, 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.

### Section 3.8. Specified Number.

N/A

**Section 3.9. Credit Event Notice After Restructuring.** Upon the occurrence of an Event Determination Date relating only to a Restructuring with respect to a Reference Entity in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as applicable in such Standard (other than where following such Event Determination Date the Remaining Credit Position of such Reference Entity is greater than zero) and subject as provided in Section 4.1, no further Event Determination Date, Potential Failure to Pay or Potential Repudiation/Moratorium may occur with respect to such Reference Entity.

The following provisions shall apply to Reference Entities in respect of which an Event Determination Date relating only to a Restructuring has occurred and in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as applicable in such Standard:

The Calculation Agent may deliver multiple Credit Event Notices with respect to a Reference Entity that has been subject to an Event Determination Date relating only to a Restructuring, with each such Credit Event Notice that relates only to a Restructuring specifying the relevant portion of the Credit Position of the Reference Entity to which such Credit Event Notice applies (the “**Exercise Amount**”). Where no such Exercise Amount is specified, it shall be deemed that the entire Credit Position (or, as the case may be, Remaining Credit Position (as defined below)) has been specified. Such Reference Entity shall be treated as a separate Defaulted Credit in respect of each relevant Exercise Amount and all provisions related to the calculation of principal and interest payable under the Notes shall be construed accordingly. It shall be deemed that the Exercise Amount in respect of any subsequent Event Determination Date that does not relate to a Restructuring is the entire Remaining Credit Position (as defined below).

Notwithstanding the provisions of Condition 6 and Condition 11:

- (i) where the Notes provide that following the occurrence of an Event Determination Date (and satisfaction of any conditions related thereto) the Redemption Amount shall become due, the Redemption Amount shall not become due following the occurrence of an Event Determination Date relating only to a Restructuring except for in respect of any Exercise Amount(s) specified; and
- (ii) once a Credit Event Notice relating only to a Restructuring has been given, any determination relating to any change or potential change in the amount(s) or timing(s) of interest and/or principal payable in respect of the Notes, in relation to any Credit Event for which any Exercise Amount has been specified, shall only be in respect of any relevant Exercise Amount(s) specified as of the relevant date of determination, and otherwise shall be in respect of the entire Remaining Credit Position. For any Affected Reference Entity in respect of which an Exercise Amount was not specified as of the relevant date of determination of such Affected Reference Entity, after any relevant Exercise Amount is specified, the Remaining Credit Position shall be reduced accordingly and the provisions otherwise applicable in respect of such Affected Reference Entity shall continue to apply to the extent of any Remaining Credit Position following such reduction.

Where the Notes provide that following the occurrence of an Event Determination Date (and satisfaction of any conditions related thereto) there shall be a Liquidation of the Outstanding Charged Assets, with respect to each Credit Event Notice (in the case of a Restructuring) or Event Determination Date (in the case of any subsequent Credit Event that is not a Restructuring) there shall be a Liquidation of a portion of the Outstanding Charged Assets by the Company subject to and in accordance with Condition 4(d), provided that for such purpose (x) the Outstanding Charged Assets to be Liquidated shall be a proportionate amount of the Outstanding Charged Assets equal to the proportion which the relevant Exercise Amount bears to the Credit Position of the relevant Defaulted Credit (subject to adjustment for rounding) and (y) the “OCA Liquidation Period” shall be deemed to mean the period from and including the date on which the Broker is notified or otherwise becomes aware that the Conditions to Settlement have been satisfied to but excluding the date falling 7 Payment Business Days after such date.

For the purpose of calculating the Notional Swap Early Termination Amount, where applicable, references to interest and principal payable on the Outstanding Charged Assets (and Company Posted Collateral, if applicable) and interest and principal payable on the Notes shall be deemed to refer to amounts payable on a proportion of the Outstanding Charged Assets (and Company Posted Collateral, if applicable) equal to the proportion to be Liquidated as provided above and to interest and principal which would have been payable in respect of the Exercise Amount, respectively.

In the definition of "Liquidation Proceeds" references to the Outstanding Charged Assets and to the Company Posted Collateral shall be deemed to refer to a proportionate amount of the Outstanding Charged Assets and the Company Posted Collateral, respectively, equal to the proportion which the relevant Exercise Amount bears to the Credit Position of the relevant Defaulted Credit (subject to adjustment for rounding).

The payment obligations of the parties under the Swap Agreement shall be amended to match the proportionate reduction in the Outstanding Charged Assets (if applicable) and the Company Posted Collateral (if applicable) and in the principal and interest payable under the Notes.

Save as provided above, all references in the Conditions and the Swap Agreement to the "Credit Position" insofar as it relates to a Reference Entity in respect of which an Event Determination Date relating only to a Restructuring has occurred and in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Standard and "Multiple Credit Event Notices" is also specified as applicable in such Standard shall be deemed to be references to the Remaining Credit Position of such Reference Entity except for calculation of the Final Price attributable to the Exercise Amount, where "Remaining Credit Position" means, in respect of each Reference Entity in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Standard and "Multiple Credit Event Notices" is also specified as being applicable in such Standard at any time, the initial Credit Position of such Reference Entity, less the aggregate of all Exercise Amounts (if any) in respect of such Reference Entity. For all the purposes hereof, insofar as the Remaining Credit Position of any Reference Entity in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Standard and "Multiple Credit Event Notices" is also specified as being applicable in such Standard is, at any time, greater than zero, such Reference Entity shall be treated as a non-Defaulted Credit.

## ARTICLE IV

### CREDIT EVENTS

**Section 4.1. Credit Event.** "Credit Event" means the occurrence in respect of any Reference Entity or any Obligation of any Reference Entity of any of the events specified as being Credit Events applicable to such Reference Entity in the relevant Standard.

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 (including an Insured Obligor) to enter into any Underlying Obligation (including Insured Instruments), (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation (including Insured Instruments), 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.

Once an Event Determination Date has occurred with respect to a Reference Entity, no further Event Determination Date, Potential Failure to Pay or Potential Repudiation/Moratorium may occur with respect to such Reference Entity except (i) to the extent that such Reference Entity is the Successor to one or more other Reference Entities (or Successor thereof) in respect of which no Event Determination Date has previously occurred, (ii) in the case of a Reference Entity in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Standard and "Multiple Credit Event Notices" is also specified as applicable in such Standard and in respect of which an Event Determination Date relating only to a Restructuring has occurred, to the extent of its Remaining Credit Position and (iii) to the extent, if any, that additional credit protection on such Reference Entity is subsequently obtained as may be permitted in accordance with the terms of the Notes or, as the case may be, the Swap Agreement (which shall include, without limitation, where such Reference Entity is subsequently added back to the Reference Portfolio by or on behalf of the Company pursuant to any right of the Company to effect changes to the Reference Portfolio). The event the subject of the Credit Event need not be continuing on the Event Determination Date nor on the date the Noteholders are notified by the Principal Paying Agent on behalf of the Company of the Event Determination Date.

**Section 4.2. Bankruptcy.** "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 thirty 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 thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

**Section 4.3. Obligation Acceleration.** “**Obligation Acceleration**” means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations.

#### **Section 4.4. Obligation Default.**

N/A

**Section 4.5. Failure to Pay.** “**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.

#### **Section 4.6. Repudiation/Moratorium.**

- (a) “**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.
- (b) “**Repudiation/Moratorium Evaluation Date**” means, with respect to a Reference Entity in respect of which Potential Repudiation/Moratorium is stated to be applicable, if a Potential Repudiation/Moratorium occurs on or prior to the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)), (i) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium; provided that, in either case, the Repudiation/Moratorium Evaluation Date shall occur no later than the Credit Observation End Date unless the Repudiation/Moratorium Extension Condition is satisfied.
- (c) “**Potential Repudiation/Moratorium**” means, with respect to a Reference Entity in respect of which Potential Repudiation/Moratorium is stated to be applicable, the occurrence of an event described in clause (i) of the definition of “Repudiation/Moratorium”.
- (d) **Repudiation/Moratorium Extension Condition.** The “**Repudiation/Moratorium Extension Condition**” is satisfied with respect to a Reference Entity (i) if ISDA publicly announces pursuant to a valid request that was delivered, in accordance with the Rules, and effectively received on or prior to the date that is fourteen calendar days after the Credit Observation End 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 Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) or (ii) otherwise, by the delivery by the Calculation Agent to the Company of a Repudiation/Moratorium Extension Notice that is effective on or prior to the date that is fourteen calendar days after the Credit Observation End Date. In all cases, the Repudiation/Moratorium Extension Condition will be deemed not to have been satisfied, or capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and



effectively received on or prior to the date that is fourteen calendar days after the Credit Observation End 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 has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)). Notwithstanding the previous sentence, where the Repudiation/Moratorium Extension Condition is satisfied on any date and the relevant Reference Entity is, as a result, treated as being subject to an Uncured Default under the terms of the Notes and the Swap Agreement and this leads to a reduction in payments due on a particular date, any subsequent announcement of ISDA that would cause the Repudiation/Moratorium Extension Condition to be deemed not satisfied shall not invalidate the determination of there being an Uncured Default in respect of such Specified Payment Date and such reduction.

- (e) **Repudiation/Moratorium Extension Notice.** “Repudiation/Moratorium Extension Notice” means an irrevocable notice (which may be in writing (including by facsimile and/or e-mail) and/or by telephone) from the Calculation Agent to the Company that describes a Potential Repudiation/Moratorium that occurred on or prior to the Credit Observation End Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)). The Calculation Agent shall only deliver a Repudiation/Moratorium Extension Notice where it determines that Publicly Available Information exists confirming the existence or occurrence of the relevant Potential Repudiation/Moratorium. A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices set forth in Section 1.10. The Calculation Agent may deliver multiple Repudiation/Moratorium Extension Notices in respect of a Reference Entity. In particular, the Calculation Agent may deliver a Repudiation/Moratorium Extension Notice such that there is an Uncured Default in respect of one or more Specified Payment Dates.

#### Section 4.7. Restructuring.

- (a) **“Restructuring”** means that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of (i) the Credit Event Backstop Date with respect to the relevant Reference Entity and (ii) the date as of which such Obligation is issued or incurred:
- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
  - (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency, where **“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 Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody’s Investors Service or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof,

provided that 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, Section 4.7(a)(i) to (v) is hereby amended to read as follows:

- (i) a reduction in the rate or amount of the Instrument Payments described in Clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
- (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.
- (b) Notwithstanding the provisions of Section 4.7(a), none of the following shall constitute a Restructuring:
- (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
  - (ii) the occurrence of, agreement to or announcement of any of the events described in Section 4.7(a)(i) to (v) due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
  - (iii) the occurrence of, agreement to or announcement of any of the events described in Section 4.7(a)(i) to (v) in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity or, in the case of 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.
- (c) For the purposes of Sections 4.7(a), 4.7(b) and 4.9, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of (i) in the case of a Reference Entity in respect of which "All Guarantees" is not stated to be applicable in the relevant Standard, a Qualifying Affiliate Guarantee and (ii) in the case of a Reference Entity in respect of which "All Guarantees" is stated to be applicable in the relevant Standard, a Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in Section 4.7(a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in Section 4.7(b) shall continue to refer to the Reference Entity.
- (d) In the case of a Reference Entity that is a monoline insurance company issuing financial guaranty insurance policies or similar financial guarantees or in respect of which any supplement or provisions relating to monoline insurance companies are specified as being applicable in the relevant Standard, for the purposes of Sections 4.7(a), 4.7(b) and 4.9, 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 Section 4.7(a) shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in Section 4.7(b) shall continue to refer to the Reference Entity.

The determination under (b), (c) and (d) of "Restructuring" above shall be made by the Calculation Agent in its sole discretion.

#### Section 4.8. Certain Definitions Relating to Credit Events.

- (a) **"Default Requirement"** means the amount specified as being applicable to the Reference Entity in the relevant Standard applicable to such Reference Entity or, if no such amount is specified, U.S.\$10,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the Credit Event.
- (b) **"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.

- (c) **"Obligation Currency"** means the currency or currencies in which an Obligation is denominated.
- (d) **"Payment Requirement"** means the amount specified as being applicable to the Reference Entity in the relevant Standard applicable to such Reference Entity or, if no such amount is specified, U.S.\$1,000,000 or its equivalent in the relevant Obligation Currency, in either case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

**Section 4.9. Limitation on Obligations in Connection with Section 4.7.** If "Multiple Holder Obligation" is stated to be applicable in the relevant Standard to any Reference Entity and an Obligation, the occurrence of, agreement to, or announcement of, any of the events described in Section 4.7(a)(i) to (v) in respect of such Obligation shall not be a Restructuring in relation to such Reference Entity unless such Obligation in respect of any such events is a Multiple Holder Obligation.

**"Multiple Holder Obligation"** means an Obligation that (i) at the time of the event which constitutes a Restructuring, 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, provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in clause (ii) of this definition.

## ARTICLE V

### FIXED AMOUNTS

N/A

## ARTICLE VI

### GENERAL TERMS RELATING TO SETTLEMENT

**Section 6.1. Settlement Method.** **"Settlement Method"** means the Settlement Method specified in the Notes or, as the case may be, the Swap Agreement, or if no Settlement Method is specified in the Notes or, as the case may be, the Swap Agreement, Auction Settlement.

Section 6.2. Settlement Date.

N/A

**Section 6.3. Settlement Currency.**

N/A

**Section 6.4. Fallback Settlement Method.** **"Fallback Settlement Method"** means, if "Auction Settlement" is specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement pursuant to Section 6.1, Cash Settlement.

**Section 6.5. Settlement Suspension.** If, following the determination of an Event Determination Date in accordance with Section 1.8(a)(i) but prior to a Valuation Date, ISDA publicly announces that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in Sections 1.24(a) and (b) are satisfied in accordance with the Rules, the timing requirements of Sections 7.4 and 7.8, as applicable, or any other Section of these Credit Provisions that pertains to valuation and settlement, shall toll and remain suspended until such time as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved (a) the matters described in Sections 1.24(a) and (b) or (b) not to determine such matters. During such suspension period, the Calculation Agent is not obliged to, nor is it entitled to, take any action in connection with the settlement of any Defaulted Credit. Once ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved (i) the matters described in Sections 1.24(a) and (b) or (ii) not to determine such matters, the relevant timing requirements of Sections 7.4 and 7.8, as applicable, or any other Section of these Credit Provisions that pertains to valuation and settlement that have previously tolled or been suspended shall resume on the Payment Business Day (in the case of the Notes) or the Morgan Business Day (in the case of the Swap Agreement) following such public announcement by ISDA with the Calculation Agent having the benefit of the full day notwithstanding when the tolling or suspension began in accordance with this Section 6.5.

## ARTICLE VII

### TERMS RELATING TO CASH SETTLEMENT

#### Section 7.1. Cash Settlement.

N/A

#### Section 7.2. Cash Settlement Date.

N/A

#### Section 7.3. Cash Settlement Amount.

N/A

#### Section 7.4. Final Price.

- (a) Subject to Sections 7.4(b) and 7.4(c), if “Cash Settlement” is specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement or in accordance with Section 12.1 the Fallback Settlement Method is applicable, “**Final Price**” shall mean, in respect of a Reference Entity, the percentage equal to the Market Value determined based on bid quotations obtained from Dealers with respect to the relevant Valuation Date relating to such Reference Entity in the manner provided below.

The Calculation Agent shall require each Dealer to provide firm bid quotations (exclusive of unpaid interest and expressed as a percentage of the unpaid principal) for a purchase of an amount of the Reference Obligation of the relevant Defaulted Credit with an outstanding principal amount or Due and Payable Amount equal to the Quotation Amount (a “**Full Quotation**”) as of the Valuation Time on such Valuation Date. If at least two such Full Quotations are not available on the same Valuation Business Day within three Valuation Business Days of the relevant Valuation Date, then on the next Valuation Business Day (and, if necessary, on each Valuation Business Day thereafter until the fifteenth Valuation Business Day following the relevant Valuation Date), the Calculation Agent shall attempt to obtain such Full Quotations from at least five Dealers and, if at least two such Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is able to obtain two or more Full Quotations or a Weighted Average Quotation on the same Valuation Business Day on or prior to the fifteenth Valuation Business Day following the relevant Valuation Date, the Calculation Agent shall use such Full Quotations or Weighted Average Quotation to determine the Final Price.

If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Valuation Business Day on or prior to the fifteenth Valuation Business Day following the relevant Valuation Date, the Final Price shall be based on any Full Quotation obtained from a Dealer at the Valuation Time on such fifteenth Valuation Business Day or, if no Full Quotation is obtained, a Weighted Average Quotation calculated on the basis of the aggregate portion of the Quotation Amount for which firm bid quotations were obtained on such fifteenth Valuation Business Day and a quotation deemed to be zero for the balance of the Quotation Amount for which firm bid quotations were not obtained on such day.

For purposes of the above:

“**Market Value**” means, with respect to a Reference 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 Quotation has 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 Quotation has the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded), (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations, (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation, (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to the provisions of “Final Price” above, an amount as determined by the Calculation Agent.

- (b) In the event that the outstanding principal amount of the Reference Obligation accretes with time, the Final Price of the Reference Obligation shall be the price of that Reference Obligation determined as provided in the Swap Agreement or, as the case may be, the Final Terms and expressed as a percentage of the outstanding principal balance of that obligation as at the Valuation Date. For purposes of the foregoing, the outstanding principal balance of that Reference Obligation shall be determined by the Calculation Agent in a commercially reasonable manner.

In the event that the Reference Obligation selected by the Calculation Agent has been converted, exchanged or otherwise transformed into any other type of property, including equity, then that property shall be deemed to constitute the Reference Obligation. The Calculation Agent shall determine the Final Price of that property in accordance with these provisions, modified by the Calculation Agent only to the extent necessary to make them compatible with the type and amount of property being so valued. Any such Final Price shall be deemed to be the Final Price of the Reference Obligation for the purposes of the Notes or, as the case may be, the Swap Agreement.

The Calculation Agent shall be deemed to have provided sufficient information for the purposes of determining any Final Price with respect to any Reference Obligation (regardless of the form of the same), if it has provided the relevant Dealers with:

- (i) a detailed description of the Reference Obligation; and
  - (ii) in the event that such obligation is in the form of a Bond or Loan, the outstanding principal balance or Due and Payable Amount of the Reference Obligation and, if available, the CUSIP or ISIN number (or, if such identifying number is not available, the rate and tenor of the Reference Obligation).
- (c) If “**Auction Settlement**” is specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement, and the Conditions to Settlement are satisfied as of the Auction Final Price Determination Date and in accordance with Section 12.1 the Fallback Settlement Method is not applicable, “**Final Price**” shall mean the Applicable Auction Final Price.

#### **Section 7.5. Valuation Method.**

N/A

#### **Section 7.6. Market Value.**

N/A

#### **Section 7.7. Quotation.**

N/A

**Section 7.8. Valuation Date.** “**Valuation Date**” means, subject to Section 6.5, in respect of a Defaulted Credit, as selected by the Calculation Agent in its sole discretion, any Valuation Business Day falling in the period from and including the Valuation Event Date to and including the 125th Valuation Business Day following the Valuation Event Date. The Calculation Agent will select as the Valuation Date a day falling on or before the 72nd Valuation Business Day following the Valuation Event Date unless the Calculation Agent determines in good faith that material problems exist in the marketplace in delivering obligations of the relevant Reference Entity under credit default swap contracts, in which case it may select a Valuation Date falling after the 72nd Valuation Business Day, but not later than the 125th Valuation Business Day, following the Valuation Event Date.

“**Valuation Event Date**” means the date on which the Conditions to Settlement have been satisfied (or, if “Cash Settlement” is applicable pursuant to the Fallback Settlement Method in accordance with Section 12.1(a) or (b), the relevant Auction Cancellation Date, if any, or the relevant No Auction Announcement Date, if any, as applicable).

For the avoidance of doubt:

- (i) more than one Credit Event Notice may be delivered from time to time following the occurrence of an Event Determination Date relating only to a Restructuring in respect of a Reference Entity in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as applicable in such Standard provided that the sum of the Exercise Amounts in respect of any such Reference Entity does not exceed the Credit Position;
- (ii) the Calculation Agent may select a different Reference Obligation in respect of each Valuation Date; and
- (iii) subject to the other provisions hereof, at any time following the occurrence of a Restructuring in respect of any Reference Entity in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as applicable in the relevant Standard, the Calculation Agent may, by delivery to the Company of a Credit Event Notice relating only to a Restructuring, designate such Exercise Amount as it determines in its absolute

discretion to be subject to such Credit Event Notice, provided that the Exercise Amount shall be in an amount of at least the Minimum Exercise Amount.

**“Minimum Exercise Amount”** means the amount (if any) specified as such in the Swap Agreement or, as the case may be, the Final Terms.

#### **Section 7.9. Quotation Method.**

N/A

#### **Section 7.10. Full Quotation.**

N/A

**Section 7.11. Weighted Average Quotation.** **“Weighted Average Quotation”** means the weighted average of the firm bid quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an outstanding principal amount of as large a size as available but less than the Quotation Amount (but of a size at least equal to the Minimum Quotation Amount or, if quotations of such size are not available as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount and, for the avoidance of doubt, if bids for an aggregate of greater than the Quotation Amount are obtained, the lowest bids shall be disregarded or reduced in weight in calculating the weighted average.

**Section 7.12. Quotation Amount.** **“Quotation Amount”** means an amount selected by the Calculation Agent in its sole discretion, subject to a minimum of the Minimum Quotation Amount and a maximum of the Maximum Quotation Amount.

**Section 7.13. Minimum and Maximum Quotation Amount.** **“Minimum Quotation Amount”** means the amount specified as such in the Swap Agreement or, as the case may be, the Final Terms or, if no such amount is specified, U.S.\$1,000,000.

**“Maximum Quotation Amount”** means (i) where the Credit Position is not specified to be a percentage, the Credit Position of the relevant Reference Entity, save that in the case of a Reference Entity in respect of which an Event Determination Date relating only to a Restructuring has occurred and in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as being applicable in such Standard, the Maximum Quotation Amount shall be equal to the relevant Exercise Amount and (ii) where the Credit Position is specified to be a percentage, the amount specified in the Swap Agreement or, if no such amount is specified in the Swap Agreement, U.S.\$100,000,000, save that in the case of a Reference Entity in respect of which an Event Determination Date relating only to a Restructuring has occurred and in respect of which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the relevant Standard and “Multiple Credit Event Notices” is also specified as applicable in such Standard, the Maximum Quotation Amount shall be equal to the amount determined in accordance with the foregoing multiplied by the quotient of the relevant Exercise Amount (as numerator) and the Credit Position (as denominator).

**Section 7.14. Valuation Time.** **“Valuation Time”** means, as selected by the Calculation Agent in its sole discretion, any time at or after 11.00 a.m. London time.

**Section 7.15. Dealer.** **“Dealers”** means, as selected by the Calculation Agent in its sole discretion, at least five dealers which are either (i) dealers in obligations of the type of obligations for which quotations are to be obtained (which may include any such dealer which is an Affiliate of the Calculation Agent) or (ii) named in the Swap Agreement or, as the case may be, the Final Terms (including the respective successors of such named dealers).

#### **Section 7.16. Representative Amount.**

N/A

## **ARTICLE VIII**

### **TERMS RELATING TO PHYSICAL SETTLEMENT**

#### **Section 8.1. Physical Settlement.**

N/A

**Section 8.2. Deliver.**

N/A

**Section 8.3. Delivery Date.**

N/A

**Section 8.4. Physical Settlement Date.**

N/A

**Section 8.5. Physical Settlement Amount.**

N/A

**Section 8.6. Physical Settlement Period.**

N/A

**Section 8.7. Provisions Applicable to Convertible, Exchangeable and Accreting Obligations.**

- (a) (i) With respect to any Accreting Obligation, “outstanding principal balance” means the Accreted Amount thereof.
- (ii) 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.
- (b) (i) **“Accreted Amount”** means, with respect to an Accreting Obligation, an amount equal to (A) the sum of (1) the original issue price of such obligation and (2) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (B) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in clause (A)(2) above), in each case calculated as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the relevant Relevant Date. Such Accreted Amount shall not include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent). 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 purposes of clause (A)(2) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (x) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (y) the relevant Relevant Date. 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.
- (ii) **“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.
- (iii) **“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).
- (iv) **“Equity Securities”** means:

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

**Section 8.8. Due and Payable Amount.** **"Due and Payable Amount"** means the amount that is due and payable under (and in accordance with the terms of) a Reference Obligation as of the relevant Relevant 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).

**Section 8.9. Currency Amount.**

N/A

**Section 8.10. Currency Rate.**

N/A

**Section 8.11. Escrow.**

N/A

**Section 8.12. Revised Currency Rate.**

N/A

**Section 8.13. Next Currency Fixing Time.**

N/A

**Section 8.14. Currency Rate Source.**

N/A

**ARTICLE IX**

**ADDITIONAL REPRESENTATIONS AND AGREEMENTS OF THE PARTIES**

N/A

**ARTICLE X**

**NOVATION PROVISIONS**

N/A



## ARTICLE XI

### CREDIT DERIVATIVES PHYSICAL SETTLEMENT MATRIX

N/A

## ARTICLE XII

### TERMS RELATING TO AUCTION SETTLEMENT

#### Section 12.1. Auction Settlement.

If, with respect to a Reference Entity and a Credit Event, (a) an Auction Cancellation Date occurs, (b) a No Auction Announcement Date occurs (and, in circumstances where such No Auction Announcement Date occurs pursuant to Section 12.12(b), the Calculation Agent has not exercised the Movement Option), (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine the matters described in Section 1.24(a) and (b), (d) an Event Determination Date was determined pursuant to Section 1.8(a)(i) and no Credit Event Resolution Request Date has occurred on or prior to the date falling three Payment Business Days (in the case of the Notes) or three Morgan Business Days (in the case of the Swap Agreement) after such Event Determination Date or (e) the Calculation Agent determines that each relevant Auction is not an Applicable Auction, the Fallback Settlement Method shall be applicable.

**Section 12.2. Auction.** “Auction” means, with respect to a Reference Entity and a Credit Event, an auction pursuant to which an Auction Final Price is determined in accordance with the procedure set out in the relevant Credit Derivatives Auction Settlement Terms.

#### Section 12.3. Auction Settlement Date.

N/A

#### Section 12.4. Auction Settlement Amount.

N/A

**Section 12.5. Auction Final Price.** “Auction Final Price” has the meaning given to that term in the Rules.

**Section 12.6. Auction Final Price Determination Date.** “Auction Final Price Determination Date” has the meaning set forth in the Applicable Credit Derivatives Auction Settlement Terms.

#### Section 12.7. Parallel Auction Final Price Determination Date.

N/A

**Section 12.8. Credit Derivatives Auction Settlement Terms.** “Credit Derivatives Auction Settlement Terms” means any Credit Derivatives Auction Settlement Terms published by ISDA, in accordance with the Rules, a form of which will be published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and may be amended from time to time in accordance with the Rules.

#### Section 12.9. Transaction Auction Settlement Terms.

N/A

**Section 12.10. Parallel Auction Settlement Terms.** “Parallel Auction Settlement Terms” means, following the occurrence of a Restructuring with respect to a Reference Entity for which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as being applicable in the relevant Standard, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules that would be Applicable Transaction Auction Settlement Terms, except that the applicable Permissible Deliverable Obligations are more limited or, as the case may be, less limited than the Permissible Deliverable Obligations that would apply to any Applicable Transaction Auction Settlement Terms.

#### Section 12.11. Auction Covered Transaction.

N/A

**Section 12.12. No Auction Announcement Date.** “No Auction Announcement Date” means, with respect to a Reference Entity and a Credit Event, the date on which ISDA first publicly announces that (a) no Applicable Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring with respect to a Reference Entity for which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as being applicable in the relevant Standard only, no Applicable Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Applicable Auction will be held following a prior public announcement by ISDA to the contrary. For the avoidance of doubt, the No Auction Announcement Date shall be the date of the relevant announcement by ISDA and not the date of any related determination by the Calculation Agent that such announcement relates to Applicable Transaction Auction Settlement Terms, Parallel Auction Settlement Terms or an Applicable Auction.

**Section 12.13. Auction Cancellation Date.** “Auction Cancellation Date” means, with respect to an Applicable Auction, the date on which the Calculation Agent determines that such Applicable Auction was deemed to have been cancelled as announced by ISDA (and/or the administrators specified in the Applicable Credit Derivatives Auction Settlement Terms) on its website or as otherwise determined and announced in accordance with the Applicable Credit Derivatives Auction Settlement Terms.

**Section 12.14. Parallel Auction Cancellation Date.**

N/A

**Section 12.15. Parallel Auction.**

N/A

**Section 12.16. Parallel Auction Settlement Date.**

N/A

**Section 12.17. Movement Option.** “Movement Option” means, with respect to a Long Reference Entity for which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as being applicable in the relevant Standard, and with respect to which a No Auction Announcement Date has occurred pursuant to Section 12.12(b), the option of the Calculation Agent, exercisable by delivery of an effective Notice to Exercise Movement Option to the Company, to apply to such Long Reference Entity the Parallel Auction Settlement Terms, if any, for purposes of which the Permissible Deliverable Obligations are more limited than the Permissible Deliverable Obligations that would have applied to any Applicable Transaction Auction Settlement Terms had such terms been published (provided that if more than one such set of Parallel Auction Settlement Terms is published, the Parallel Auction Settlement Terms specifying the greatest number of such Permissible Deliverable Obligations shall apply).

If the Calculation Agent does not deliver an effective Notice to Exercise Movement Option on or prior to the Movement Option Cut-off Date (including as a consequence of the Movement Option not being exercisable with respect to a Short Reference Entity), such Credit Event will be subject to the Fallback Settlement Method.

**Section 12.18. Permissible Deliverable Obligations.** “Permissible Deliverable Obligations” means, under the relevant Credit Derivatives Auction Settlement Terms, the deliverable obligations identified as “Permissible Deliverable Obligations” for purposes of such Credit Derivatives Auction Settlement Terms.

**Section 12.19. Movement Option Cut-off Date.** “Movement Option Cut-off Date” means the date that is four Relevant City Business Days following the Exercise Cut-off Date.

**Section 12.20. Notice to Exercise Movement Option.** “Notice to Exercise Movement Option” means, with respect to a Long Reference Entity for which (a) either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as being applicable in the relevant Standard and (b) the Fallback Settlement Method would otherwise be applicable pursuant to Section 12.1(b), an irrevocable notice from the Calculation Agent to the Company (which may be in writing (including by facsimile and/or e-mail) and/or by telephone) that (i) specifies the Parallel Auction Settlement Terms applicable with respect to such Long Reference Entity in accordance with Section 12.17 and (ii) is effective on or prior to the Movement Option Cut-off Date. A Notice to Exercise Movement Option shall be subject to the requirements regarding notices set forth in Section 1.10.

#### Section 12.21. Deliverable Obligation Terms.

N/A

#### Section 12.22. Deliverable Obligation Provisions.

N/A

### ARTICLE XIII

#### SUPPLEMENTARY PROVISIONS

#### Section 13.1. Definitions.

**"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, for which purpose the Calculation Agent shall take into account (a) the credit event, reference entity, obligations and deliverable obligations to which the Auction relates, (b) the provisions of the Notes or, as the case may be, the Swap Agreement that set forth the criteria for establishing what obligations may constitute Reference Obligation(s) where Cash Settlement applies for purposes of Section 7.4 and (c) any exercise of the Movement Option in accordance with Section 12.17; provided that the Calculation Agent may also take into account any hedging transaction that Morgan has entered or may enter into in connection with the Swap Agreement.

**"Applicable Auction Final Price"** means, with respect to an Applicable Auction, the price (expressed as a percentage) determined to be the Auction Final Price in accordance with the Applicable Credit Derivatives Auction Settlement Terms. The Calculation Agent shall notify the Company, as soon as practicable after the publication of the Auction Final Price in respect of an Applicable Auction, of the related Applicable Auction Final Price.

**"Applicable Credit Derivatives Auction Settlement Terms"** means, with respect to an Applicable Auction, the Credit Derivatives Auction Settlement Terms (if any) published in respect of such Applicable Auction, as determined by the Calculation Agent.

**"Applicable Request"** means a notice to ISDA, delivered in accordance with the Rules, requesting that a Credit Derivatives Determinations Committee be convened to resolve matters relating to whether a Credit Event, Potential Failure to Pay or Potential Repudiation/Moratorium has occurred with respect to a Reference Entity or an Obligation thereof.

**"Applicable Resolution"** means a DC Resolution in respect of an Applicable Request.

**"Applicable Transaction Auction Settlement Terms"** means, with respect to a Reference Entity and a Credit Event, the relevant Credit Derivatives Auction Settlement Terms which the Calculation Agent determines constitute Applicable Credit Derivatives Auction Settlement Terms, but disregarding for such purposes any actual or potential exercise of the Movement Option in accordance with Section 12.17. The Calculation Agent shall, as soon as practicable after determining that any Applicable Transaction Auction Settlement Terms have been published, notify the Company of the same.

**"Calculation Agent"** means, in respect of the Notes, the **"Determination Agent"** specified in the Conditions (unless no Determination Agent is specified in which case it shall mean the **"Calculation Agent"** specified in the Conditions), and in respect of the Swap Agreement, the **"Calculation Agent"** specified in the Swap Agreement.

**"Credit Observation End Date"** means, in respect of the Notes, the Scheduled Maturity Date, and in respect of the Swap Agreement, the Scheduled Termination Date, or such other date as may be specified in the Final Terms in respect of the Notes or the Confirmation in respect of the Swap Agreement.

**"Credit Position"** means, as applicable: (i) subject to the other provisions hereof, in respect of each Reference Entity the amount specified as the Credit Position for that Reference Entity in the Swap Agreement or, as the case may be, the Final Terms, provided that if further Notes are issued which form a single Series with the Notes, the Credit Position in respect of each Reference Entity will be increased pro rata to the aggregate principal amount of such further Notes and if Notes are repurchased and cancelled, the Credit Position in respect of each Reference Entity will be reduced pro rata to the aggregate principal amount of such repurchased and cancelled Notes; or (ii) subject to the other provisions hereof, in respect of each Reference Entity in a Reference Portfolio, the percentage determined as the Credit Position for that Reference Entity in accordance with the Swap Agreement (and which in the case of each of the initial Reference Entities is set out in the Swap Agreement).

**"Cut-off Date"** means (a) in respect of the Notes and (i) any date which is an Interest Payment Date, the third Payment Business Day preceding such Interest Payment Date and (ii) any other date, the third Payment Business Day preceding

such date and (b) in respect of the Swap Agreement and (i) any date which is a Payment Date in respect of a Primary Morgan Floating Amount, a Secondary Morgan Floating Amount, a Primary Morgan Fixed Amount or a Secondary Morgan Fixed Amount, as the case may be, the third Morgan Business Day preceding such date and (ii) any other date, the third Morgan Business Day preceding such date.

**"Defaulted Credit"** means, on any day, each Reference Entity in respect of which the Conditions to Settlement have been satisfied (save for where the Reference Entity is a Reference Entity in respect of which either "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" or "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the relevant Standard and "Multiple Credit Event Notices" is also specified as applicable in such Standard and in respect of which an Event Determination Date relating only to a Restructuring has occurred, in which case that Reference Entity shall, in relation to the Remaining Credit Position, be treated as a non-Defaulted Credit).

**"DC No Credit Event Announcement Date"** means the date on which ISDA first makes the relevant DC No Credit Event Announcement.

**"Deferral Notice"** means, with respect to a Reference Entity and any Specified Payment Date, an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or e-mail) and/or by telephone) to the Company which may only be delivered after the Cut-off Date relating to such Specified Payment Date and on or prior to such Specified Payment Date (in each case determined by reference to Greenwich Mean Time) and which states that in the opinion of the Calculation Agent, acting in good faith:

- (a) a Credit Event has occurred or will occur in respect of such Reference Entity on or prior to the Specified Payment Extension Date relating to such Specified Payment Date and to the relevant Credit Event (in circumstances where no Event Determination Date has occurred with respect to such Credit Event on or prior to the Cut-off Date relating to such Specified Payment Date) (in each case determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)); or
- (b) if Potential Failure to Pay is applicable to such Reference Entity, a Potential Failure to Pay has occurred or will occur in respect of such Reference Entity on or prior to such Specified Payment Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)); or
- (c) if Potential Repudiation/Moratorium is applicable to such Reference Entity, a Potential Repudiation/Moratorium has occurred or will occur on or prior to such Specified Payment Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)); or
- (d) an Applicable Request has been made after the Cut-off Date.

A Deferral Notice is subject to the requirements regarding notices set forth in Section 1.10.

**"Final Cut-off Date"** means, in respect of the Notes, the Cut-off Date relating to the Scheduled Maturity Date and, in respect of the Swap Agreement, the Cut-off Date relating to the Scheduled Termination Date, or such other date as may be specified in the Final Terms in respect of the Notes or the Confirmation in respect of the Swap Agreement.

**"Final Valuation Date"** means, in respect of a Defaulted Credit:

- (a) the day on which the Final Price in respect of such Defaulted Credit is determined in respect of an Applicable Event Determination Date, unless sub-paragraph (b) below applies; or
- (b) where the Notes provide that following the occurrence of an Event Determination Date (and satisfaction of any conditions related thereto) there shall be a Liquidation of the Outstanding Charged Assets, the later of:
  - (i) the day on which the Final Price in respect of such Defaulted Credit is determined; and
  - (ii) the day on which the final payment in respect of the Liquidation of the Outstanding Charged Assets is received by the Broker or, as the case may be, the Custodian,

provided that if the Outstanding Charged Assets have not been realised by the last day of the OCA Liquidation Period (and for such purpose "realisation" shall include any Expected Realisation), the Final Valuation Date shall be the last day of the OCA Liquidation Period.

**"Expected Realisation"** means any contract of sale or arrangement made for redemption, realisation or repayment of any Outstanding Charged Assets entered into on or prior to the last day of the OCA Liquidation Period where payment in respect thereof is not due to be received by the Broker or, as the case may be, the Custodian until after the last day of the OCA Liquidation Period.

In selecting any Valuation Date or in making any other selection hereunder, the Calculation Agent is under no obligation to the Noteholders, the Couponholders or any other person and, provided that it makes the relevant selection in accordance with the terms hereof, the Calculation Agent will not be liable to any person in the event that a lower price is obtained as a result of that selection than would have been obtained if a different selection had been made, or for any other consequence of the relevant selection. In making any selection, the Calculation Agent will not be liable to account to the Noteholders, the Couponholders or any other person for any profit or other benefit to it or any of its Affiliates which may result directly or indirectly from any such selection.

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

**"Latest EDD Trigger Date"** means, in respect of a Specified Payment Date, the last day of the Specified Payment Notice Delivery Period, save that:

- (a) if a Credit Event Resolution Request Date occurs on or prior to the last day of the Specified Payment Notice Delivery Period and a DC Credit Event Announcement occurs in respect of the related Applicable Request, then the Latest EDD Trigger Date shall be:
  - (i) the date on which the DC Credit Event Announcement occurs if the relevant Credit Event is not a Restructuring and either (1) if "Auction Settlement" is specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement, the Trade Date in respect of the relevant Reference Entity occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable, or (2) if "Auction Settlement" is not specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement, the Trade Date in respect of the relevant Reference Entity occurs on or prior to the relevant DC Credit Event Announcement;
  - (ii) the Exercise Cut-off Date if the relevant Credit Event is a Restructuring; or
  - (iii) the later of (1) the last day of the Specified Payment Notice Delivery Period and (2) the fourteenth calendar day following the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement, if (A) the relevant Credit Event is not a Restructuring, (B) "Auction Settlement" is not specified as the Settlement Method in the Notes or, as the case may be the Swap Agreement and (C) the Trade Date occurs following the relevant DC Credit Event Announcement;
- (b) if a Credit Event Resolution Request Date occurs on or prior to the last day of the Specified Payment Notice Delivery Period and ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in Sections 1.24(a) and (b), then the Latest EDD Trigger Date shall be the later of the last day of the Specified Payment Notice Delivery Period and the fourteenth calendar day following the date on which ISDA publicly announces that it has Resolved not to determine such matters; and
- (c) if a Credit Event Resolution Request Date occurs on or prior to the last day of the Specified Payment Notice Delivery Period and a DC No Credit Event Announcement occurs in respect of the related Applicable Request, then the Latest EDD Trigger Date shall be the relevant DC No Credit Event Announcement Date.

As used in this definition, "DC Credit Event Announcement" shall have the meaning given to it in Section 1.30, save that references to "Notice Delivery Period" shall instead be construed as references to "Specified Payment Notice Delivery Period" and references to "Extension Date" shall instead be construed as references to "Specified Payment Extension Date".

**"Latest Potential Event Determination Date"** means, in respect of a Specified Payment Date, the last day of the Specified Payment Notice Delivery Period, save that:

- (a) if a Credit Event Resolution Request Date occurs on or prior to the last day of the Specified Payment Notice Delivery Period and a DC Credit Event Announcement occurs in respect of the related Applicable Request, then the Latest Potential Event Determination Date shall be:
  - (i) the Credit Event Resolution Request Date if the relevant Credit Event is not a Restructuring and either (1) if "Auction Settlement" is specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement, the Trade Date in respect of the relevant Reference Entity occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable, or (2) if "Auction Settlement" is not specified as the Settlement Method in the Notes or, as the case may be, the Swap Agreement, the Trade Date in respect of the relevant Reference Entity occurs on or prior to the relevant DC Credit Event Announcement;

- (ii) the Credit Event Resolution Request Date if the relevant Credit Event is a Restructuring; or
  - (iii) the later of (1) the last day of the Specified Payment Notice Delivery Period and (2) the fourteenth calendar day following the date on which ISDA publicly announces the occurrence of the relevant DC Credit Event Announcement, if (A) the relevant Credit Event is not a Restructuring, (B) "Auction Settlement" is not specified as the Settlement Method in the Notes or, as the case may be the Swap Agreement and (C) the Trade Date occurs following the relevant DC Credit Event Announcement; and
- (b) if a Credit Event Resolution Request Date occurs on or prior to the last day of the Specified Payment Notice Delivery Period and ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in Sections 1.24(a) and (b), then the Latest Potential Event Determination Date shall be the later of (i) the last day of the Specified Payment Notice Delivery Period and (ii) the fourteenth calendar day following the date on which ISDA publicly announces that it has Resolved not to determine such matters.

As used in this definition, "DC Credit Event Announcement" shall have the meaning given to it in Section 1.30 save that references to "Notice Delivery Period" shall instead be construed as references to "Specified Payment Notice Delivery Period" and references to "Extension Date" shall instead be construed as references to "Specified Payment Extension Date".

**"Long Reference Entity"** means any Reference Entity in a Reference Portfolio in respect of which the related Credit Position is positive.

**"Rules"** means the Credit Derivatives Determinations Committees Rules, as published by ISDA on its website at [www.isda.org](http://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.

**"Short Reference Entity"** means any Reference Entity in a Reference Portfolio in respect of which the related Credit Position is negative.

**"Specified Payment Date"** means: (i) in respect of the Notes, each Interest Payment Date (if any) and the Scheduled Maturity Date and (ii) in respect of the Swap Agreement, any date which is a Morgan Payment Date in respect of a Primary Morgan Floating Amount, a Secondary Morgan Floating Amount, a Primary Morgan Fixed Amount or a Secondary Morgan Fixed Amount, as the case may be, and the Scheduled Termination Date.

**"Specified Payment Extension Date"** means, in respect of a Specified Payment Date, the latest of (a) the Specified Payment Date, (b) the Grace Period Extension Date if (i) Potential Failure to Pay is applicable to that Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the relevant Specified Payment Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the relevant Specified Payment Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and (c) the Repudiation/Moratorium Evaluation Date if (i) Potential Repudiation/Moratorium is stated to be applicable with respect to that Reference Entity, (ii) the Credit Event that is the subject of the Credit Event Notice or the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which the event described in Section 4.6(a)(ii) occurs after the relevant Specified Payment Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)), (iii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the relevant Specified Payment Date (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) and (iv) the Repudiation/Moratorium Extension Condition is satisfied (but with references in the definition of "Repudiation/Moratorium Extension Condition" to the Credit Observation End Date being construed as references to the relevant Specified Payment Date).

**"Specified Payment Notice Delivery Period"** means, in respect of a Specified Payment Date and a Reference Entity, the period from and including the Trade Date to and including the date that is fourteen calendar days after the related Specified Payment Extension Date.

**"Standard"** means, in relation to a Reference Entity, the trading standard attached to, identified in or incorporated by reference into the Swap Agreement or, as the case may be, the Final Terms, and which is specified as applying and applies to such Reference Entity.

**"Uncured Default"** means, with respect to a Reference Entity and any day falling on or prior to the Credit Observation End Date:

- (a) in respect of a Reference Entity for which Potential Failure to Pay is applicable, (i) ISDA has publicly announced pursuant to a valid request that was made, in accordance with the Rules, that the relevant Credit

Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Failure to Pay has occurred with respect to an Obligation of the relevant Reference Entity on or prior to such day (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) or (ii) the Calculation Agent reasonably determines that an event that constitutes a Potential Failure to Pay has occurred on or prior to such day (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)), provided that such determination is not contrary to any determination of a Credit Derivatives Determinations Committee; or

- (b) in respect of a Reference Entity for which Potential Repudiation/Moratorium is applicable, (a) ISDA has publicly announced pursuant to a valid request that was made, in accordance with the Rules, 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 on or prior to such day (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)) or (b) the Calculation Agent has delivered a Repudiation/Moratorium Extension Notice in respect of a Potential Repudiation/Moratorium which occurred on or prior to such day (determined by reference to Greenwich Mean Time (or, if the relevant Standard is Japan or Japan Sovereign, Tokyo time)), provided that such notice is not contrary to any determination of a Credit Derivatives Determinations Committee,

and (i) no Event Determination Date as a result of a related Failure to Pay (in the case of a Potential Failure to Pay) or a related Repudiation/Moratorium (in the case of a Potential Repudiation/Moratorium) has occurred as at the time the relevant determination of whether an Uncured Default exists is being made and (ii) the Calculation Agent reasonably determines that a related Failure to Pay (in the case of a Potential Failure to Pay) or a related Repudiation/Moratorium (in the case of a Potential Repudiation/Moratorium) might occur.

### Section 13.2. General.

Unless the context otherwise requires, references herein to the “Company” shall be deemed to be references to, in respect of the Notes, the “Company” specified in the Conditions, and in respect of the Swap Agreement, the “Issuing Counterparty” specified in the Swap Agreement.

The Principal Paying Agent on behalf of the Company shall as soon as practicable give notice to the Noteholders in accordance with Condition 17 of the determination by the Calculation Agent of the existence or occurrence of a Credit Event or the existence or occurrence of a Potential Failure to Pay, a Potential Repudiation/Moratorium or any other event which leads to a reduction in the amount payable in respect of the Notes on any date.

Certain determinations made by the Calculation Agent hereunder relate to the applicability of certain ISDA or ISDA committee determinations, announcements, resolutions or other actions (each an “**ISDA Determination**”) to the Notes or, as the case may be, the Swap Agreement. Unless otherwise expressly stated herein, any dates and timings hereunder that are determined on the basis of the relevant dates and timings of any applicable ISDA Determination shall not be affected by any delay in the determination by the Calculation Agent that such ISDA Determination is applicable to the Notes or, as the case may be, the Swap Agreement, but shall be determined on the basis of the relevant dates and timings of such applicable ISDA Determination without regard to any such delay. Unless the context otherwise requires, any capitalised term that is used and defined herein that is also defined for purposes of an applicable ISDA Determination shall, where used in connection with such ISDA Determination, have the meaning given to such term for purposes of such ISDA Determination but shall also relate to the corresponding term as defined herein.

All calculations and determinations made by the Calculation Agent in relation to the Notes shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on the Company, the Trustee, the agents appointed under the Agency Agreement and the Noteholders and Couponholders.

All calculations and determinations made by the Calculation Agent in relation to the Swap Agreement shall (save in the case of manifest error at the time the relevant determination is made) be final and binding on Morgan and the Company.

In selecting any Reference Obligations hereunder, the Calculation Agent is under no obligation to the Noteholders, the Couponholders or any other person and, provided that the obligation selected meets the criteria in the definition of “Reference Obligation”, is entitled, and indeed will endeavour, to select obligations with the lowest price (in respect of a Long Reference Entity) or the highest price (in respect of a Short Reference Entity) of any obligations which meet such criteria. In making any selection, the Calculation Agent will not be liable to account to the Noteholders, the Couponholders or any other person for any profit or other benefit to it or any of its Affiliates which may result directly or indirectly from any such selection.

The Calculation Agent shall not be liable to any person for any delay in or failure to deliver any notices hereunder (including, without limitation, any Credit Event Notice) or for any differences in the timing of any notices delivered hereunder from that under any other transactions in respect of which the Calculation Agent or its Affiliates perform a similar role or are counterparties thereto. It is explicitly acknowledged (and shall be taken into account in any

determination of whether it has been grossly negligent) that the Calculation Agent will also be performing calculations and other functions with respect to transactions other than the Notes and the Swap Agreement and that it may make the calculations required hereunder and other calculations and other functions required by such other transactions in such order as seems appropriate to it and shall not be liable for the order in which it elects to perform calculations or other functions or for any delay caused by electing to perform calculations and other functions for such other transactions prior to those required hereunder.

The rights and obligations of the parties under the Notes and the Swap Agreement respectively are irrespective of the existence or amount of the parties' credit exposure to a Reference Entity and no party need suffer any loss or provide evidence of any loss as a result of the occurrence of a Credit Event.

When determining the existence or occurrence of any Potential Failure to Pay, Potential Repudiation/Moratorium or any Credit Event, the Calculation Agent shall make such determination based on the occurrence of an event whether or not the occurrence of the relevant event arises directly or indirectly from or is subject to a defence based upon (a) any lack or alleged lack of authority or capacity of the relevant Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor or Insured Obligor, as the case may be, to enter into any Underlying Obligation or Insured Instrument, as the case may be, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation or Insured Instrument, as the case may be, 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.

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



## SCHEDULE 2

### Trading Standards Annex

In respect of each document (each a “Document”) which attaches, identifies or incorporates by reference the terms of this Trading Standards Annex, as such terms may be amended in accordance with the terms of such Document, such terms, as so amended, shall comprise the “Trading Standards” in respect of such Document.

Terms that are not defined herein and which are defined in the relevant Document shall have the same meanings in this Trading Standards Annex. As used in each Trading Standard set out in Section 2 of this Trading Standards Annex, references to “Trading Standards Annex” or to “Trading Standards” shall be to the relevant Trading Standard in which such references appear and not to this Trading Standards Annex as a whole.

#### 1 General Provisions:

The following terms shall be applicable to each Reference Entity and shall be deemed to be incorporated into each of the Trading Standards set out below:

Applicable Events for Credit Event:	In respect of each Reference Entity, those specified in respect of such Reference Entity in the relevant Trading Standard.
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Reference Entity:	Each European Reference Entity.
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European Reference Entity:	Each entity in respect of which “European” is specified as being the Trading Standard in the Reference Entity Annex or, as the case may be, the Reference Portfolio Annex.
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In addition, the following terms shall be applicable to each Reference Entity:

Minimum Exercise Amount:	Not applicable.
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Minimum Quotation Amount:	Not applicable.
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Additional Specified Currency:	None
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Additional Public Sources:	Not applicable, unless specified as applicable in accordance with the provisions of the relevant Document, in which case each such additional source so specified shall be applicable.
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Potential Failure to Pay:	Applicable.
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Potential Repudiation/Moratorium:	Applicable to all Reference Entities in respect of which Repudiation/Moratorium is specified as a Credit Event in the relevant Trading Standards for such Reference Entity.
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The following amendments shall apply in relation to all of the Trading Standards in the Trading Standards Annex, unless otherwise indicated:

1. All references to “Deliverable Obligation” shall be deemed to be to “Reference Obligation”.
2. References to “Section 3.9 of the 2003 Definitions” shall be read as references to “Multiple Credit Event Notices”.
3. The terms in the Trading Standards (if any) specified under the heading “Section 3.3 of the 2003 Definitions” shall not apply.
4. The terms in the Trading Standards specified under the heading “Physical Settlement” shall not apply.
5. All references to “Business Day” shall be deemed to be to either “Payment Business Day” or “Valuation Business Day”, as the context so requires, provided that, where the Trading Standards specify a definition of Business Day, any locations therein not included in the definition of Valuation Business Day shall be added to the definition of Valuation Business Day as additional locations and the definition of Payment Business Day shall not be affected.

6. The terms in the Trading Standards (if any) specified under the headings “Grace Period Extension” and “Amendment for Grace Period Extension” shall not apply.
7. Notwithstanding the definition of “Obligation” in the Credit Provisions Annex, paragraph (a) of such definition shall not include any Obligation specified as an Excluded Obligation in the relevant Trading Standard.
8. Any additional provisions relating to a Reference Entity that is a monoline insurance company issuing financial guaranty insurance policies or similar financial guarantees and stated to be applicable in the Trading Standard relating to such Reference Entity shall have no effect, but instead the provisions that are stated to be applicable to a Reference Entity that is a monoline insurance company issuing financial guaranty insurance policies or similar financial guarantees in the Credit Provisions Annex shall apply.
9. Except as the context may otherwise require, references to “Standard” shall be to “Trading Standard” and vice versa.

## EUROPEAN TRADING STANDARDS ANNEX

Business Days: London and TARGET Settlement Days

Credit Events: The following Credit Events shall apply with respect to Reference Entities to which European Trading Standards apply:

Bankruptcy (except with respect to any Reference Entity that is a Sovereign)

Failure to Pay

Payment Requirement: USD 1,000,000

Restructuring

Multiple Holder  
Obligation: Applicable

Default Requirement: USD 10,000,000

Modified Restructuring  
Maturity Limitation and  
Conditionally  
Transferable Obligation: Applicable

Obligation(s): For the purposes of the table below;

“Yes” shall mean that the relevant selection is applicable; and

“No” shall mean that the relevant selection is not applicable.

Obligation Categories		Obligation Characteristics	
No	Payment	No	Not Subordinated
Yes	Borrowed Money	No	Specified Currency - Standard Specified Currencies
No	Reference Obligation(s) Only	No	Not Sovereign Lender
No	Bond	No	Not Domestic Currency
No	Loan	No	Listed
No	Bond or Loan	No	Not Domestic Issuance

Excluded Obligations: None

All Guarantees: Applicable

Deliverable Obligation(s): For the purposes of the table below;

“Yes” shall mean that the relevant selection is applicable; and

“No” shall mean that the relevant selection is not applicable

Deliverable Obligation Categories		Deliverable Obligation Characteristics	
No	Payment	Yes	Not Subordinated
No	Borrowed Money	Yes	Specified Currency - Standard Specified Currencies
No	Reference Obligation(s) Only	No	Not Sovereign Lender
No	Bond	No	Not Domestic Currency
No	Loan	No	Not Domestic Law

	<b>Yes</b>	Bond or Loan	<b>No</b>	Listed
			<b>Yes</b>	Not Contingent
			<b>No</b>	Not Domestic Issuance
			<b>Yes</b>	Assignable Loan
			<b>Yes</b>	Consent Required Loan
			<b>No</b>	Direct Loan Participation
				Qualifying Participation
				Seller:
			<b>Yes</b>	Transferable
			<b>Yes,</b>	Maximum Maturity
			<b>30</b>	
			<b>years</b>	
			<b>No</b>	Accelerated or Matured
			<b>Yes</b>	Not Bearer
Excluded Deliverable Obligations:		None		
Deliverable Obligations:		Exclude Accrued Interest		
Section 3.9 of the 2003 Definitions:		Applicable		
<b>Physical Settlement:</b>		Where Physical Settlement is applicable the following terms shall also apply:		
Physical Settlement Period:		30 Business Days		
Additional Condition to Settlement:		Notice of Physical Settlement.		
Cap on Settlement Fallback		Applicable		

**SCHEDULE 3**  
**Reference Entity Annex**

Reference Entity	Benchmark Obligation	Applicable Trading Standard	Credit Position
HSBC Holdings plc or any Successor	GBP 13,200,000 Callable Subordinated Fixed to Floating Rate Notes due 18 October 2022 issued by HSBC Holdings plc (ISIN: XS0326347373)	The European Trading Standards Annex attached at Schedule 2	JPY 2,000,000,000

## SCHEDULE 4

### Form of Physical Settlement Notice

To: Corsair (Cayman Islands) No. 4 Limited (the “**Issuer**”)  
c/o Deutsche Bank (Cayman) Limited  
Boundary Hall  
Cricket Square  
171 Elgin Avenue  
PO Box 1984  
George Town  
Grand Cayman KY1-1104  
Cayman Islands  
Fax No: +1 345 949 5223  
Attention: The Directors

JPMorgan Chase Bank N.A.  
(the “**Determination Agent**”)  
25 Bank Street  
Canary Wharf  
London  
E14 5JP  
Fax No: +44 20 3493 0682  
Attention: Head of Legal Department –  
EMEA Debt Capital Markets Group

cc: U.S. Bank N.A. (the “**Trustee**”)  
  
100 Wall Street  
Suite 1600  
New York  
NY10005  
Telephone No: +1 212 951 8536  
Fax No: +1 212 809 5459  
Attention: Janet O'Hara

The Bank of New York Mellon, London  
Branch (the “**Principal Paying Agent**”)  
One Canada Square  
London  
E14 5AL  
Fax No: +44 20 7964 2532  
Attention: Corporate Trust Administration  
(Structured Finance)

JPMorgan Chase Bank N.A. (the “**Swap Counterparty**”)  
25 Bank Street  
Canary Wharf  
London  
E14 5JP  
Fax No: +44 20 3493 0682  
Attention: Head of Legal Department – EMEA Debt  
Capital Markets Group

Date: *[on or before the day falling 5 Payment Business Days following notice to the Noteholders of the occurrence of an Event Determination Date]*

**Corsair (Cayman Islands) No. 4 Limited**  
**Series 21 JPY 2,000,000,000 Secured Fixed to Floating Rate Repackaged Notes due 2022**  
**(the “Notes”)**

..... as a Relevant Noteholder (as defined in the Conditions) hereby gives notice pursuant to the Conditions of the Notes, that in relation to the Event Determination Date which occurred on [●], it elects for Physical Settlement.

Confirmations [or other evidence] from [Euroclear and/or Clearstream, Luxembourg] in connection with the above mentioned holding[s] of Notes are attached to this Notice.

Set out below are the relevant contact details:  
*[identity and contact details of the relevant Noteholder]*

Words and expressions used in this notice and not otherwise defined herein shall have the meanings given to them in the Conditions of the Notes.

.....  
For and on behalf of  
[Noteholder]

[By:]  
[Name:]  
[Title:]

### Use of Proceeds

The net proceeds of the Notes will be used by the Company in acquiring the Original Charged Assets specified in the Final Terms and/or making payments under the Swap Agreement, unless otherwise specified in the Final Terms.

An initial payment (if any) due from the Counterparty under the Swap Agreement will also be used in acquiring the Original Charged Assets and in making payment of certain upfront fees and expenses.

## The Swap Agreement

### **I. The Master Swap Agreement**

Prospective investors should refer to the section entitled “The Swap Agreement” contained in the Base Prospectus (pages 136–147 inclusive) and incorporated by reference herein.

### **II. The Swap Agreement**

In addition to the Termination Events provided in the Master Swap Agreement, the Swap Agreement provides that the Swap Transaction will terminate if an Event Determination Date occurs at any time from and including the Credit Event Backstop date to and including the Credit Observation End Date.

If the Credit Event described in the Credit Event Notice that gave rise to the Event Determination Date is Bankruptcy or Failure to pay or Restructuring and the Exercise Amount specified in the Credit Event Notice is less than the Credit Position of the Reference Entity, the Swap Transaction shall terminate and no further payment will be due by either party to the Swap Agreement.

If the Credit Event described in the Credit Event Notice that gave rise to the Event Determination Date is a Restructuring and the Exercise Amount specified in such Credit Event Notice is less than the Credit Position of the Reference Entity, the Swap Transaction shall terminate and a Termination Payment shall be payable (i) by the Company to the Counterparty or (ii) by the Counterparty to the Company. The Termination Payment shall be an amount in JPY, that the Calculation Agent would be prepared to pay or receive from the company as the bid price for an unwind of the Notional Non-Affected Swap Transaction.



### Information relating to the Original Charged Assets

To the extent that the information contained in this section has been reproduced from the underlying documentation relating to the Original Charged Assets, it has been accurately reproduced from such underlying documentation. So far as the Company is aware and is able to ascertain from information published by the obligor of the Original Charged Assets, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The following information and any other information contained herein relating to the Original Charged Assets with respect to the Notes is a summary only of certain terms of the Original Charged Assets. Prospective purchasers of the Notes should make their own independent investigations and enquiries into the Original Charged Assets and the obligor(s) in respect thereof.

The Original Charged Assets with respect to the Notes are comprised, in each case, as more particularly detailed below.

Notes	Original Charged Assets
Series 21 JPY 2,000,000,000 Secured Fixed to Floating Rate Repackaged Notes due 2022	The Original Charged Assets shall comprise GBP 13,200,000 principal amount of an issue by HSBC Holdings plc of Callable Subordinated Fixed to Floating Rate Notes due 18 October 2022 (ISIN XS0326347373) to be purchased on or about the Issue Date
<b>Information relating to issuer of the Original Charged Assets in respect of the Series 13 Notes</b>	
Issuer of Original Charged Assets:	HSBC Holdings plc
Registered address:	8 Canada Square, London, E14 5HQ, United Kingdom
Country of incorporation:	England and Wales
Description of business/principal activities:	Banking and financial services
<b>Information relating to the Original Charged Assets in respect of the Series 13 Notes</b>	
Description/nature of assets:	Subordinated Notes
Specified currency or currencies:	GBP
Issue price:	99.996 per cent. of the Aggregate Principal Amount
Issue date:	18 October 2007
Maturity date:	18 October 2022
Listing:	Listed on the Official List of the UK Listing Authority
ISIN:	XS0326347373
Governing law:	English law
Exchange on which the Original Charged Assets are listed:	Regulated Market of the London Stock Exchange

## General Information

- (1) Each bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person 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.
- (2) The Notes will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems unless otherwise specified in the Final Terms. The Common Code and International Securities Identification Number (ISIN) for the Notes and an identification number for any other clearing system as shall have accepted the Notes for clearance is as set out in the Final Terms.
- (3) U.S. Bank N.A. has been appointed as the Trustee in respect of the Notes.
- (4) J.P. Morgan Securities Ltd. is an Affiliate of JPMorgan Chase Bank N.A. and J.P. Morgan Securities (C.I.) Ltd.
- (5) JPMorgan Chase Bank, N.A. has securities admitted to trading on the Regulated Market of the London Stock Exchange.
- (6) The estimated total expenses relating to the admission of the Notes is €2,940.
- (7) The Company is not required by Cayman Islands law, and does not intend, to publish audited accounts or annual unaudited financial statements. As at the date of this Prospectus, no audited financial statements of the Company have been prepared and published.
- (8) For so long as the Notes issued by the Company remain outstanding, physical or electronic copies of the following documents will be available during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection by the relevant Noteholders at the registered office of the Company and the specified office of the Principal Paying Agent:
  - (i) the Programme Deed and all master terms documents incorporated by reference therein that create the Master Documents relating to such Notes (including the Master Trust Terms, the Master Agency Terms, the Master Determination Agency Terms, the Master Custody Terms, the Master Dealer Terms, the Master Mandate Terms, the Master Process Agent Appointment Terms, the Master Procedural Terms, the Master Swap Terms, and/or any Master Administration Services Terms), each Confirmation and the Issue Deed;
  - (ii) any deed or agreement supplemental to any of the documents referred to in (i) above;
  - (iii) the Deed of Incorporation, Memorandum and Articles of Association and/or other constitutive documents of the Company;
  - (iv) a copy of this Prospectus;
  - (v) a copy of the Base Prospectus; and
  - (vi) the most current financial statements (if any) of the Company.
- (9) There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Company is aware) involving the Company which may have, or have had since its date of incorporation, a significant effect on the financial position of the Company.
- (10) Save as disclosed herein, there has been no significant change in the financial or trading position of the Company and no material adverse change in the financial position or prospects of the Company since the date of incorporation. As of the date of this Prospectus, the Company has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, other than as disclosed elsewhere in this Prospectus.
- (11) The Company does not intend to provide any post-issuance information in relation to any issue of Notes or the performance of the related Original Charged Assets.

## REGISTERED OFFICE OF THE COMPANY

### **Corsair (Cayman Islands) No. 4 Limited**

Boundary Hall  
Cricket Square  
P.O. Box 1984  
George Town  
Grand Cayman KY1-1104  
Cayman Islands

### **TRUSTEE**

**U.S. Bank N.A.**  
100 Wall Street  
Suite 1600  
New York  
New York 10005  
United States of America

### **PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**The Bank of New York Mellon, acting through its London Branch**  
One Canada Square  
London E14 5AL  
United Kingdom

### **CUSTODIAN**

**The Bank of New York Mellon SA/NV, London Branch**  
One Canada Square  
London E14 5AL  
United Kingdom

### **PAYING AGENT**

**The Bank of New York Mellon SA/NV, Dublin Branch**  
4th Floor, Hanover Building  
Windmill Lane  
Dublin 2  
Ireland

## LEGAL ADVISERS

*To the Dealer as to English law*

**Simmons & Simmons LLP**  
CityPoint  
One Ropemaker Street  
London EC2Y 9SS

*To the Company as to Cayman Islands law*

**Walkers**  
Walker House, 8 Mary Street  
George Town  
Grand Cayman KY1-9001  
Cayman Islands

## IRISH LISTING AGENT FOR THE PROSPECTUS

**The Bank of New York Mellon SA/NV, Dublin Branch**  
Hanover House  
Windmill Lane  
Dublin 2  
Ireland