



**Credit Suisse AG, London Branch**

**EUR 4,000,000 Credit-Linked Notes linked to Raiffeisen Bank International AG, due June 2020**

**(the "Notes" or the "Securities")**

**SPLB2015-403**

**Issue Price: 100 per cent. (100%) of the Aggregate Nominal Amount**

This document is a securities note (the "**Securities Note**") and contains information relating to the above Securities.

The Securities Note shall be read in conjunction with the registration document (the "**Registration Document**") dated 22 June 2015 containing information in respect of Credit Suisse AG, acting through its London Branch (the "**Issuer**").

Together, the Registration Document and the Securities Note comprise a "prospectus" (the "**Prospectus**") for the Securities, prepared for the purposes of Article 5.3 of Directive 2003/71/EC as amended (the "**Prospectus Directive**").

This Securities Note has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Securities which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to The Irish Stock Exchange plc (the "**Irish Stock Exchange**") for the Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that such listing and admission to trading will be granted. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Securities Note dated 21 July 2015

The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The delivery of this document at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

The Issuer will not be providing any post issuance information, except if required by applicable laws and regulations.

In connection with the issue and sale of the Securities, no person is authorised to give any information or to make any representation not contained in the Registration Document or the Securities Note, and neither the Issuer nor the Dealer accepts responsibility for any information or representation so given that is not contained in the Registration Document or the Securities Note. The Prospectus does not constitute an offer of Securities, and may not be used for the purposes of an offer or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorised, or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Securities or the distribution of the Prospectus in any jurisdiction where any such action is required except as specified herein.

The distribution of the Prospectus and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession the Registration Document or the Securities Note comes are required by the Issuer to inform themselves about, and to observe, such restrictions.

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**"). Subject to certain exemptions, the Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons. A further description of the restrictions on offers and sales of the Securities in the United States or to U.S. persons is set forth in the section entitled "Selling Restrictions" of this Prospectus.

The Securities have not been rated.

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## **RISK FACTORS**

*Capitalised terms used herein and not otherwise defined shall have the meanings given to them in the General Note Conditions and Asset Terms for Credit Linked Securities.*

The Securities involve complex risks, which include, among other things, share price risks, credit risks, foreign exchange risks, exchange rate risks, interest rate risks and/or political risks. Before buying the Securities, investors should carefully consider, among other things, (i) the trading price of the Securities, (ii) the value and volatility of the Reference Entity, (iii) the depth of the market or liquidity of the Securities, and (iv) any related transaction costs. An investment in the Securities is only suitable for investors who (either alone or in conjunction with an appropriate financial adviser) are capable of evaluating the merits and risks of such an investment. Investors should consult their own financial, tax, legal or other advisers as they consider appropriate and carefully review and consider such an investment decision in the light of the foregoing and their personal circumstances.

**Investors may lose the value of their entire investment or part of it**

### **1. GENERAL CONSIDERATIONS**

The purchase of Securities involves substantial risks and an investment in the Securities is only suitable for investors who have the knowledge and experience in financial and business matters necessary to enable them (either alone or in conjunction with an appropriate financial adviser) to evaluate the risks and merits of an investment in the Securities and who have sufficient resources to be able to bear any losses that may result therefrom. The Issuer is acting solely in the capacity of an arm's length contractual counterparty and not as an investor's financial adviser or fiduciary in any transaction.

Before making any investment decision, prospective investors in the Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risks involved.

The Issuer believes that the factors described below may affect their abilities to fulfil their respective obligations under the Securities. Most of these factors are contingencies which may or may not occur and which could have a material adverse effect on the Issuer's businesses, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the return investors will receive on the Securities. The Issuer does not express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below are material for the purpose of assessing the market risks associated with the Securities and represent the material risks inherent in investing in the Securities, but these are not the only risks that the Issuer faces or that may arise under the Securities. There will be other risks that the Issuer does not currently consider to be material, or risks that the Issuer is currently not aware of, or risks that arise due to circumstances specific to the investor, and the Issuer does not represent that the statements below regarding the risks of holding any Securities are exhaustive.

More than one investment risk may have simultaneous effect with regard to the value of the Securities and the effect of any single investment risk may not be predictable. In addition, more than one investment risk may have a compounding effect and no assurance can be given as to the effect that any combination of investment risks may have on the value of Securities.

### **2. RISK ASSOCIATED WITH THE CREDITWORTHINESS OF THE ISSUER**

Securities are general unsecured obligations of the Issuer. Securityholders are exposed to the credit risk of the Issuer. The Securities will be adversely affected in the event of a default, reduced credit rating or deterioration in the solvency of the Issuer.

The profitability of the Issuer will be affected by, among other things, changes in global economic conditions, inflation, interest/exchange rates, capital risk, liquidity risk, market risk, credit risk, risks from estimates and valuations, risks relating to off-balance sheet entities, cross-border and foreign exchange risks, operational risks, legal and regulatory risks and competition risks. These risks are discussed in further detail below.

These risk factors should be read together with the risk factors in respect of Credit Suisse AG listed on pages 39 to 46 of the Exhibit (Annual Report 2014) to the Form 20-F Dated 20 March 2015 (as defined in the Registration Document). Such risk factors are risk factors that are material to the Securities in order to assess the market risk associated with them or which may affect the Issuer's ability to fulfil its obligations under them.

### **3. RISKS RELATING TO SECURITIES GENERALLY**

#### **3.1 Loss of investments**

As the Securities do not provide for scheduled repayment in full of an amount at least equal to the issue or purchase price, investors may lose all or part of their investment.

Securities are not deposits, and are not covered by any deposit insurance or protection scheme.

#### **3.2 Limited liquidity**

A secondary market for the Securities may not develop and if one does develop, it may not provide the holders of the Securities with liquidity or may not continue for the life of the Securities. A decrease in the liquidity of an issue of Securities may cause, in turn, an increase in the volatility associated with the price of such issue of Securities. Illiquidity may have a severely adverse effect on the market value of Securities.

The Issuer may, but is not obliged to, purchase Securities at any time at any price in the open market or by tender or private treaty and may hold, resell or cancel them. The market for Securities may be limited. The only way in which a Securityholder can realise value from a Security prior to its maturity is to sell it at its then market price in the market which may be less than the amount initially invested. The price in the market for a Security may be less than its Issue Price even though the value of the Underlying Asset(s) may not have changed since the Issue Date.

Any secondary market price quoted by the Issuer may be affected by several factors including, without limitation, prevailing market conditions, credit spreads and the time to maturity. Accordingly, the purchase of Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Securities and the financial and other risks associated with an investment in the Securities. Any investor in the Securities must be prepared to hold such Securities for an indefinite period of time or until redemption of the Securities.

#### **3.3 The Issue Price may be more than the Securities' market value**

The Issue Price in respect of the Securities may be more than the market value of such Securities as at the Issue Date, and more than the price, if any, at which the Dealer or any other person is willing to purchase such Securities in secondary market transactions. In particular, the Issue Price in respect of any Securities may take into account amounts with

respect to commissions relating to the issue and sale of such Securities and amounts relating to the hedging of the Issuer's obligations under such Securities.

### 3.4 **Tax**

Potential investors in the Securities should take note of the information set out in the section headed "Taxation" of this Prospectus. Potential investors in the Securities should conduct such independent investigation and analysis regarding the tax treatment of the Securities as they deem appropriate to evaluate the merits and risks of an investment in the Securities. Tax risks include, without limitation, a change in any applicable law, treaty, rule or regulation or the interpretation thereof by any relevant authority which may adversely affect payments in respect of the Securities. The level and basis of taxation on the Securities and on the Securityholders and any reliefs from such taxation depend on the Securityholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Securities may change over the life of the Securities. This could have adverse consequences for Securityholders. Potential Securityholders will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption or enforcement of the Securities.

### 3.5 **Proposed Financial Transaction Tax**

The European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in certain participating member states ("**FTT Member States**").

The proposed FTT has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions).

The FTT could apply to persons both within and outside of the participating member states. Generally, it would apply to certain dealings in the financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating member state or (ii) the financial instruments are issued in a participating member state.

Ministers of the FTT Member States (other than Slovenia) announced in a statement to the Economic and Financial Affairs Council on 6 May 2014 that there would be a progressive implementation of the FTT. That progressive implementation would first focus on the taxation of shares and some derivatives, with the first step being implemented on or before 1 January 2016. Certain aspects of the current proposal are controversial and, if the FTT is progressed, may be altered prior to any implementation. The actual implementation date would depend on the future approval of the European Council and consultation of other EU institutions, and the subsequent transposition into local law. Additional EU Member States may decide to participate. If the proposed directive (or similar tax) is adopted, transactions in the Securities would, in certain circumstances, be subject to higher transaction costs, and the liquidity of the market for the Securities may diminish.

Prospective investors are advised to seek their own professional advice in relation to the FTT.

### 3.6 **The Securities may be redeemed prior to their scheduled maturity**

In certain circumstances (for example, if the Issuer determines that its obligations under the Securities have become unlawful or illegal or following an event of default) the Securities may be redeemed prior to their scheduled maturity. In such circumstances, the Unscheduled Termination Amount payable may be less than its original purchase price and could be as low as zero.

Following early redemption of Securities, the Holders of such Securities may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate or yield on the Securities being redeemed and may only be able to do so at a significantly lower rate. Investors in Securities should consider such reinvestment risk in light of other investments available at that time.

### **3.7 Additional Disruption Events**

The terms of Securities may be adjusted following an Additional Disruption Event as defined in Part A of the Specific Terms pursuant to the occurrence of Hedging Disruption and Increased Cost of Hedging (both as defined in Part A of the Specific Terms). In certain circumstances the terms of the Securities may not be adjusted and the Issuer may redeem the Securities and pay to the Securityholder(s) the Early Payment Amount (as defined in Part A of the Specific Terms).

### **3.8 Risk of cancellation of issue of Securities**

The Issuer may determine to cancel the issue of Securities for reasons beyond its control, such as extraordinary events, substantial change of the political, financial, economic, legal, monetary or market conditions at national or international level and/or adverse events regarding the financial or commercial position of the Issuer and/or the other relevant events that in the commercially reasonable determination of the Issuer may be prejudicial to the issue of the Securities. In such case, where an investor has already paid or delivered subscription monies for the relevant Securities, the investor will be entitled to reimbursement of such amounts, but will not receive any remuneration that may have accrued in the period between their payment or delivery of subscription monies and the reimbursement of the Securities.

### **3.9 No obligation to maintain listing**

Investors should note that, as the Securities are to be listed on a market, the Issuer will not be obliged to maintain the listing of the Securities in certain circumstances, such as a change in listing requirements.

## **4. CREDIT-LINKED SECURITIES GENERALLY**

### **4.1 Investors will be exposed to the credit risk of the Reference Entity**

The Securities issued on the basis of the Asset Terms are credit-linked securities. In addition to the credit risk of the Issuer, payments on the Securities are subject to the credit risk of the Reference Entity.

Unless principal protection applies, if an Event Determination Date occurs, the Securities will be redeemed in full or in part, as set out in the Asset Terms, by payment of the Credit Event Settlement Amount and the outstanding nominal amount of the Securities will be reduced by the related Credit Event Writedown Amount.

As Securities are linked to a single Reference Entity, the Credit Event Writedown Amount will be equal to the entire outstanding nominal amount of each Security. The Credit Event Settlement Amount is likely to be considerably less than the entire outstanding nominal amount of each Security which means that Securityholders will accordingly suffer a loss of principal in such case.

In addition, if an Event Determination Date has occurred, interest will cease to accrue on an amount equal to the Credit Event Writedown Amount as a result of such Event Determination Date from the start of the then-current interest accrual period. Securityholders will accordingly suffer a loss of interest in such case.

**4.2 A Credit Event may occur even if the Issuer does not suffer any loss**

The Issuer's obligations under the Securities are irrespective of any loss which the Issuer may suffer as a result of the circumstances giving rise to a Credit Event. The Issuer is not required to suffer any such loss as a condition to making a determination as to the occurrence of a Credit Event, nor is it required to have any credit exposure to the Reference Entity at any time.

**4.3 Credit Events and events which may lead to the determination of a Successor may occur prior to the Trade Date**

An Event Determination Date may occur, or one or more successor Reference Entities be determined, as a result of a Credit Event, determination of a successor or a Sovereign Succession Event, as applicable, that took place prior to the Trade Date. The Issuer shall have no obligation to notify Securityholders as to whether or not a Credit Event, determination of a successor or a Sovereign Succession Event has, or may have, taken place prior to the Trade Date.

**4.4 The Reference Entity may change as a result of the determination of a successor Reference Entity or of Sovereign Succession Events**

Following the occurrence of:

- (a) certain corporate events relating to a corporate entity identified as the Reference Entity, such as a merger of the Reference Entity with another entity, a transfer of assets or liabilities by the Reference Entity or other similar event in which an entity succeeds to the obligations of another entity; or
- (b) certain specified events designated as Sovereign Succession Events relating to a sovereign entity identified as the Reference Entity, such as where two sovereign entities are unified to form a single sovereign entity or where a sovereign entity is split as a result of part of such entity becoming independent or declaring political independence,

in each case whether by operation of law or pursuant to any agreement, the International Swaps and Derivatives Association, Inc. ("ISDA") may publicly announce that a CDDC (being one of the Credit Derivatives Determinations Committees established by ISDA (referred to in the terms of the Securities as "CDDCs")) has resolved to treat a different entity or entities as the successor(s) to such original entity. If the Issuer determines that such CDDC resolution would apply for purposes of the Reference CDS, then the identity of the Reference Entity will be amended accordingly and Securityholders will be exposed to the credit risk of such successor Reference Entity in place of the original Reference Entity. Alternatively, absent a resolution of the CDDC, the Calculation Agent may, but will not be obliged to, make a determination that a different entity has become successor to the original Reference Entity. The effect of such amendment may be a material increase in the risk associated with an investment in the Securities, for example where the successor Reference Entity is more indebted than the original Reference Entity or is exposed to different business risks.

If the Reference Entity has more than one successor entity, then Securityholders will be exposed to the creditworthiness of multiple Reference Entities instead of or in addition to the original Reference Entity. The effect may be to materially increase the likelihood of a loss of principal and interest under the Securities as a result of a Credit Event occurring with respect to a number of Reference Entities rather than just one Reference Entity.

**4.5 Investors will not have a claim against the Reference Entity or in respect of any Reference Obligations**



A purchase of Securities does not constitute a purchase of the Reference Obligations or any other debt obligations of the Reference Entity, or of any interest in any such obligations. Securityholders will have rights solely against the Issuer of the Securities and will not have any rights against the Reference Entity. In particular, Securityholders will not have:

- (a) the right to vote or give or withhold from giving any consent in relation to any Reference Obligation or any other obligation of the Reference Entity;
- (b) the right to receive any coupons, fees or other distributions which may be paid by the Reference Entity to holders of the Reference Obligation or any of the other debt obligations of the Reference Entity; or
- (c) the right to receive any information from the Reference Entity.

Accordingly, an investment in the Securities is not equivalent to an investment in any Reference Obligation or any other debt obligation of the Reference Entity.

#### **4.6 The market value of the Securities may be affected by a wide variety of factors**

A number of factors, many of which are beyond the Issuer's control, will influence the value of the Securities. In addition to those factors which would affect the value of the Issuer's debt generally, factors specific to the Securities may include:

- (a) the financial condition and perceived creditworthiness of the Reference Entity;
- (b) the availability and payment profile of debt obligations of the Reference Entity;
- (c) liquidity and other technical factors affecting pricing in the credit default swap market;
- (d) the views of analysts at rating agencies; and
- (e) economic, financial, political, regulatory or judicial events that affect the Reference Entity or the markets for the debt securities of the Reference Entity.

Even where a Credit Event has not occurred, the market value of the Securities may be adversely affected when the probability or perceived probability of a Credit Event occurring in respect of the specified Reference Entity increases.

#### **4.7 The Securities may be illiquid**

Due to the risks associated with the Securities, the Securities may be or become illiquid. The Issuer is not obliged to make a market in the Securities. Accordingly, Securityholders will bear the risk of being unable to liquidate the Securities or having to do so at a price which reflects the prevailing price for the credit risk of the Reference Entity which may lead to a loss of the amount invested.

#### **4.8 Securities linked to emerging markets entities may be particularly risky**

If the Securities are linked to a sovereign or corporate Reference Entity which is or is domiciled in or has significant business exposure to an emerging market jurisdiction, Securityholders should note that emerging market economies may be particularly volatile. Such increased volatility may occur as a result of reliance on a limited number of commodity markets, exposure to levels of consumer or industrial demand in developed or other emerging market economies, capital inflows and outflows, currency exchange rates, corruption, political risk or civil unrest. Publicly available information, including official statistics, may be incorrect, incomplete or misleading, which could have an impact on investors given that such information may be used to determine the existence, or non-existence of a Credit Event in

respect of that Reference Entity. Accordingly the risk of the occurrence of a Credit Event may be particularly high in relation to such Reference Entity.

## **5. RISKS RELATING TO THE REFERENCE CDS**

### **5.1 Investors should ensure they understand the terms of the Reference CDS and associated risks**

The terms of the Securities refer to a hypothetical credit default swap referencing the Reference Entity (the "**Reference CDS**"). The rights and options of the buyer of credit risk protection under the Reference CDS shall be exercised by the Issuer. Where the terms of the Reference CDS require or entitle the calculation agent thereunder to make a determination, such determination shall be made or exercised by the Calculation Agent, acting in good faith and in a commercially reasonable manner.

Prior to purchasing any Securities, investors should ensure that they understand the terms of the Reference CDS and the risks associated with entry into such transaction.

### **5.2 An investment in the Securities is not equivalent to entry into a Reference CDS**

The terms of the Reference CDS are used solely for the purposes of determining the amounts payable under the Securities, the timing of any such payments and other matters specified in the terms of the Securities. As an investor in the Securities, a Securityholder will not acquire any interest in, or rights under an actual credit default swap, either in relation to the Securities or otherwise. Furthermore, Securityholders may not benefit from rights that would be available to a seller of credit risk protection under a Reference CDS. In particular:

- (a) Securityholders will not have the right (which would be available to a seller of credit risk protection under a Reference CDS) to trigger settlement of the Securities following the occurrence of a "Restructuring" Credit Event; such right will be exercisable solely by the Calculation Agent acting in the Issuer's interests; and
- (b) following such a Credit Event, where, as a result of limitations of the maturity of eligible debt obligations the Reference CDS would not automatically be settled by reference to an Auction sponsored by ISDA, Securityholders will not have the right (which would be available to a seller of credit protection under a Reference CDS) to elect that an auction being held for purposes of settling credit default swaps having a longer maturity than the Reference CDS be taken into account for such purposes.

## **6. RISKS RELATING TO SETTLEMENT FOLLOWING A CREDIT EVENT**

### **6.1 Investors are likely to suffer a loss of principal as a result of a Credit Event**

If an Event Determination Date occurs with respect to the Reference Entity there will be a reduction in the outstanding nominal amount of each Security. A Securityholder will receive a cash amount (the "**Credit Event Settlement Amount**"), which may be zero. The value Securityholders receive may be considerably less than the related reduction in the outstanding nominal amount of the Security, in which case Securityholders may suffer a loss on their investment in the Securities.

If the outstanding nominal amount of a Security is reduced to zero following the occurrence of an Event Determination Date, upon the performance by the Issuer of its obligations under these Asset Terms with respect to such Event Determination Date, the Issuer will be discharged from its obligations and liabilities to Securityholders in respect of such Security, and such Security will be cancelled.

**6.2 Cash settlement may be less advantageous to the investor than physical delivery of assets**

Payments on the Securities following the occurrence of an Event Determination Date will be in cash and will reflect the value of relevant obligations of the affected Reference Entity at a given date. Such payments may be less than the recovery which would ultimately be realised by a holder of debt obligations of the affected Reference Entity, whether by means of enforcement of rights following a default or receipt of distributions following the commencement of insolvency proceedings or otherwise.

**6.3 Risks relating to settlement by reference to an auction sponsored by ISDA**

- (a) Where, following the occurrence of an Event Determination Date, ISDA sponsors an Auction in relation to the Reference Entity and the Calculation Agent determines for purposes of the Securities that such Auction would apply for purposes of settlement of a Reference CDS, the Credit Event Settlement Amount will be determined according to a bidding process to establish the value of certain eligible obligations of the Reference Entity, which may be loans, bonds or other obligations issued directly by the Reference Entity or obligations in respect of which the Reference Entity acts as guarantor or certain eligible assets. The Issuer or its affiliates may act as a participating bidder in any such auction and, in such capacity, may take certain actions which may influence the Auction Final Price including (without limitation) submitting bids, offers and physical settlement requests with respect to the obligations of the Reference Entity. If the Issuer or its affiliates participate in an Auction, then they will do so without regard to the interests of Securityholders, and such participation may have a material adverse effect on the outcome of the relevant Auction and/or on the Securities. Securityholders will have no right to submit bids and/or offers in an Auction.
- (b) The Auction Final Price determined pursuant to an auction may be less than the market value that would otherwise have been determined in respect of the specified Reference Entity or its obligations. In particular, the Auction process may be affected by technical factors or operational errors which would not otherwise apply or may be the subject of actual or attempted manipulation. The Issuer will have no responsibility to dispute any determination of an Auction Final Price or to verify that any Auction has been conducted in accordance with its rules.
- (c) Following a Restructuring Credit Event in relation to which ISDA sponsors multiple concurrent auctions, but where there is no auction relating to credit derivative transactions with a maturity of the Reference CDS, if the Calculation Agent exercises the right of the buyer of credit risk protection under the Reference CDS to elect that the Auction Final Price is determined by reference to an alternative Auction, the Auction Final Price so determined may be lower than the amount which would have been determined based on quotations sought from third party dealers.

**6.4 Risk relating to settlement by reference to bid prices obtained by the Calculation Agent**

If (and only if) the Calculation Agent determines that there is or will be no relevant Auction, the Credit Event Settlement Amount will be determined by reference to the value of certain obligations of, or guaranteed by, the affected Reference Entity or eligible assets. Such value will be determined by reference to quotations obtained for such obligations or assets from third party dealers. Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than just the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between dates on which such quotations are sought. The obligations or assets valued for these purposes may be illiquid

and such illiquidity may be more pronounced following the occurrence of a Credit Event, thereby adversely affecting the value of such obligation which in turn will reduce the Credit Event Settlement Amount of the Securities for such Event Determination Date. Such quotations will also be subject to bid-offer spreads, which may be particularly significant in distressed markets. The Issuer, exercising the rights and options of the buyer of credit risk protection under the Reference CDS, will be entitled to select obligations or assets for the purposes of valuation and in so doing will be entitled to select the eligible obligations or assets with the lowest value in the market at the relevant time. This will operate to reduce the Credit Event Settlement Amount payable to Securityholders.

## **6.5 Risks relating to the delivery of asset packages**

In certain circumstances where (a) "Financial Reference Entity Terms" and "Governmental Intervention" applies in respect of the Reference Entity and there is (i) a Governmental Intervention Credit Event; or (ii) a Restructuring Credit Event in respect of the Reference Obligation where such Restructuring does not constitute a Governmental Intervention or (b) a Restructuring Credit Event occurs in respect of a Sovereign, then a related asset package may also be deliverable. The asset package would be treated as having the same outstanding principal as the corresponding prior deliverable obligation or package observable bond. An asset package may be comprised of obligations or instruments which are less valuable than the obligations which such asset package replaces, and there may be no market for such obligations or instruments.

If the resulting asset package is deemed to be zero where there are no resulting assets, the related credit loss will be 100 per cent. notwithstanding the recovery value on any other obligations of the Reference Entity.

The "Risks relating to settlement by reference to an Auction sponsored by ISDA" and "Risks relating to settlement by reference to bid prices obtained by the Calculation Agent" above would apply to any asset or asset package.

If an asset in the asset package is a non-transferable instrument or non-financial instrument, the value of such asset will be the market value determined by reference to a specialist valuation or in accordance with methodology determined by the CDDC. The "Risks relating to Credit Derivatives Determinations Committees" below would apply to valuation in accordance with CDDC methodology.

## **7. POSTPONEMENT OF REDEMPTION AND SETTLEMENT SUSPENSION**

### **7.1 Redemption of the Securities may be deferred**

(a) Prospective investors should note that redemption may be delayed if the Reference CDS will or may terminate after the Scheduled Maturity Date of the Securities. This may occur, for example, where:

- (i) a potential Credit Event such as a Failure to Pay or Repudiation/Moratorium has occurred prior to the Scheduled Termination Date of the Reference CDS and the termination of the Reference CDS is extended for a certain period beyond the Scheduled Termination Date; or
- (ii) a resolution of a CDDC is pending.

This may have an adverse effect, amongst other things, on the accrual of interest in respect of the Securities. Any such delay may be material. Even where an Event Determination Date does not occur, interest payable to Securityholders for the period

following the Scheduled Maturity Date may be substantially lower than any coupon rate applicable to the Securities prior to such date.

## **7.2 Settlement Deferral**

- (a) If "Settlement Deferral" is specified as applicable in the Specific Terms then, following the occurrence of an Event Determination Date, any consequent payment or delivery to the Securityholders (including, if applicable, the redemption in full of the Securities) will be deferred until the Deferred Settlement Date as specified in the Specific Terms. In such case, interest will not accrue on the Credit Event Settlement Amount.
- (b) It should also be noted that the amounts payable in respect of the Securities will continue to be determined by reference to the settlement provisions (and related timing) under the Reference CDS. Accordingly the Securityholders will not benefit from any subsequent increase in the value of any obligations used to determine the Credit Event Settlement Amount.

## **7.3 Settlement Suspension**

The obligations of the Issuer under the Securities may be suspended pending a resolution of a CDDC as to whether a Credit Event has occurred. Securityholders will not be compensated for any such delay.

# **8. RISKS RELATING TO CREDIT DERIVATIVES DETERMINATIONS COMMITTEES**

## **8.1 Resolutions of a CDDC may bind Securityholders**

Credit Derivative Determinations Committees established by ISDA (referred to in the terms of the Securities as "**CDDCs**") may make determinations as to the occurrence or non-occurrence of certain events in respect of credit default swap transactions. Such determinations include the occurrence or non-occurrence of Credit Events, the determination as to whether one or more entities should be treated as successors to the Reference Entity, whether one or more Auctions should take place in relation to the Reference Entity and the range of obligations of such Reference Entity, which may be direct loans, bonds or other obligations issued by the Reference Entity itself, or obligations in respect of which the Reference Entity is a guarantor, that should be taken into account in any such Auction. A CDDC may also resolve any other matter of contractual interpretation that is relevant to the credit derivatives market generally. To the extent that any such CDDC resolution would be effective for the purposes of a Reference CDS, such resolution will apply for the purposes of the Securities and will be binding on the Securityholders. In purchasing Securities, Securityholders are therefore subject to the risk that a third party body may make binding decisions which could be adverse to their interests. The Issuer will not have any liability to the Securityholders as a result of any determination of the CDDC that would affect the Reference CDS.

## **8.2 Members of a CDDC may vote on their own interests and are not bound by precedent**

Institutions serving on a CDDC have no duty to research or verify the veracity of information on which a specific determination is based. Institutions serving on a CDDC are under no obligation to vote other than in accordance with their own interests. In addition, a CDDC is not obliged to follow previous determinations and, therefore, could reach a conflicting determination on a similar set of facts.

The Issuer or its affiliates may be a member of a CDDC and as such may have conflicts of interest. In such case, the interests of the Issuer or its affiliates may be opposed to the

Securityholders' interests and they will be entitled to and will act without regard to the Securityholders' interests as a holder of Securities.

**8.3 Securityholders will have no control over the composition of a CDDC**

The Securityholders will have no role in the composition of any CDDC. The composition of the CDDC will change from time to time, as the term of a member institution may expire or a member institution may be required to be replaced. The Securityholders will have no control over the process for selecting institutions to participate on the CDDC and, to the extent provided for in the Securities, will be subject to the determinations made by such selected institutions in accordance with the Rules.

**8.4 Securityholders will have no right to submit questions to a CDDC**

The Securityholders will not have any right to submit questions to or provide information to a CDDC, to challenge any CDDC resolution or determination of a CDDC or to request that any such determination or CDDC resolution be submitted for external review.

**8.5 Securityholders will have no recourse against ISDA or the members of a CDDC**

The Securityholders will have no recourse against ISDA, the institutions serving on the CDDC or any external reviewers. None of ISDA, the institutions serving on the CDDC or the external reviewers owe any duty to the Securityholders.

**8.6 Securityholders must inform themselves of the proceedings of the CDDCs**

The Securityholders will be responsible for obtaining information relating to the proceedings of CDDCs. None of the Issuer, the Calculation Agent or any of their respective affiliates will be obliged to inform the Securityholders of such information. Failure by the Securityholders to be aware of information relating to determinations of a CDDC will have no effect under the Securities.

**9. INFORMATION ON THE REFERENCE ENTITY**

**9.1 This Prospectus does not provide detailed information with respect to the Reference Entity**

This Prospectus does not provide detailed information with respect to the Reference Entity. Any information contained in this Prospectus in relation to the Reference Entity will be obtained from publicly available sources. In particular, this Prospectus does not describe any financial or other risks relating to the business or operations of the Reference Entity in general, or the debt obligations of the Reference Entity in particular. The Issuer does not make any representation or give any assurance as to the risks associated with the Reference Entity or an investment in the Securities which is subject to the credit risk of the Reference Entity.

Prior to purchasing any Securities, Securityholders should ensure that they have made any investigations that they consider necessary as to the risks associated with the Reference Entity.

**9.2 Public information relating to the Reference Entity may be incomplete, inaccurate or misleading**

Publicly available information in relation to the Reference Entity may be incomplete, inaccurate or misleading. The Issuer does not have any obligation to verify the accuracy of any such information. The Issuer does not make any representation that any such information is complete or accurate or not misleading.

Furthermore, the Issuer gives no assurance that all events occurring prior to the Trade Date or Issue Date (including events that would affect the accuracy or completeness of any publicly available documents) that would affect the creditworthiness of the Reference Entity have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of, or failure to disclose, material future events concerning the Reference Entity could affect its creditworthiness and therefore the market value of the Securities, the likelihood of an Event Determination Date occurring in relation to the Reference Entity and the resulting Credit Event Settlement Amount.

**9.3 The Issuer or its affiliates may have or obtain information about the Reference Entity that will not be shared with the Securityholders**

The Issuer or its affiliates may currently or in the future engage in business with the Reference Entity, including acting as lender or advisor, dealing in each Obligation and accepting deposits from, making loans or otherwise extending credit to, and generally engaging in any kind of commercial or investment banking or other business with, the Reference Entity. The Issuer or its affiliates will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for the Securityholders should its actions adversely impact the amount payable to Securityholders. The Issuer or its affiliates may have, or in the course of its business may acquire, non-public information with respect to the Reference Entity that is, or may be, material in the context of the Securities. The Issuer may be prevented from, disclosing any such information to the Securityholders by law, regulation, the order of a court or tribunal.

The Issuer is not under any obligation (i) to review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness, status or affairs of the Reference Entity or conduct any investigation or due diligence into the Reference Entity or (ii) other than as may be required by applicable rules and regulations relating to the Securities, to make available (a) any information relating to the Securities or (b) any non-public information they may possess in respect of the Reference Entity.

Past performance of the Reference Entity cannot be considered to be a guarantee of, or a guide to, the future performance of the Reference Entity.

**10. POTENTIAL CONFLICTS OF INTEREST**

**10.1 Calculations and determinations under the Securities**

In making calculations and determinations with regard to the Securities, there may be a difference of interest between the Securityholders, on the one hand, and the Issuer and the Calculation Agent, on the other. Save where otherwise provided in the terms and conditions, the Issuer and the Calculation Agent are required to act in good faith and in a commercially reasonable manner but do not have any obligations of agency or trust for any investors and have no fiduciary obligations towards them. In particular, the Issuer, the Calculation Agent and their affiliated entities may have interests in other capacities (such as other business relationships and activities). Prospective investors should be aware that rights or options exercised by the Issuer or determinations made by the Calculation Agent may have a negative impact on the value of the Securities. The Issuer, the Calculation Agent and/or any of their affiliates may engage in trading activities (including hedging activities) related to interests underlying any Securities and other instruments or derivative products based on or related to interests underlying any Securities for their proprietary accounts or for other accounts under their management. For example, the Issuer, the Calculation Agent and their affiliates may also issue other derivative instruments in respect of interests underlying any Securities for their proprietary accounts or for other accounts under their management.

The Issuer, the Calculation Agent or any of their respective affiliates may have existing or future business relationships with each other (including, but not limited to, lending, depository, derivative counterparty, risk management, advisory and banking relationships), and may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Securityholder. For example, the Issuer, the Calculation Agent or their affiliates may act as underwriter in connection with future offerings of shares or other securities of, or guaranteed by, the Reference Entity or otherwise related to an issue of Securities may act as a lender and/or agent or trustee with respect to any loan or other financing to, or guaranteed by, the Reference Entity, and/or may act as financial adviser to companies whose securities impact the return on the Securities. Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of the Securities.

## **10.2 Hedging and dealing activities in relation to the Securities and Reference Entity**

In the ordinary course of its business the Issuer, the Calculation Agent and/or any of their affiliates may effect transactions for its own account or for the account of its customers and may enter into one or more hedging transactions with respect to the Securities or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Calculation Agent and/or any of their affiliates, the Issuer, the Calculation Agent and/or any of their affiliates may enter into transactions in or in respect of the Reference Entity or its obligations or related derivatives which may affect the market price, liquidity or value of the Securities and which could be adverse to the interest of the relevant Securityholders. For example, the Issuer (itself or through an affiliate) may hedge the Issuer's obligations under the Securities by purchasing credit default swaps referencing the Reference Entity or any of them or bonds of the Reference Entity or any of them. The Issuer (or an affiliate) may adjust its hedge by, among other things, purchasing or selling any of the foregoing on or before the maturity or settlement date (as applicable) for the Securities. The Issuer (or affiliate) may also enter into, adjust and unwind hedging transactions relating to other securities whose returns are linked to the Reference Entity or its obligations. Any of these hedging activities may adversely affect the value of the obligations of the Reference Entity directly or indirectly and therefore the value of the Securities. It is possible that the Issuer (or affiliate) could receive substantial returns with respect to such hedging activities while the value of the Securities may decline.

Moreover, the Issuer (or affiliate) may also engage in trading in one or more of the obligations of the Reference Entity or related instruments or derivatives for its proprietary accounts, for other accounts under its management or to facilitate transactions on behalf of customers. Any of these activities of the Issuer (or affiliate) could adversely affect the value of the obligations of the Reference Entity directly or indirectly and therefore, the value of the Securities. The Issuer (or affiliate) may issue or underwrite, other securities or financial or derivative instruments with returns linked to the Reference Entity or its obligations. By introducing competing products into the marketplace in this manner, the Issuer (or affiliate) could adversely affect the value of the Securities.

## **11. CALCULATION AGENT DETERMINATIONS**

### **11.1 Calculation Agent determinations will be binding on the Securityholders**

Any determination and/or calculation by the Calculation Agent shall, in the absence of manifest error, be final and binding on the Issuer and the Securityholders.

### **11.2 The Calculation Agent does not act for the Securityholders**



In making determinations for the purposes of the Securities, the Calculation Agent does not owe any duty to the Securityholders. It will act in the interests of the Issuer and not in the interests of the Securityholders in such regard.

12. **ADDITIONAL RISK FACTOR**

**Can a Credit Event occur prior to the Trade Date?**

Yes. The Credit Event Backstop Date may fall before the Trade Date and therefore a Credit Event may have occurred prior to the Trade Date. The Trade Date of the Reference CDS will be prior to the Issue Date of the Securities (and therefore before any payment date in respect of the Securities).

Securityholders should conduct their own review of any recent developments with respect to a Reference Entity by consulting publicly available information. If a request has been delivered to ISDA prior to the Trade Date of the Reference CDS to determine whether a Credit Event has occurred with respect to a Reference Entity, details of such request may be found on the ISDA website at [www.isda.org/credit](http://www.isda.org/credit) (or any successor site).

## SPECIFIC TERMS

The Securities will be subject to the General Terms and Conditions of Notes (the "**General Note Conditions**") set out herein, as supplemented and modified by the Asset Terms for Credit-linked Securities (the "**Asset Terms**") set out herein and also to the following provisions (the "**Specific Terms**"). Each reference in such General Note Conditions and Asset Terms to the "Pricing Supplement" shall be deemed to be deleted and replaced by the "Specific Terms". In the case of a discrepancy or conflict with such General Note Conditions or Asset Terms, the Specific Terms shall prevail.

Not applicable means an item is not applicable at the date of the Specific Terms, subject to amendment as provided in the Asset Terms. Words in italics do not form any part of the Specific Terms.

- |     |                                                   |                                                                                                                                                                                                                                                                               |
|-----|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | <b>Issuer:</b>                                    | Credit Suisse AG                                                                                                                                                                                                                                                              |
|     | <b>Branch:</b>                                    | London Branch                                                                                                                                                                                                                                                                 |
| 2.  | <b>Series Number:</b>                             | SPLB2015-403                                                                                                                                                                                                                                                                  |
| 3.  | <b>Tranche Number:</b>                            | Not applicable                                                                                                                                                                                                                                                                |
| 4.  | <b>Applicable General Terms and Conditions:</b>   | General Note Conditions                                                                                                                                                                                                                                                       |
| 5.  | <b>Specified Currency or Currencies:</b>          | Euro (" <b>EUR</b> ")                                                                                                                                                                                                                                                         |
| 6.  | <b>Institutional:</b>                             | Not applicable                                                                                                                                                                                                                                                                |
| 7.  | <b>Aggregate Nominal Amount:</b>                  |                                                                                                                                                                                                                                                                               |
|     | (i) Series:                                       | EUR 4,000,000                                                                                                                                                                                                                                                                 |
|     | (ii) Tranche:                                     | Not applicable                                                                                                                                                                                                                                                                |
| 8.  | <b>Issue Price:</b>                               | 100 per cent. of the Aggregate Nominal Amount                                                                                                                                                                                                                                 |
| 9.  | <b>Specified Denominations:</b>                   | EUR 100,000 and integral multiples of EUR 1,000 thereafter                                                                                                                                                                                                                    |
| 10. | <b>Minimum Transferable Number of Securities:</b> | Not applicable                                                                                                                                                                                                                                                                |
| 11. | <b>Minimum Trading Lot:</b>                       | EUR 1,000                                                                                                                                                                                                                                                                     |
| 12. | <b>Issue Date/ Payment Date</b>                   | 14 July 2015                                                                                                                                                                                                                                                                  |
| 13. | <b>Maturity Date:</b>                             | 20 June 2020 (the " <b>Scheduled Maturity Date</b> "), subject to adjustment in accordance with the Business Day Convention, provided that the maturity of the Securities shall be subject to the Asset Terms for Credit-linked Securities and subject to paragraph 42 below. |
| 14. | <b>Interest Basis:</b>                            | Fixed Rate                                                                                                                                                                                                                                                                    |

- |     |                                  |                |
|-----|----------------------------------|----------------|
| 15. | <b>Premium Basis:</b>            | Not applicable |
| 16. | <b>Redemption/Payment Basis:</b> | Credit-linked  |
|     | Principal Protection:            | Not applicable |
| 17. | <b>Put/Call Options:</b>         | Not applicable |

#### PROVISIONS RELATING TO INTEREST AND PREMIUM

- |     |                                                                                           |                                                                                                                                                                                                                                                                                                                                                                 |
|-----|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 18. | <b>Fixed Rate Provisions (General Note Condition 4):</b>                                  | Applicable                                                                                                                                                                                                                                                                                                                                                      |
|     |                                                                                           | <i>Interest shall cease to accrue from and including the Interest Payment Date immediately preceding an Event Determination Date (or, where redemption of the Securities has been deferred to the Extended Maturity Date, from and including the Scheduled Maturity Date).</i>                                                                                  |
|     | (i) Rate of Interest:                                                                     | 2.00 per cent. per annum                                                                                                                                                                                                                                                                                                                                        |
|     | (ii) Interest Commencement Date:                                                          | Issue Date                                                                                                                                                                                                                                                                                                                                                      |
|     | (iii) Interest Payment Date(s):                                                           | 20 June in each calendar year, commencing on and including 20 June 2016 and ending on and including the Scheduled Maturity Date, in each case, subject to adjustment in accordance with the Business Day Convention                                                                                                                                             |
|     | (iv) Business Day Convention:                                                             | Following                                                                                                                                                                                                                                                                                                                                                       |
|     | (v) Business Centre(s):                                                                   | London and TARGET Business Day                                                                                                                                                                                                                                                                                                                                  |
|     | (vi) Interest Amount(s) per Security:                                                     | Not applicable                                                                                                                                                                                                                                                                                                                                                  |
|     | (vii) Broken Amount                                                                       | Not applicable                                                                                                                                                                                                                                                                                                                                                  |
|     | (viii) Day Count Fraction:                                                                | 30/360 (unadjusted basis)                                                                                                                                                                                                                                                                                                                                       |
|     |                                                                                           | Each Interest Period shall commence on or end on, as the case may be, the date on which the relevant Interest Payment Date is scheduled to fall, disregarding any adjustment to such Interest Payment Date pursuant to the Business Day Convention (and provided that the first Interest Period shall commence on, and include, the Interest Commencement Date) |
|     | (ix) Determination Date :                                                                 | Not applicable                                                                                                                                                                                                                                                                                                                                                  |
|     | (x) Other terms relating to the method of calculating interest for Fixed Rate Securities: | Applicable<br><br>General Note Condition 4(a) ( <i>Interest on Fixed Rate Securities</i> ) and General Note Condition 4(f)                                                                                                                                                                                                                                      |

(*Calculations*) shall not apply in respect of the Interest Period, commencing on (and including) the Interest Commencement Date and ending on (and including) the Interest Payment Date scheduled to fall on the 20 June 2016 (the "**First Interest Period**").

Subject to Asset Term 2.11 (*Accrual of Interest*), the Interest Amount payable in respect of the First Interest Period on the Interest Payment Date scheduled to fall on 20 June 2016 shall be each Security's *pro rata* share of an amount equal to 2% of the Aggregate Nominal Amount of the Securities.

19. **Floating Rate Provisions (General Note Condition 4):** Not applicable

20. **Premium Provisions:** Not applicable

#### **PROVISIONS RELATING TO REDEMPTION**

21. **Redemption Amount:** The Redemption Amount of each Security will be the amount determined in accordance with the Conditions.

22. **Settlement Currency** Specified Currency

23. **Physical Settlement Provisions:** Not applicable

24. **Details relating to Instalment Securities:** Not applicable

25. **Call Option:** Not applicable

26. **Put Option:** Not applicable

27. **Unscheduled Termination Amount - Deduction for Hedge Costs:** Not applicable

28. **Payment Disruption:** Not applicable

#### **UNDERLYING ASSETS:**

29. **List of Underlying Assets:** Not applicable

#### **ASSET TERMS:**

30. **Equity-linked Securities:** Not applicable

31. **Equity Index-linked Securities:** Not applicable

32. **Commodity-linked Securities:** Not applicable

|     |                                                   |                                                                                |
|-----|---------------------------------------------------|--------------------------------------------------------------------------------|
| 33. | <b>Commodity Index-linked Securities:</b>         | Not applicable                                                                 |
| 34. | <b>ETF-linked Securities:</b>                     | Not applicable                                                                 |
| 35. | <b>Fund-linked Securities:</b>                    | Not applicable                                                                 |
| 36. | <b>FX-linked Securities:</b>                      | Not applicable                                                                 |
| 37. | <b>FX Index-linked Securities:</b>                | Not applicable                                                                 |
| 38. | <b>Inflation Index-linked Securities:</b>         | Not applicable                                                                 |
| 39. | <b>Interest Rate Index -linked Securities:</b>    | Not applicable                                                                 |
| 40. | <b>Cash Index-linked Securities:</b>              | Not applicable                                                                 |
| 41. | <b>Multi-Asset Basket-linked Securities:</b>      | Not applicable                                                                 |
| 42. | <b>Credit-linked Securities:</b>                  | Applicable                                                                     |
|     | (i) Type:                                         | Single Name Credit linked Securities                                           |
|     | (ii) Trade Date:                                  | 3 June 2015                                                                    |
|     | (iii) Scheduled Termination Date:                 | Scheduled Maturity Date                                                        |
|     | (iv) Reference Entity(ies):                       | Raiffeisen Bank International AG                                               |
|     | (v) Reference Entity Notional Amount(s):          | As determined in accordance with the Asset Terms for Credit-linked Securities. |
|     | (vi) Reference Obligation(s):                     | Standard Reference Obligation                                                  |
|     | (vii) Transaction Type:                           | Applicable: Standard European Financial Corporate                              |
|     |                                                   | Seniority Level: Senior Level                                                  |
|     | (viii) Financial Reference Entity Terms:          | Applicable                                                                     |
|     | (ix) Leveraged Credit-linked Securities:          | Not applicable                                                                 |
|     | Leverage Factor:                                  | Not applicable                                                                 |
|     | (x) Principal Protected Credit-linked Securities: | Not applicable                                                                 |
|     | (xi) Zero Recovery Credit Linked Securities:      | Not applicable                                                                 |
|     | (xii) Settlement Deferral:                        | Applicable                                                                     |
|     |                                                   | The date that is the later of:                                                 |

- (a) the Maturity Date; and
  - (b) the Credit Event Settlement Date
- (xiii) Additional provisions relating to Credit Linked Securities, including any amendment or variation to the Reference CDS or Asset Terms for Credit Linked Securities
  - Amendments to the Asset Terms:
  - Asset Term 2.2 shall be amended by deleting the words "unless such Event Determination Date relates to a Credit Event which occurred prior to the Trade Date,"
  - Asset Term 2.3 (*Payments of Credit Event Settlement Amount*) shall be amended by deleting "2.7" and inserting "2.8".

## GENERAL PROVISIONS

- 43.
  - (i) **Form of Securities:** Bearer Securities
  - (ii) **Global Security:** Applicable
  - (iii) **The Issuer intends to permit indirect interests in the Securities to be held through CREST Depository Interests to be issued by the CREST Depository:** Not applicable
- 44. **Financial Centre(s):** London and TARGET Business Day
- 45. **Listing and Admission to Trading:** Applicable
  - (i) Stock Exchange(s) to which application will initially be made to list the Securities (Application may subsequently be made to other stock exchange(s)) Irish Stock Exchange
  - (ii) Admission to trading: Application has been or will be made to the Irish Stock Exchange for the Securities to be admitted to the Official List and trading on its regulated market with effect from, at the earliest, the Issue Date provided, however, no assurance can be given that the Securities will be listed and admitted to trading on the Irish Stock Exchange on the Issue Date or any specific date thereafter.
- 46. **Security Codes and Ticker Symbols:**
  - ISIN Code: XS1193837819

|     |                                                                                                |                                                                                                                                                                                            |
|-----|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | Common Code:                                                                                   | 119383781                                                                                                                                                                                  |
|     | Swiss Security Number:                                                                         | 28114448                                                                                                                                                                                   |
|     | Telekurs Ticker:                                                                               | Not applicable                                                                                                                                                                             |
|     | WKN number:                                                                                    | Not applicable                                                                                                                                                                             |
| 47. | <b>Clearing and Trading:</b>                                                                   |                                                                                                                                                                                            |
|     | Clearing System(s) and any relevant identification number(s):                                  | Euroclear Bank S.A./N.V. and Clearstream Banking, SA, Luxembourg                                                                                                                           |
| 48. | <b>Delivery:</b>                                                                               | Delivery against payment                                                                                                                                                                   |
| 49. | <b>Agents:</b>                                                                                 |                                                                                                                                                                                            |
|     | Calculation Agent:                                                                             | Credit Suisse International<br>One Cabot Square<br>London E14 4QJ                                                                                                                          |
|     | Fiscal Agent:                                                                                  | The Bank of New York Mellon, acting through its<br>London Branch<br>One Canada Square<br>London E14 5AL                                                                                    |
|     | Paying Agents:                                                                                 | The Bank of New York Mellon, acting through its<br>London Branch<br>One Canada Square<br>London E14 5AL                                                                                    |
|     | Additional Agents:                                                                             | Not applicable                                                                                                                                                                             |
| 50. | <b>Co-structurer:</b>                                                                          | Not applicable                                                                                                                                                                             |
| 51. | <b>Dealer(s):</b>                                                                              | Credit Suisse International                                                                                                                                                                |
| 52. | <b>Additional steps that may only be taken following approval by Extraordinary Resolution:</b> | Not applicable                                                                                                                                                                             |
| 53. | <b>Specified newspaper for the purposes of notices to Securityholders:</b>                     | Not applicable                                                                                                                                                                             |
| 54. | <b>Additional Provisions</b>                                                                   |                                                                                                                                                                                            |
|     |                                                                                                | TEFRA does not apply as Securities cannot be issued in definitive bearer form.                                                                                                             |
|     |                                                                                                | Investors resident inside the European Economic Area should be advised that they can only purchase Securities for a minimum consideration which is at least the equivalent of EUR 100,000. |

## **Additional Selling Restrictions**

### **Switzerland**

These Securities may not be sold or offered or any offering materials relating thereto distributed to the public within the meaning of article 652a/Article 1156 of the Swiss Code of Obligations.



### **INFORMATION RELATING TO THE UNDERLYING ASSET**

Information on the Reference Entity is available at <http://www.rbinternational.com> (but the information appearing on such website does not form part of this Prospectus or the terms and conditions of the Securities).

Details of the past and further performance and volatility of the Reference CDS may be obtained from the Issuer upon request or Bloomberg and the Bloomberg ticker in respect of the Reference CDS as at the date of this document is CY086775. However, past performance is not indicative of future performance.

## GENERAL INFORMATION

1. The issue of the Securities is made in accordance with the Organisational Guideline and Regulation of Credit Suisse AG dated 19 June 2014. No specific resolution of the Board of Directors of the Issuer was required.
2. Copies of the Agency Agreement will be available for inspection during normal business hours on any business day (except Saturdays, Sundays and legal holidays) at the offices of the Paying Agent. In addition copies of the following will be available in printed form free of charge at the principal office of the Paying Agent and at the registered office of the Issuer, during usual business hours on any weekday (Saturdays and public holidays excepted):
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the audited accounts of the Issuer for the last two years;
  - (c) the Registration Document;
  - (d) the Securities Note; and
  - (e) the Agency Agreement and any supplement thereto.
3. The appointed Irish listing agent in respect of the Securities is Arthur Cox Listing Services Limited.
4. There has been no material adverse change in the prospects of the Issuer and its consolidated subsidiaries since 31 December 2014. There has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries since 31 December 2014.
5. Except as disclosed in the Form 6-K Dated 30 April 2015 under the heading "Litigation" (note 29 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 152 to 153 of the exhibit to the Form 6-K dated 30 April 2015) and the Annual Report 2014 under the heading "Litigation" (note 38 to the consolidated financial statements of Credit Suisse Group AG on pages 352 to 359 of the Annual Report 2014), there are no, and have not been during the period 12 months ending on the date of the Registration Document, governmental, legal or arbitration proceedings which may have, or have had in the past, significant effects on the Issuer or Credit Suisse Group AG's financial position or profitability, and Credit Suisse AG is not aware of any such proceedings being either pending or threatened.

## ASSET TERMS FOR CREDIT-LINKED SECURITIES

The following asset terms (the "**Asset Terms**") shall, subject to the relevant General Note Conditions and the provisions of the Specific Terms apply to the Securities.

### 1. THE REFERENCE CDS

#### 1.1 The Reference CDS is a Hypothetical Credit Default Swap

For the purposes of making calculations under the Securities only (and for no other purpose), the Issuer is assumed to have entered into a hypothetical credit default swap transaction (the "**Reference CDS**") as a buyer of credit risk protection on the Trade Date specified in the Pricing Supplement with a market counterparty of the highest creditworthiness.

#### 1.2 Terms of the Reference CDS

The terms of the Reference CDS are determined as follows:

- (a) The Reference CDS is assumed to have been entered into on the basis of the 2014 ISDA Credit Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc. (together with any successors, "**ISDA**") (the "**2014 Definitions**") and as further supplemented or amended or amended as may be set out in the Pricing Supplement. The Reference CDS is assumed to be subject to English law.
- (b) Where the Pricing Supplement specifies a "Transaction Type" in relation to a Reference Entity, the relevant terms of the Reference CDS as applicable to such Reference Entity shall, except to the extent otherwise specified in the Pricing Supplement, be determined by reference to a Credit Derivatives Physical Settlement Matrix published by ISDA.
- (c) Where the Securities are Nth to Default Credit-linked Securities (as specified in the Pricing Supplement), the Nth to Default Standard Terms Supplement (as published by ISDA on September 22, 2011) (the "**Nth to Default Standard Terms Supplement**") shall, except to the extent specified in the Pricing Supplement, apply, for which purpose "N" shall be the number specified as such in the Pricing Supplement).
- (d) Any remaining terms of the Reference CDS shall be as set out in the Pricing Supplement.
- (e) The terms of a Reference CDS shall be assumed to have been amended in accordance with any protocol published by ISDA which amends the terms of credit default swap transactions of the same type (including as to the applicable Reference Entity) as the Reference CDS generally, provided that the Issuer and its affiliates have adhered to such protocol in respect of credit derivatives transactions to which they are a party generally. In such case the Issuer shall, without the requirement for the consent of the Securityholders, amend the terms of the Securities as it considers necessary, acting reasonably, to take account of such modification to the Reference CDS. The Issuer shall notify the Securityholders (in accordance with Condition 13) of any such modifications, as soon as reasonably practicable upon becoming aware thereof.

### 1.3 **Rights, Options and Determinations under the Reference CDS**

The rights and options of the buyer of credit protection under the Reference CDS shall be exercised by the Issuer.

Where the terms of the Reference CDS require or entitle the calculation agent thereunder to make a determination, such determination shall be made or exercised by the Calculation Agent, acting in good faith and in a commercially reasonable manner.

Neither the Issuer nor the Calculation Agent shall be entitled to and they shall not exercise any right or option or make any determination which would be a right or option of the protection seller under the Reference CDS or, as applicable, would be a determination which the protection seller would be entitled to make thereunder.

## 2. **REDEMPTION**

### 2.1 **Redemption on Scheduled Maturity Date**

Unless previously redeemed, or purchased by the Issuer and cancelled and subject to the remaining provisions of this Asset Term 2, each Security shall be redeemed on the Scheduled Maturity Date by the Issuer at its Outstanding Nominal Amount (as reduced in accordance with Asset Term 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*)) less a pro rata proportion of the Reference Entity Notional Amount (or, if applicable, the relevant Exercise Amount) of the Reference Entity for which an Event Determination Date has occurred under the Reference CDS but the related Credit Event Settlement Date has not yet occurred.

### 2.2 **Reduction in Outstanding Nominal Amount following Event Determination Date**

On each Event Determination Date, the Outstanding Nominal Amount of each Security will be reduced by an amount equal to the applicable Credit Event Writedown Amount for such Security. If the Outstanding Nominal Amount of a Security is reduced to zero on an Event Determination Date then, upon the performance by the Issuer of its obligations under these Asset Terms with respect to such Event Determination Date and all prior occurring Event Determination Dates (including payment of any related Credit Event Settlement Amount), the Issuer will be discharged from its obligations and liabilities to the Securityholder in respect of such Security, and such Security will forthwith be cancelled by the Paying Agent.

### 2.3 **Payment of Credit Event Settlement Amount**

On each Credit Event Settlement Date, unless such payment is deferred in accordance with Asset Term 2.7 (*Settlement Deferral*) or suspended in accordance with Asset Term 2.9 (*Settlement Suspension*) below, the Issuer shall pay to each Securityholder the relevant Credit Event Settlement Amount (as defined below) related to each Security.

## 2.4 Redemption at Extended Maturity Date

If, as at the Scheduled Maturity Date, an Event Determination Date could, under the terms of the Reference CDS, occur following the Scheduled Maturity Date in respect of any Reference Entity (including in relation to a Credit Event which has occurred on or prior to such date), redemption of the Securities in accordance with Asset Term 2.1 (*Redemption on Scheduled Maturity Date*) will be deferred, to the extent of the maximum possible Credit Event Writedown Amount which could be determined as a result, to a date (the "**Extended Maturity Date**") selected by Calculation Agent and falling not later than five Business Days after the date on which it is no longer possible for an Event Determination Date to occur (or any earlier date selected by the Calculation Agent for such purpose). In such case:

- (a) the Calculation Agent, acting on behalf of the Issuer, will, within ten Business Days of becoming aware of any deferral of maturity as set out above, use reasonable endeavours to give notice to the Securityholders of such deferral, briefly describing the facts or events which have given rise to such deferral. The Calculation Agent may give multiple such notices;
- (b) Asset Terms 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*) and 2.3 (*Payment of Credit Event Settlement Amount*) shall continue to apply; and
- (c) subject to Asset Term 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*), the Issuer shall pay to Securityholders on the Extended Maturity Date an additional amount representing interest on the amount paid on such date in redemption of the Securities from and including the Scheduled Maturity Date to but excluding the Extended Maturity Date at the relevant overnight rate for deposits in the Specified Currency. Save as set out above, no further interest shall be payable on the Securities in respect of any period commencing on or after the Scheduled Maturity Date.

## 2.5 Nth to Default Credit-Linked Securities

If the Securities are Nth to Default Credit-linked Securities, Asset Terms 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*) and 2.3 (*Payment of Credit Event Settlement Amount*) shall apply solely to the Nth to Default Reference Entity.

## 2.6 Principal Protected Credit-Linked Securities

Notwithstanding the occurrence of one or more Event Determination Dates under the Reference CDS, if the Pricing Supplement specifies that the Securities are "Principal Protected Credit-Linked Securities", each Security shall be redeemed on the Scheduled Maturity Date by the Issuer at:

- (a) 100 per cent. of its Specified Denomination, if the Securities are "Fully Principal Protected" (as specified in the Pricing Supplement); or
- (b) the specified portion of its Specified Denomination, if the Securities are "Partially Principal Protected" (as specified in the Pricing Supplement).

## 2.7 Zero Recovery Credit-Linked Securities

Notwithstanding Asset Term 2.3 (*Payment of Credit Event Settlement Amount*) no Credit Event Settlement Amount is payable in respect of Zero Recovery Credit-Linked Securities.

## 2.8 Settlement Deferral

If "Settlement Deferral" is specified as applicable in the Pricing Supplement then, notwithstanding the occurrence of an Event Determination Date on or prior to the Deferred Settlement Date, payment of the Credit Event Settlement Amount and any other amount otherwise payable on the Credit Event Settlement Date will be deferred to the Deferred Settlement Date. For clarification, the amounts which are payable under the Securities will continue to be determined by reference to the settlement provisions of the Reference CDS, and at the times and in the manner provided for therein and in these Asset Terms and the Outstanding Nominal Amount of each Security shall continue to be reduced by the applicable Credit Event Writedown Amount with effect from and including the Event Determination Date.

No additional payments (including, without limitation, any interest on the related Credit Event Settlement Amount) shall be made, or compensation otherwise provided, in respect of any Security in respect of which the provisions of this Asset Term 2.8 apply.

## 2.9 Settlement Suspension

If the Calculation Agent determines that, under the terms of the Reference CDS, the obligations of the parties would be suspended pending a resolution of a CDDC, then, subject to Asset Term 2.4 (*Redemption at Extended Maturity Date*), all of the obligations of the Issuer under each Security (including any obligation to deliver any notices, pay any interest, principal or settlement amount or to make any delivery) shall, be and remain suspended up to (but excluding) the Business Day following the day ISDA publicly announces that the relevant CDDC has resolved the matter in question or not to determine such matters. No interest shall accrue on any payments which are suspended in accordance with the above. The Calculation Agent shall notify the Securityholders (in accordance with Condition 13) as soon as reasonably practicable upon becoming aware of any such suspension.

## 2.10 Credit Event Notice after Restructuring Credit Event

Where the terms of the Reference CDS permit the protection buyer to trigger settlement of the Reference CDS in relation to an amount (the "**Exercise Amount**") that is less than all of the Notional Amount of the Reference CDS, then, the provisions of this Asset Term 2 (*Redemption*) shall, with respect to such Event Determination Date, be deemed to apply to the Exercise Amount only, the Reference Entity Notional Amount in respect of such Reference Entity shall be deemed to be reduced by the applicable Exercise Amount and one or more further Event Determination Dates (and related settlements under the provisions of this Asset Term 2 (*Redemption*)) may occur with respect to the applicable Reference Entity.

In the case of Nth to Default Credit-linked Securities, if an Event Determination Date has occurred in respect of the Nth to Default Reference Entity as a result of a "Restructuring" Credit Event and notwithstanding that the Exercise Amount may be less than the Reference Entity Notional Amount, no Event Determination Date may occur in respect of any Reference Entity other than the Nth to Default Reference Entity.

## 2.11 Accrual of interest

Notwithstanding the General Conditions, with respect to each Event Determination Date, interest shall cease to accrue on the amount by which the Outstanding Nominal Amount of a Security is reduced pursuant to Asset Term 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*) as a consequence of such Event Determination Date from and including the first day of the Interest Period during which such Event Determination Date occurred (or, where redemption of the Securities has been deferred to the Extended Maturity Date, from and including the Scheduled Maturity Date).

### 3. **SUCCESSORS**

- 3.1 Where ISDA publicly announces that a relevant CDDC has resolved that any one or more entities has been identified as a successor to the Reference Entity, and such resolution would be applicable to the Reference CDS, such successor entity or entities shall thereupon be the successor(s) to the relevant Reference Entity for the purposes of the Securities. Where there is more than one such successor to any Reference Entity, and, accordingly, the Reference CDS would be divided into a corresponding number of "New Credit Derivative Transactions", each referencing one of such successors, the Securities shall be deemed to be split into a number of classes equal to the number of such successors and each such New Credit Derivative Transaction shall become the Reference CDS with respect to one such class.
- 3.2 Where multiple classes of the Securities exist as a result of this Asset Term 3, then the provisions of Asset Term 2 (*Redemption*) shall apply only in respect of the relevant class(es) of Securities for which the Applicable Entity is a Reference Entity and, accordingly, all references to "the Securities" in Asset Term 2.8 (*Settlement Deferral*) shall be read and construed as references to "the relevant class(es) of Securities for which the Applicable Entity is a Reference Entity".
- 3.3 If two or more Reference Entities are subject to one or more events which would lead to the determination of a Successor Reference Entity simultaneously or the order of such events cannot be determined, then each such Reference Entity shall be deemed to have been subject to a separate event, with all such events occurring in the order determined by the Calculation Agent by reference to the ordering applied for the purposes of settlement of credit derivatives transactions to which the Issuer and its affiliates are party generally.

### 4. **ADJUSTMENTS TO EVENT DETERMINATION DATE AND RELATED PAYMENTS**

If, following the determination by a CDDC that an Event Determination Date has occurred, ISDA publicly announces that the relevant CDDC has resolved that such Event Determination Date occurred on a date that is different from the date first determined or that no Event Determination Date occurred, or such Event Determination Date is determined to have occurred prior to the immediately preceding Interest Payment Date (and such determination would be effective pursuant to the terms of the Reference CDS), the Calculation Agent will determine, acting in a commercially reasonable manner, any additional amount payable to the Securityholder(s) to reflect any scheduled payment that would have been due on the basis of such announcement but was not paid in respect of the Securities or any reduction in any subsequent amount that would otherwise subsequently be payable to the Securityholders to reflect any payment that was paid but would not have been due on the basis of such announcement in respect of the Securities. No accruals of interest shall be taken into account when calculating any such adjustment payment.

In the case of Securities represented by a Global Security or a Global Certificate, if an amount would be payable to a Securityholder as set out above, but such amount is not determined until after the date on which the Securities are redeemed in full, the Issuer shall make such payment to the persons who are shown in the records of the Clearing Systems as being the Accountholder at, failing which immediately prior to, the time of redemption, subject to receipt from such persons of such evidence and indemnities as the Issuer may require.

## 5. CALCULATION AGENT AND CDDC

### 5.1 The Calculation Agent

Subject to the express provisions of the Asset Terms, if any provision of this document permits a determination or calculation to be made by the Calculation Agent, acting in any capacity, during a particular period of time, it may make it at any time during that period and no failure or delay to make it at a particular time within such period shall be deemed to be a waiver of its ability to make it later in that period or in any subsequent period during which it may make it.

### 5.2 Resolutions of CDDCs

Resolutions of the Credit Derivatives Determinations Committees ("**CDDCs**" and each a "**CDDC**") established by ISDA will be binding on the Issuer and the Securityholders if and to the extent that such resolutions would be binding on the parties to the Reference CDS. Neither the Issuer nor the Calculation Agent will have any liability to the Securityholders or any other person as a result of relying on any resolution of a CDDC.

## 6. DEFINITIONS

In these Asset Terms:

"**2014 Definitions**" has the meaning given in Asset Term 1.2 (*Terms of the Reference CDS*);

"**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 under direct or indirect common control with the person. As used herein "control" means the ownership of a majority of the voting power of the entity or, as the case may be, the person and "controlled by" and "controls" shall be construed accordingly;

"**Aggregate Nominal Amount**" means, at any time, an amount equal to the aggregate of the Outstanding Nominal Amounts of all Securities at that time;

"**Auction**" means a credit derivatives auction sponsored by ISDA relating to the Reference Entity and Credit Event in question or, if multiple auctions are conducted in relation to such Reference Entity and Credit Event, the auction which would be relevant for purposes of settlement of the Reference CDS, taking into account the terms thereof and any exercise of rights thereunder;

"**Auction Final Price**" means the price, expressed as a percentage, determined pursuant to the Auction and published by ISDA;

"**Basket Credit-linked Security**" means a Security specified as such in the Pricing Supplement;

"**CDDC**" has the meaning given in Asset Term 5.2 (Resolutions of CDDCs);

"**Credit Event**" means any of the events specified as such in the Pricing Supplement (including by cross-reference to a matrix published by ISDA);



**"Credit Event Loss Amount"** means, in relation to an Event Determination Date, an amount, subject to a minimum of zero, equal to the product of:

- (a) 100 per cent. minus the Auction Final Price or, if applicable, Final Price;
- (b) the Leverage Factor; and
- (c) the Reference Entity Notional Amount (or, as applicable, the Exercise Amount);

**"Credit Event Settlement Amount"** means, in respect of a Security and with respect to an Event Determination Date such Security's pro rata proportion of, an amount equal to:

- (a) the Reference Entity Notional Amount (or, as applicable, the Exercise Amount); minus
- (b) the Credit Event Loss Amount;

**"Credit Event Settlement Date"** means, in respect of a Security and with respect to an Event Determination Date, the date falling 10 Business Days after the date on which the Auction Final Price is determined (or where the Credit Event Settlement Amount is determined by reference to a Final Price, the date on which the Final Price is determined);

**"Credit Event Writedown Amount"** means, in respect of a Security and with respect to an Event Determination Date, an amount equal to the lesser of:

- (a) the Outstanding Nominal Amount of such Security; and
- (b) the Reference Entity Notional Amount of the relevant Reference Entity which is the subject of such Event Determination Date (or, if applicable, the relevant Exercise Amount) multiplied by the Relevant Proportion as of the Event Determination Date,

in each case determined immediately prior to such Event Determination Date;

**"Deferred Settlement Date"** means the date specified as such in the Pricing Supplement or, if no such date is specified, the later of the Scheduled Maturity Date and the Credit Event Settlement Date;

**"Event Determination Date"** means either:

- (a) following a public announcement by ISDA to the effect that a CDDC has resolved that a Credit Event has occurred in relation to the Reference Entity, and, if so required for the purposes of the Reference CDS, following the delivery by the Calculation Agent of a notice to Securityholders which would constitute a "Credit Event Notice" (as defined in the 2014 Definitions) for the purposes of the Reference CDS, the date which would be determined as such for the purposes of the Reference CDS in accordance with its terms; or
- (b) in the absence of any announcement as referred to above, the Calculation Agent delivers a notice to Securityholders which would constitute a "Credit Event Notice" and "Notice of Publicly Available Information" (each as defined in the 2014 Definitions) for the purposes of the Reference CDS;

**"Extended Maturity Date"** has the meaning given to it in Asset Term 2.4 (*Redemption at Extended Maturity Date*);

**"Final Price"** means, where the Calculation Agent determines that no Auction Final Price has been or will be determined in relation to an Event Determination Date, the price, expressed as a percentage, determined by the Calculation Agent as follows:

- (a) on any Business Day (as selected by the Calculation Agent) falling within five Business Days following the "Physical Settlement Date" (as defined in the 2014 Definitions) which would apply to the Reference CDS as determined by the Calculation Agent, if it were subject to physical settlement (the "**Valuation Date**"), and, if necessary, on one or more of the succeeding five Business Days, at or about a time selected by the Calculation Agent as being the time at which the relevant market is likely to be most liquid (the selected time, the "**Valuation Time**"), the Calculation Agent shall attempt to obtain quotations from five or more third party dealers in the relevant market in respect of any combination of the obligations of the Reference Entity, which may be direct loans, bonds or other obligations issued directly by the Reference Entity or obligations in respect of which the Reference Entity acts a guarantor or, where permitted under the terms of a Reference CDS, one or more specified obligations selected by the Issuer, which the Calculation Agent determines would be eligible for delivery in settlement of the Reference CDS (each selected obligation, a "**Valuation Obligation**");
- (b) the Calculation Agent shall seek bid quotations for Valuation Obligations in the amount which would be permitted to be delivered under the Reference CDS (or, as applicable, the portion of such amount in respect of which settlement is triggered);
- (c) if at least two firm bid quotations for the entire selected amount of a Valuation Obligation are available on the same Business Day, the Final Price of that Valuation Obligation will be determined by using the highest such quotation received. If the Calculation Agent is unable to obtain two or more such quotations in relation to a Valuation Obligation on the same Business Day within five Business Days of the Valuation Date, then the Final Price for such Valuation Obligation will be an amount determined by the Calculation Agent in its commercially reasonable discretion as the prevailing market value of the Valuation Obligation in question;
- (d) quotations will be expressed as a percentage of the selected amount of each Valuation Obligation for purposes of determining the Final Price (including where quotes actually received are expressed as a percentage of amounts payable at maturity of the relevant obligation, if different);
- (e) if there is more than one selected Valuation Obligation, then the Final Price will be the average of the Final Prices determined in relation to each such obligation, each such price being weighted by reference to the amount of each such obligation valued for such purpose; and
- (f) notwithstanding the above, where under the terms of the Reference CDS the valuation of any asset permitted in settlement of such Reference CDS would be required to be determined by reference to an applicable specified valuation or CDDC methodology, the Final Price will be the value established accordingly;

**"Leverage Factor"** has the meaning given in the Pricing Supplement, or if no such meaning is given, one;

**"M(M)R Restructuring"** means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is applicable in respect of the relevant Reference Entity.

**"Nth to Default Credit-linked Security"** means a Security specified as such in the Pricing Supplement;

**"Nth to Default Reference Entity"** has the meaning given in the Nth to Default Standard Terms Supplement;

**"Nth to Default Standard Terms Supplement"** has the meaning given in Asset Term 1.2 (*Terms of the Reference CDS*);

**"Outstanding Nominal Amount"** means, in respect of a Security, an amount equal to its Specified Denomination as reduced from time to time in accordance with Asset Term 2.2 (*Reduction in Outstanding Nominal Amount following Event Determination Date*);

**"Reference Entity Notional Amount"** means, in respect of the Reference Entity, the notional amount for the time being of credit protection which is purchased under the terms of the Reference CDS in relation to the Reference Entity, being, as of the Issue Date (and unless otherwise specified in the Pricing Supplement):

- (a) if the Securities are Single Name Credit-linked Securities, the Aggregate Nominal Amount;
- (b) if the Securities are Nth-to-Default Credit-linked Securities, the Aggregate Nominal Amount;
- (c) if the Securities are Basket Credit-linked Securities, the product of (i) the Aggregate Nominal Amount and (ii) the quotient of (A) the related Reference Entity Weighting (or, if no Reference Entity Weighting is specified in the Pricing Supplement, the Aggregate Nominal Amount divided by the number of Reference Entities) and (B) the sum of the Reference Entity Weightings of each Reference Entity as of the Trade Date without regard to any Credit Event that may have occurred after the relevant Credit Event Backstop Date; and
- (d) otherwise, the amount specified as such in relation to the Reference Entity in the Specific Terms,

subject in each case to the provisions of the Reference CDS and Asset Term 3 (*Successors*) relating to the determination of successor Reference Entities and provided that, where the Securities are subject to redemption or purchase and cancellation in part, or where further securities are issued which are fungible with the Securities, the Reference Entity Notional Amount shall be reduced or, as applicable, increased, proportionately;

**"Reference Entity Weighting"** means, in respect of a Reference Entity, the percentage specified as such in relation to that Reference Entity in the Pricing Supplement;

**"Relevant Proportion"** means, in respect of any day, an amount, expressed as a fraction, equal to the Outstanding Nominal Amount of the Security as of such day, divided by the aggregate of the Outstanding Nominal Amounts of all Securities then outstanding;

**"Single Name Credit-linked Security"** means a Security specified as such in the Pricing Supplement; and

**"Zero Recovery Credit-linked Security"** means a Security in respect of which "Zero Recovery Credit Linked Securities" is specified as applicable in the Pricing Supplement.

## GENERAL TERMS AND CONDITIONS OF NOTES

*The following is the text of the general terms and conditions ("**General Note Conditions**") that, together with the Credit-linked Asset Terms and subject to the provisions of the Specific Terms, shall be applicable to the Securities.*

*In this General Note Conditions, references to "Final Terms" or the "relevant Final Terms" shall be read as, and construed to mean, the Specific Terms set out in the Securities Note. The "Final Terms" or the "relevant Final Terms" do not constitute "final terms" for the purposes of Article 5(4) of the Prospectus Directive.*

Securities (which expression shall include any Securities issued pursuant to General Note Condition 13) are issued pursuant to an agency agreement dated 3 July 2014 (as amended, restated or supplemented from time to time, the "**Agency Agreement**") between the Issuers, The Bank of New York Mellon, acting through its London Branch (or such other entity as may be specified in the relevant Pricing Supplement) as fiscal agent and the other agents named in it and with the benefit of a deed of covenant dated 3 July 2014 (as amended or supplemented as at the Issue Date, the "**CS Deed of Covenant**") executed by Credit Suisse AG ("**CS**") in relation to Securities issued by CS. The fiscal agent, the registrar, the transfer agents, the calculation agent(s) and the paying agents for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Registrar**", the "**Transfer Agents**", the "**Calculation Agent(s)**" and the "**Paying Agents**" (which expression shall include the Fiscal Agent, the Registrar, the Transfer Agents and the Calculation Agent(s) and together with any other agents specified in the relevant Pricing Supplement, the "**Agents**"). The Securityholders (as defined in General Note Condition 1) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and the CS Deed of Covenant are, and, so long as any Security remains outstanding, will be available for inspection during normal business hours at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

The Securities of any Series are subject to these General Note Conditions, as modified and/or supplemented by any applicable Asset Terms, and the relevant pricing supplement (the "**Pricing Supplement**") containing the final terms relating to the relevant Securities (together, the "**Terms and Conditions**" or the "**Conditions**").

Expressions used herein and not defined shall have the meaning given to them in any applicable Asset Terms or the relevant Pricing Supplement. In the event of any inconsistency between the General Note Conditions, the applicable Asset Terms and the relevant Pricing Supplement, the prevailing terms will be determined in accordance with the following order of priority (where (a) prevails over the other terms):

- (a) the relevant Pricing Supplement;
- (b) the applicable Asset Terms; and
- (c) the General Note Conditions.

Except in relation to General Note Conditions 8, 11 and 19 references herein to the "Issuer" shall be to CS acting through its London Branch (as specified in the relevant Pricing Supplement). In relation to General Note Conditions 8, 11 and 19, references to "Issuer" shall be to CS (as specified in the relevant Pricing Supplement).

### 1. **Form, Denomination and Title**

The Securities are issued in bearer form ("**Bearer Securities**") or in registered form ("**Registered Securities**") in each case with a nominal amount (the "**Nominal Amount**") equal to the Specified Denomination(s) specified in the relevant Pricing Supplement.

All Registered Securities shall have the same Specified Denomination.

Bearer Securities are represented by a bearer global security (a "**Global Security**"). No definitive Bearer Securities will be issued.

Notes which are Registered Securities ("**Registered Notes**") are represented by registered certificates ("**Certificates**") and, save as provided in General Note Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder. Where Registered Notes are held by or on behalf of one or more Clearing Systems, a global certificate (a "**Global Certificate**") will be issued in respect of them.

Title to the Global Security shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Security shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

For so long as any of the Securities is represented by a Global Security or a Global Certificate held by or on behalf of one or more clearing systems specified in the relevant Pricing Supplement (each a "**Clearing System**"), each person (other than one Clearing System to the extent that it appears on the books of another Clearing System) who is for the time being shown in the records of the relevant Clearing System as the holder of a particular nominal amount of such Securities (in which regard any certificate or other document issued by the relevant Clearing System as to the nominal amount of such Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error), shall be treated by the Issuer and each Agent as the holder of such nominal amount of such Securities for all purposes other than with respect to the right to payment on such nominal amount or interest (if any) of such Securities, the right to which shall be vested, as against the Issuer and any Agent, solely in the bearer of the relevant Global Security or the person in whose name the Registered Security is registered in accordance with and subject to its terms (and the expressions "**Securityholder**" and "**holder**" of Securities and related expressions shall be construed accordingly). Rights in respect of Securities which are held by or on behalf of a Clearing System will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System and, if so specified in the relevant Pricing Supplement, will be subject to a Minimum Transferable Number of Securities or a Minimum Trading Lot, as specified in the relevant Pricing Supplement. Where Global Securities are held by or on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), the Global Security may be deposited with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). Where Registered Securities are held by or on behalf of Euroclear and Clearstream, Luxembourg, the Registered Securities may be registered in the name of a nominee for such Clearing Systems and the Global Certificate delivered to the Common Depositary.

Any reference to a Clearing System shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer.

## 2. **Transfers of Registered Securities**

### (a) **Transfer of Registered Securities**

One or more Registered Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (which shall be available at the specified office of the Registrar or the Transfer Agent) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed, and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Securities and entries on the Register will be made subject to the regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the

prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any holder of a Registered Security upon request.

(b) **Exercise of Options or Partial Redemption in Respect of Registered Securities**

In the case of an exercise of an Issuer's or Securityholders' option in respect of, or a partial redemption of, a holding of Registered Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Securities to a person who is already a holder of Registered Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(c) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to General Note Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in General Note Condition 5(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this General Note Condition 2(c), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) **Transfers Free of Charge**

The transfer of Registered Securities and Certificates shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) **Closed Periods**

No Securityholder may require the transfer of a Registered Security to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Security, (ii) during the period of 15 days before any date on which Securities may be called for redemption by the Issuer at its option pursuant to General Note Condition 5(d), (iii) after any such Security has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3. **Status**

The Securities are unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* and rateably without any preference among themselves and equally with all other unsubordinated and unsecured obligations of the Issuer from time to time outstanding.

4. **Interest and Premium**

(a) **Interest on Fixed Rate Securities**

Each Fixed Rate Security bears interest on its outstanding nominal amount from and including the Interest Commencement Date either (i) at the rate per annum (expressed as a

percentage) equal to the Rate of Interest or (ii) in an Interest Amount, such interest being payable in arrear on each Interest Payment Date. If so specified in the relevant Pricing Supplement, the Rate of Interest or Interest Amount may be different for different Interest Periods.

(b) **Premium**

If so specified in the relevant Pricing Supplement, the Issuer shall pay a premium in respect of the derivative element of the Securities. Such premium shall be payable in respect of each Security on its outstanding nominal amount from the Premium Commencement Date either (i) at the rate per annum (expressed as a percentage) equal to the Rate of Premium or (ii) in an amount equal to a fixed Premium Amount, such premium being payable in arrear on each Premium Payment Date. If so specified in the relevant Pricing Supplement, the Rate of Premium or Premium Amount may be different for different Premium Periods.

(c) **Interest on Floating Rate Securities**

(i) **Interest Payment Dates**

Each Floating Rate Security bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date specified in the relevant Pricing Supplement.

(ii) **Business Day Convention**

If any date that is specified in the relevant Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding Business Day and (2) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) **Rate of Interest for Floating Rate Securities**

The Rate of Interest in respect of Floating Rate Securities for each Interest Period shall be determined by the Calculation Agent (as defined in the ISDA Definitions) as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (iii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the relevant Pricing Supplement;
- (B) the Designated Maturity is a period so specified in the relevant Pricing Supplement; and
- (C) the relevant Reset Date is (1) if the applicable Floating Rate Option is based on LIBOR or EURIBOR, the first day of that Interest Period or such days as so specified in the relevant Pricing Supplement, or (2) if the applicable Floating Rate Option is neither based on LIBOR nor EURIBOR, such other day as so specified in the relevant Pricing Supplement,

provided that if the Issuer determines that such ISDA Rate cannot be determined in accordance with the ISDA Definitions read with the above provisions, the value of the ISDA Rate for an Interest Period shall be such rate as is determined by the Calculation Agent in good faith and in a commercially reasonable manner having regard to comparable benchmarks then available.

For the purposes of this sub-paragraph (iii), "**Floating Rate**", "**Floating Rate Option**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(d) **Accrual of Interest and Premium**

Interest and Premium shall cease to accrue on each Security on the due date for redemption unless payment is improperly withheld or refused, in which event interest and premium shall continue to accrue (both before and after judgment) in the manner provided in this General Note Condition 4 to the Relevant Date (as defined in General Note Condition 7).

(e) **Maximum/Minimum Rates of Interest, Rate Multipliers and Rounding**

- (i) If any rate multiplier (a "**Rate Multiplier**") is specified in the relevant Pricing Supplement (either (A) generally, or (B) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods, in the case of (B), calculated in accordance with (c) above by multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of (1) any currency amounts denominated in Japanese yen, which shall be rounded down to the nearest Japanese yen, or (2) any currency amounts payable in respect of Securities where the Specified Denomination or Nominal Amount (as the case may be) is specified in the relevant Pricing Supplement to be GBP 1.00, which shall be rounded up to 4 decimal places. For these purposes "unit" means the lowest transferable amount of such currency.

(f) **Calculations**

The amount of interest or premium payable in respect of any Security for any period shall be calculated by multiplying the product of the Rate of Interest or Rate of Premium and the outstanding nominal amount of such Security by the Day Count Fraction, unless an Interest Amount or Premium Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest or premium payable in respect of such Security for such period shall equal such Interest Amount or Premium Amount (or be calculated in accordance with such formula).

(g) **Determination and Publication of Rates of Interest/Premium and Interest/Premium Amounts**

On such date as the Issuer may be required under this General Note Condition 4 to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate, calculate such amounts, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amount and/or the Rate of Premium and Premium Amount for each Interest Period and Premium Period and the relevant Interest Payment Date and Premium Payment Date to



be notified to the Fiscal Agent, the Issuer (if the Issuer is not the Calculation Agent), each of the Agents, the Securityholders and, if the Securities are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than the fourth Business Day after such determination. Where any Interest Payment Date or Premium Payment Date is subject to adjustment pursuant to General Note Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date or Premium Amount and Premium Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Premium Period. If the Securities become due and payable under General Note Condition 8, the accrued interest and the Rate of Interest and/or Rate of Premium payable in respect of the Securities shall nevertheless continue to be calculated as previously in accordance with this General Note Condition 4 but no publication of the Rate of Interest and/or Rate of Premium or the Interest Amount or Premium Amount so calculated need be made.

(h) **Definitions**

Unless the context otherwise requires and subject to the relevant Pricing Supplement, the following terms shall have the meanings set out below:

**"Aggregate Nominal Amount"** means the aggregate nominal amount of the Securities set out in the relevant Pricing Supplement.

**"Business Centre"** means each of the places so specified in the relevant Pricing Supplement.

**"Business Day"** means:

- (a) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (b) in the case of euro, a TARGET Business Day; and/or
- (c) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest and/or premium on any Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period and/or a Premium Period, the **"Calculation Period"**):

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (e) if **"30E/360"** or **"Eurobond Basis"** is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (f) if **"30E/360 (ISDA)"** is specified in the relevant Pricing Supplement, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if "**Actual/Actual–ICMA**" is specified in the relevant Pricing Supplement:
- (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
    - (A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (aa) the number of days in such Determination Period and (bb) the number of Determination Periods normally ending in any year; and
    - (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (aa) the number of days in such Determination Period and (bb) the number of Determination Periods normally ending in any year;

where:

**"Designated Maturity"** means the period set out in the relevant Pricing Supplement;

**"Determination Date"** means each date so specified in the relevant Pricing Supplement or, if none is so specified, each Interest Payment Date and/or Premium Payment Date; and

**"Determination Period"** means the period from and including a Determination Date in any year to but excluding the next Determination Date.

**"Interest Amount"** means the amount of interest payable in respect of a Security on an Interest Payment Date as specified in the relevant Pricing Supplement or calculated under this General Note Condition 4.

**"Interest Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

**"Interest Payment Date"** means each date so specified in the relevant Pricing Supplement, and if so specified in the relevant Pricing Supplement, subject to adjustment in accordance with the Business Day Convention.

**"Interest Period"** means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive

period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

**"ISDA Definitions"** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

**"Premium Amount"** means the amount of any premium payable in respect of a Security on a Premium Payment Date as specified in the relevant Pricing Supplement or calculated under this General Note Condition 4.

**"Premium Commencement Date"** means the Issue Date or such other date as may be specified in the relevant Pricing Supplement.

**"Premium Payment Date"** means each date so specified in the relevant Pricing Supplement.

**"Premium Period"** means the period beginning on (and including) the Premium Commencement Date and ending on (but excluding) the first Premium Payment Date and each successive period beginning on (and including) a Premium Payment Date and ending on (but excluding) the next succeeding Premium Payment Date.

**"Rate of Interest"** means the rate of interest payable from time to time in respect of a Security as specified in the relevant Pricing Supplement or calculated under this General Note Condition 4.

**"Rate of Premium"** means the rate of premium payable from time to time in respect of a Security as specified in the relevant Pricing Supplement.

5. **Redemption, Purchase and Options**

(a) **Redemption by Instalments and Final Redemption**

- (i) Unless previously redeemed or purchased and cancelled, each Security that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Pricing Supplement. The outstanding nominal amount of each such Security shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Security, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed or purchased and cancelled or unless the Securities are to be redeemed by way of physical settlement pursuant to General Note Condition 5(f), each Security shall be redeemed on the Maturity Date specified in the relevant Pricing Supplement at its Redemption Amount (which, unless otherwise provided, shall be its Nominal Amount) or, in the case of a Security falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption**

The amount payable in respect of any Security upon redemption of such Security pursuant to General Note Condition 5(c) or upon any Security becoming due and payable as provided in General Note Condition 8, shall be the amount determined by the Issuer that, in the case of redemption pursuant to General Note Condition 5(c) on a day prior to the due date for redemption selected by the Issuer in its sole and absolute discretion or, in the case of redemption pursuant to General Note Condition 8, on the due date for redemption of such Security, is equal to the Unscheduled Termination Amount.

(c) **Redemption for Illegality Reasons**

If the Issuer shall have determined in good faith that the performance of any of its obligations under the Securities or that any arrangement made to hedge its obligations under the

Securities shall have or will become, in whole or in part, unlawful, illegal, or otherwise contrary to any present or future law, rule, regulation, judgment, order, directive, policy or request of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or any change in the interpretation thereof (an "**Illegality**"), then the Issuer may, if and to the extent permitted by applicable law, either (i) make such adjustment to the Conditions as may be permitted by any applicable Asset Terms or (ii) having given notice to Securityholders as soon as practicable in accordance with General Note Condition 14, redeem the Securities at their Unscheduled Termination Amount. In the case of (ii) no payment of the Redemption Amount (or physical delivery of the Share Amount or payment of the Fractional Cash Amount, as applicable) or any other amounts on account of interest or otherwise shall be made after such notice has been given.

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

If "**Call Option**" is specified in the relevant Pricing Supplement, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Securityholders (or such other notice period as may be specified in the relevant Pricing Supplement) redeem all or, if so provided, some of the Securities on any Optional Redemption Date specified in the relevant Pricing Supplement at their Optional Redemption Amount specified in the relevant Pricing Supplement. Any such redemption must relate to Securities of a nominal amount at least equal to the minimum nominal amount to be redeemed and no greater than the maximum nominal amount to be redeemed, as specified in the relevant Pricing Supplement. All Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this General Note Condition 5(d).

In the case of a partial redemption, the Securities to be redeemed shall be selected in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange, Clearing System and other relevant requirements, and holders of Registered Notes shall be notified separately if their Securities have been selected.

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

If "**Put Option**" is specified in the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any such Security, upon the holder of such Security giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Pricing Supplement) redeem such Security on the Optional Redemption Date(s) specified in the relevant Pricing Supplement at its Optional Redemption Amount specified in the relevant Pricing Supplement. No such option may be exercised if the Issuer has given notice of redemption of the Securities.

In the case of Securities not held in or on behalf of a Clearing System, to exercise such option the holder must deposit a duly completed option exercise notice ("**Exercise Notice**") substantially in the form set out in the Agency Agreement (or such other form as the Issuer, the Fiscal Agent and the Registrar may approve) within the notice period together with the Certificate representing such Registered Securities with the Registrar or any Transfer Agent at its specified office. In the case of Bearer Securities, the holder must deposit an Exercise Notice with the Fiscal Agent at the same time presenting the Global Security representing such Bearer Securities to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation according to the terms set out in such Global Security.

(f) **Delivery of Shares (Physical Settlement)**

If Physical Settlement Provisions are specified to be applicable in the relevant Pricing Supplement, the terms and conditions contained in the Annex hereto shall apply.

(g) **Purchases**

The Issuer and any subsidiary or affiliate of the Issuer may at any time purchase Securities (provided that such Securities are purchased with all rights to receive all future payments of

interest and Instalment Amounts (if any)) in the open market or otherwise at any price and may hold, resell or cancel them.

(h) **Reference to Principal**

References to "**principal**" shall be deemed to include, wherever the context so admits, any amounts payable under the Securities other than by way of interest.

6. **Payments**

(a) **Bearer Securities**

Payments in respect of Bearer Securities shall be made against presentation and annotation or, if no further payment is to be made, surrender of the Global Security at the specified office of any Paying Agent outside the United States by transfer to an account denominated in the Settlement Currency with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

(b) **Registered Securities**

Payments in respect of Registered Securities shall be made to the person shown on the Register at the close of business on the date (the "**Record Date**") which is (i) in the case of Securities represented by a Global Certificate held by or on behalf of one or more Clearing Systems, the Clearing System Business Day immediately prior to the due date for payment thereof, where "**Clearing System Business Day**" means each day from Monday to Friday inclusive except 25 December and 1 January and (ii) otherwise, the fifteenth day before the due date for payment thereof, and if no further payment is to be made, against presentation and surrender of the relevant Certificates at the specified office of any Transfer Agent or the Registrar. Payments on each Registered Security shall be made in the Settlement Currency by cheque drawn on a bank and mailed to the holder (or to the first-named of joint holders) of such Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment may be made by transfer to an account in the Settlement Currency specified by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System.

(c) **Discharge of Obligation**

The holder of a Global Security or Global Certificate shall be the only person entitled to receive payments in respect of Securities represented by such Global Security or Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Security or Global Certificate in respect of each amount so paid. Each of the persons shown in the records of the relevant Clearing System as the holder of a particular nominal amount of Securities represented by such Global Security or Global Certificate must look solely to such Clearing System for its share of each payment so made. No person other than the holder of such Global Security or Global Certificate shall have any claim against the Issuer in respect of any payments due on that Global Security or Global Certificate.

(d) **Payments Subject to Laws**

All payments are subject in all cases to any applicable fiscal and other laws, regulations and directives.

(e) **Appointment of Agents**

The Agents initially appointed by the Issuer and their respective specified offices are specified in the relevant Pricing Supplement. The Agents act solely as agents of the Issuer and neither the Issuer nor any of the Agents assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Securityholder. The Issuer may at any time vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Securities, (iii) a Transfer Agent in relation to Registered Securities, and (iv) so long as the

Securities are listed on any stock exchange and the rules of that stock exchange or the relevant competent authority so require, such Paying Agents or other agents as may be required by the rules of such stock exchange or competent authority.

Notice of any such change or any change of any specified office shall promptly be given to the Securityholders.

(f) **Non-Business Days**

If any date for payment in respect of any Security is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day which is a Currency Business Day and, where presentation is required, a Banking Day in the relevant place of presentation.

(g) **Payment Disruption**

This General Note Condition 6(g) shall apply only to each Series of Securities in respect of which "Payment Disruption" is specified to be applicable in the relevant Pricing Supplement.

- (i) If the Issuer determines that a Payment Disruption Event has occurred in relation to any amount due (or shortly to be due) in respect of the Securities, the Issuer shall give notice as soon as practicable to Securityholders of such determination in accordance with General Note Condition 14.
- (ii) Upon the occurrence of a Payment Disruption Event:
  - (A) the relevant Interest Payment Date, Maturity Date or any other date on which any amount may be due and payable (and the Issuer's obligation to pay the relevant Interest Amount, Redemption Amount or such other amounts in respect of the Securities) shall be postponed to a date (the "**Extended Date**") falling on the earlier of:
    - (1) two Business Days following the date on which the Issuer (acting in good faith and in a commercially reasonable manner) determines that the Payment Disruption Event is no longer continuing; and
    - (2) the date falling 45 calendar days following the original Interest Payment Date, Maturity Date or other payment date, as the case may be (the "**Cut-Off Date**").
  - (B) In the event that the Payment Disruption Event is still occurring on the second Currency Business Day immediately preceding the Cut-Off Date, then:
    - (1) if "Payment in Alternate Currency" is specified to be applicable in the relevant Pricing Supplement, the Issuer shall, on giving notice as soon as practicable to Securityholders in accordance with General Note Condition 14, make payment of the Equivalent Amount on the relevant Extended Date; or
    - (2) if "Payment of Adjusted Amount" is specified to be applicable in the relevant Pricing Supplement, the Issuer shall make payment of the relevant Interest Amount, Redemption Amount or such other amount payable under the Securities on the relevant Extended Date, and in such case, the Issuer may make such adjustment to such amount as it shall determine in good faith and in a commercially reasonable manner to be appropriate to account for any difference between the amount originally payable and the amount that a hypothetical investor would receive if such hypothetical investor were to enter into and maintain any theoretical hedging arrangements in respect of the Securities.

Upon the payment of the Equivalent Amount or the relevant Interest Amount, Redemption Amount or such other amount (as the case may be) pursuant to this General Note Condition 6(g)(ii) in respect of the Securities, the Issuer shall have discharged its obligations to pay such Interest Amount, Redemption Amount or other amount in respect of such Securities in full and shall have no other liability or obligation whatsoever in respect thereof except in the event of a loss resulting directly from the fraud, wilful default or gross negligence of the Issuer or the Calculation Agent.

- (C) Any payments made in accordance with this General Note Condition 6(g)(ii) shall be made after deduction of any costs, expenses or liabilities incurred or to be incurred by the Calculation Agent or the Issuer in connection with or arising from the resolution of the relevant Payment Disruption Event.
- (iii) Securityholders shall not be entitled to any interest or any other payment on account of any postponement or delay which may occur in respect of the payment of any amounts due and payable in respect of the Securities pursuant to this General Note Condition 6(g).

## 7. **Prescription**

Claims against the Issuer for payment in respect of Bearer Securities shall be prescribed and become void unless the Global Security is presented for payment within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date. "**Relevant Date**" means, in respect of any payment, (a) the date on which such payment first becomes due and payable or (b) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Securityholders in accordance with General Note Condition 14.

## 8. **Events of Default**

If any one or more of the following events (each an "**Event of Default**") has occurred and is continuing:

- (a) the Issuer fails to pay any amount due on the Securities within 30 days after the due date; or
- (b) where the Issuer is CS acting through its London Branch, its Nassau Branch or its Singapore Branch, CS is (or could be deemed by law or court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, initiates or becomes subject to proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition administration or insolvency law proposes or makes a stay of execution, a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of CS,

then the holder of any Security may, by notice in writing given to the Fiscal Agent at its specified office, declare such Security immediately due and payable, whereupon such Security shall become redeemable at an amount equal to its Unscheduled Termination Amount unless prior to the time when the Fiscal Agent receives such notice all Events of Default have been cured.

## 9. **Meetings of Securityholders**

The Agency Agreement contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Conditions. Such a meeting may be convened by Securityholders holding not less than one tenth in nominal amount of the Securities for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary



Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Securities for the time being outstanding, or at any adjourned meeting two or more persons being or representing Securityholders whatever the nominal amount of the Securities held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (a) to amend any date for payment on the Securities, (b) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Securities, (c) to reduce the rate or rates of interest in respect of the Securities, (d) to vary any method of, or basis for, calculating any amount payable on the Securities or deliverable in respect of the Securities, (e) to vary the currency or currencies of payment or denomination of the Securities, (f) to take any steps that may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Securityholders or the majority required to pass the Extraordinary Resolution in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Securities for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Securityholders (whether or not they were present at the meeting at which such resolution was passed).

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Securityholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

#### 10. **Modification**

The Issuer may modify the Conditions (and (a) the CS Deed of Covenant (b) together with the other parties thereto, the Agency Agreement, save that, in relation to the regulations concerning transfers of Securities scheduled to the Agency Agreement, any modifications will be made in accordance with General Note Condition 2(a)) without the consent of any Securityholder for the purposes of (a) curing any ambiguity or correcting or supplementing any provision contained in them in any manner which the Issuer may deem necessary or desirable provided that such modification is not, in the determination of the Issuer, prejudicial to the interests of the Securityholders or (b) correcting a manifest error. Notice of any such modification will be given to the Securityholders in accordance with General Note Condition 14.

#### 11. **Substitution of the Issuer**

The Issuer, or any previously substituted company, may at any time, without the consent of the Securityholders, substitute for itself as principal obligor under the Securities any company (the "**Substitute**"), being any Affiliate of the Issuer or another company with which it consolidates, into which it merges or to which it sells, leases, transfers or conveys all or substantially all its property, subject to:

- (a) where the Substitute is an Affiliate of the Issuer, the Substitute having a long-term unsecured debt rating equal to or higher than that of the Issuer given by Moody's Investors Service, Inc. (or an equivalent rating from another internationally recognised rating agency) or having the benefit of a guarantee from the Issuer or another Affiliate of the Issuer with such a debt rating;
- (b) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect; and
- (c) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Securityholders in accordance with General Note Condition 14.

In the event of any substitution of the Issuer, any reference in the Conditions to the "Issuer" shall thenceforth be construed as a reference to the Substitute.

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer and any entity under common control with the Issuer.

The Issuer shall also have the right upon notice to Securityholders in accordance with General Note Condition 14 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

12. **Taxation**

The Issuer is not liable for or otherwise obliged to pay, and the relevant Securityholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Security, including, without limitation, the payment of any amount thereunder. The Issuer shall have the right to withhold or deduct from any amount payable to the Securityholder such amount (a) for the payment of any such taxes, duties, charges, withholdings or other payments or (b) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Note Condition 12.

13. **Further Issues**

The Issuer may from time to time without the consent of the Securityholders create and issue further Securities having the same terms and conditions as the Securities (save possibly for the amount and date of the first payment of interest and premium and for the issue price) (so that, for the avoidance of doubt, references in the Conditions to "Issue Date" shall be to the first issue date of the Securities) and so that the same shall be consolidated and form a single series with such Securities, and references in the Conditions to "Securities" shall be construed accordingly.

14. **Notices**

Notices to the holders of Securities which are listed on a stock exchange shall be given in such manner as the rules of such exchange or the relevant authority may require. In addition, so long as any Securities are held in or on behalf of a Clearing System, notices to the holders of such Securities may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders or by delivery of the relevant notice to the holder of the relevant Global Security or Global Certificate. Notices to the holders of Securities may also be given by publication in the newspaper specified in the relevant Pricing Supplement or such other leading newspaper of general circulation as the Issuer may determine. Any such notice shall be deemed to have been given on the weekday following such delivery or, where notices are so published, on the date of such publication or, if published more than once or on different dates, on the date of the first such publication. Notices to the holders of Registered Securities may alternatively be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

Notices to be given by a Securityholder shall (in the case of a Security not held in or on behalf of a Clearing System) be in writing and given by being lodged with an Agent. Where Securities are held in or on behalf of a Clearing System, such notices may be given by the holder of a Security through the relevant Clearing System in such manner as the relevant Clearing System may approve for this purpose together with confirmation from the Clearing System of the Securityholder's holding of Securities.

Where Securities are held in or on behalf of a Clearing System but such Clearing System does not permit notices to be sent through it, such notices may be given by the relevant Securityholder in writing by being lodged with an Agent, subject to the Securityholder providing evidence from the Clearing System satisfactory to the Issuer of the Securityholder's holding of Securities.

**15. Replacement of Certificates**

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificate) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

**16. Calculations and Determinations**

Where any calculations or determinations are required in the Conditions to be made by the Issuer, the Issuer may delegate the performance of such determinations and/or calculations to a Calculation Agent on its behalf. In such event, the relevant references to the "Issuer" shall be construed as references to such Calculation Agent.

All calculations and determinations of the Issuer and the Calculation Agent in the Conditions shall be made in accordance with the terms of the relevant Conditions having regard in each case to the criteria stipulated therein (if any) and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or the Calculation Agent (as applicable) responsible for making the relevant calculation or determination.

In making any discretionary determinations under the Conditions, each of the Issuer and the Calculation Agent may take into account such factors as it determines to be appropriate (including, but not limited to, any circumstances or events which it determines has a material effect on the hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Securities). Where provided in the Conditions, the Issuer or the Calculation Agent will calculate any amount(s) payable using the information, price sources or factors, whether official or estimated, as specified in the Conditions. However, should the Issuer or the Calculation Agent not be able to obtain the necessary information or be able to use the specified price sources or factors, then, after using reasonable efforts and after applying all applicable fallback provisions specified in the Conditions in relation to such calculation, the Issuer or the Calculation Agent shall be permitted to use its estimate (arrived at in good faith) of the relevant information, price source or factor in making the relevant calculations should it determine that such estimate is reasonably necessary.

Notwithstanding anything else in the Conditions (save as provided in the next sentence) and if (a) the relevant Pricing Supplement specifies that "Institutional" is not applicable, and (b) the terms of the Securities provide for the amount payable on the Maturity Date to be subject to a minimum amount, no modification to the Conditions may be made by the Issuer to reduce the amount so payable on such date to less than such minimum amount. For the avoidance of doubt, the preceding sentence shall not apply in relation to the rights of the Issuer to modify the Terms and Conditions pursuant to General Note Condition 10.

All calculations and determinations made by the Issuer or the Calculation Agent shall be made in good faith and in a commercially reasonable manner. In the case of each determination under the Conditions, each of the Issuer and the Calculation Agent shall take into account the effect of such determination on the Securities and consider whether fair treatment is achieved by any such determination in accordance with its applicable regulatory obligations.

All calculations made by the Issuer or the Calculation Agent under the Conditions shall, in the absence of manifest error, be final, conclusive and binding on Securityholders.

Neither the Issuer nor the Calculation Agent assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Securityholder. Nothing in the Conditions shall exclude or restrict any duty or liability arising under the regulatory framework applicable to any person authorised by the Financial Conduct Authority.

**17. Third Parties**

No person shall have any right to enforce any of the Conditions of the Securities under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Securities expressly provide that it shall apply to any of their terms.

## 18. Miscellaneous Definitions

References to "**AUD**" are to Australian dollars, references to "**CAD**" are to Canadian dollars, references to "**DKr**" are to Danish Krone, references to "**EUR**" and "**€**" are to euro, being the lawful single currency of the member states of the European Union that have adopted and continue to retain a common single currency through monetary union in accordance with European Union treaty law (as amended from time to time), references to "**GBP**" and "**£**" are to pounds sterling, references to "**HK\$**" and "**HKD**" are to Hong Kong dollars, references to "**JPY**" and "**¥**" are to Japanese yen, references to "**Nkr**" and "**NOK**" are to Norwegian Krone, references to "**SGD**" are to Singapore dollars, references to "**SEK**" and "**SKr**" are to Swedish Krona, references to "**CHF**" and "**Sfr**" are to Swiss Francs and references to "**USD**" and "**U.S.\$**" are to United States dollars.

"**Alternate Currency**" means the currency so specified in the relevant Pricing Supplement.

"**Banking Day**" means, in respect of any city, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in such city.

"**Currency Business Day**" means a day which is a Banking Day in the Financial Centre(s) if any (as specified in the relevant Pricing Supplement) and on which (unless the Settlement Currency is euro) commercial banks and foreign exchange markets are generally open to settle payments in the city or cities determined by the Issuer to be the principal financial centre(s) for the Settlement Currency, and if the Settlement Currency is euro, which is also a TARGET Business Day.

"**Dealer**" means any dealer specified in the relevant Pricing Supplement.

"**Equivalent Amount**" means, in respect of the relevant Interest Amount, Redemption Amount or any other amount payable on the Extended Date (for these purposes, the "**Relevant Amount**"), an amount in the Alternate Currency determined by the Issuer by converting the Relevant Amount into the Alternate Currency using the Equivalent Amount FX Rate for the Extended Date.

"**Equivalent Amount FX Rate**" means, in respect of any relevant date, an amount equal to the spot rate of exchange of the Reference Currency for the Alternate Currency, expressed as either (a) a number of units of the Reference Currency for a unit of the Alternate Currency, or (b) a number of units of the Alternate Currency for a unit of the Reference Currency, as specified in the relevant Pricing Supplement, as reported and/or published and/or displayed on the Equivalent Amount FX Rate Page at the Equivalent Amount FX Rate Time on such date, or if the Equivalent Amount FX Rate is not reported, published or displayed on the Equivalent Amount FX Rate Page at the Equivalent Amount FX Rate Time or is otherwise unavailable on such date for any reason, the rate determined by Issuer acting in good faith and in a commercially reasonable manner, taking into account prevailing market conditions.

"**Equivalent Amount FX Rate Page**" means the page of the relevant screen provider or other price source as specified in the relevant Pricing Supplement or any successor page or price source on which the Issuer determines that the relevant Equivalent Amount FX Rate is displayed or otherwise derived.

"**Equivalent Amount FX Rate Time**" means the time specified as such in the relevant Pricing Supplement or, if no such time is specified, the time as determined in good faith and in a commercially reasonable manner by the Issuer.

"**Extraordinary Resolution**" means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast.

**"Financial Centre"** means each of the places so specified in the relevant Pricing Supplement.

**"Fractional Cash Amount"** has the meaning given to it in the Annex hereto.

**"Hedging Arrangements"** means any hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Securities, including without limitation the purchase and/or sale of any securities, commodities, currency or other asset, the entry into or termination of interest rate swap transactions, any options or futures on any securities, commodities or other asset, any depository receipts in respect of any securities, and any associated foreign exchange transactions.

**"Issue Date"** means one of the following as specified in the relevant Pricing Supplement:

- (a) the date so specified in the relevant Pricing Supplement; or
- (b) the number of Currency Business Days following the Initial Setting Date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), as specified in the relevant Pricing Supplement.

**"Issue Price"** means the amount so specified in the relevant Pricing Supplement.

**"Maturity Date"** means one of the following as specified in the relevant Pricing Supplement:

- (a) the date so specified in the relevant Pricing Supplement; or
- (b) the number of Currency Business Days following the relevant date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), in each case, as specified in the relevant Pricing Supplement; or
- (c) the later of (i) the date so specified in the relevant Pricing Supplement, and (ii) the number of Currency Business Days following the relevant date (or, if such date falls on different dates for different Underlying Assets, the latest of such dates to occur), in each case, as specified in the relevant Pricing Supplement.

**"Option"** means, in respect of a Security, the option component of such Security which provides exposure to the underlying asset(s) (if any), the terms of which are fixed on the trade date in order to enable the Issuer to issue such Security at the relevant price and on the relevant terms. The terms of the Option will vary depending on the terms of the Security.

**"Option Value"** means, in respect of a Security and any day, the value of the Option relating to such Security on such day, as calculated by the Calculation Agent by reference to such factors as it determines to be appropriate (including, but not limited to, the value, expected future performance and/or volatility of the underlying asset(s) (if any)).

**"Payment Disruption Event"** means the occurrence of any of the following:

- (a) any event that, in the determination of the Issuer, has the effect of prohibiting, preventing, restricting or materially delaying:
  - (i) the exchange of the Reference Currency into the Settlement Currency (whether directly or, pursuant to any Hedging Arrangements, indirectly by exchange into a third currency (the "Intermediate Currency") and exchange therefrom into the Settlement Currency) through customary legal channels; or
  - (ii) the exchange of the Reference Currency or the Intermediate Currency for the Settlement Currency or the Intermediate Currency at a rate at least as favourable as the rate for domestic institutions located in the Reference Jurisdiction; or
  - (iii) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Specified Currency from accounts inside the Reference Jurisdiction to accounts outside the Reference Jurisdiction; or

- (iv) the free and unconditional transferability of the Reference Currency, the Intermediate Currency or the Settlement Currency (A) between accounts inside the Reference Jurisdiction or (B) to a party that is a non-resident of the Reference Jurisdiction,

in each case, as compared to the position on the Trade Date;

- (b) the imposition by the Reference Jurisdiction (or any political or regulatory authority thereof) of any capital controls, or the publication of any notice of an intention to do so, which the Issuer determines in good faith is likely to materially affect the Securities, and notice thereof is given by the Issuer to the Securityholders in accordance with General Note Condition 14; and
- (c) the Issuer determines that the Reference Currency or Settlement Currency is no longer being used by the government of the country (or countries of the currency block) issuing such currency or by public institutions within the international banking community for the settlement of transactions, or is replaced by another currency.

**"Redemption Amount"** has the meaning given to it in the relevant Pricing Supplement.

**"Reference Currency"** means the currency(ies) so specified in the relevant Pricing Supplement, or if no currency(ies) is/are specified in the relevant Pricing Supplement, "Reference Currency" shall have the meaning given to it in the Asset Terms.

**"Reference Jurisdiction"** means, in respect of the Reference Currency, the country (or countries of the currency block) for which the Reference Currency is the lawful currency.

**"Settlement Currency"** means the currency in which a payment is to be made.

**"Share Amount"** has the meaning given to it in the Annex hereto.

**"TARGET Business Day"** means a day on which the TARGET2 System or any successor thereto is operating, where "TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

**"Trade Date"** means the date so specified in the relevant Pricing Supplement.

**"Unscheduled Termination Amount"** means, in respect of a Security:

- (a) if the relevant Pricing Supplement specifies that "Institutional" is not applicable, and provided that (i) the terms of such Security provide for the amount payable at maturity to be subject to a minimum amount (the "Minimum Payment Amount"), and (ii) such Security is not redeemed pursuant to General Note Condition 5(c) or becomes due and payable as provided in General Note Condition 8, an amount in the Settlement Currency payable on the Maturity Date equal to the sum of:
  - (i) the Minimum Payment Amount, plus
  - (ii) the Option Value (which may be equal to or greater than zero) as at the Unscheduled Termination Event Date (the "Termination Option Value"), plus
  - (iii) any interest accrued on the Termination Option Value, from, and including, the Unscheduled Termination Event Date to, but excluding, the date on which the Securities are redeemed (calculated by reference to the prevailing interbank overnight interest rates in the relevant currency);
- (b) otherwise, an amount in the Settlement Currency (which may be greater than or equal to zero) equal to the value of the Security immediately prior to its redemption, as calculated by the Calculation Agent using its internal models and methodologies and which may be based on, amongst other things, the following:
  - (i) the time remaining to maturity of the Security;

- (ii) the interest rates at which banks lend to each other;
- (iii) the interest rate at which the Issuer (or its affiliates) is charged to borrow cash;
- (iv) if the Security is linked to one or more underlying assets, the value, expected future performance and/or volatility of such underlying asset(s); and
- (v) any other information which the Issuer deems relevant (including, without limitation, the circumstances that resulted in the events causing such redemption),

provided that:

- (A) if "Deduction for Hedge Costs" is specified to be applicable in the relevant Pricing Supplement, the Unscheduled Termination Amount shall be adjusted to account for any associated losses, expenses or costs that are, or would be, incurred by the Issuer and/or its affiliates as a result of unwinding, establishing, re-establishing and/or adjusting any hedging arrangements in relation to such Security, as determined by the Issuer in its discretion acting in good faith and in a commercially reasonable manner; and
- (B) in the case of a redemption pursuant to General Note Condition 8, the calculation of the Unscheduled Termination Amount shall not take into account the financial position of the Issuer immediately prior to the Event of Default (for the avoidance of doubt, the Issuer shall be presumed to be able to fully perform its obligations under such Security for such purposes).

**"Unscheduled Termination Event Date"** means, in respect of a Security, the date on which the Issuer determines that an event resulting in the unscheduled redemption of such Security pursuant to the relevant Asset Terms has occurred.

#### 19. **Governing Law and Jurisdiction**

The Securities, the Global Security, the Certificates, the Global Certificates and any non-contractual obligations arising out of or in relation to them are governed by, and shall be construed in accordance with, English law.

The Issuer irrevocably agrees for the benefit of the Securityholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities and accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as **"Proceedings"**) may be brought in such courts.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon the Issuer and, where the Issuer is CS, the relevant Branch and may be enforced in the courts of any other jurisdiction. Nothing in this General Note Condition 19 shall limit any right to take Proceedings against the Issuer or, where the Issuer is CS, the relevant Branch in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

CS appoints its London Branch as its agent for service of process in England in respect of any Proceedings against CS.

## **TAXATION**

### **IRELAND**

See the paragraph entitled "EU SAVINGS DIRECTIVE" below.

### **EU SAVINGS DIRECTIVE**

Under EC Council Directive 2003/48/EC on the taxation of savings income each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income payments ("**Savings Income**") made by a person within its jurisdiction to or collected by such a person for an individual or to certain other persons, resident in that other Member State (interest payments on the Securities will for these purposes be Savings Income). However, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at 35 per cent. This transitional period will terminate at the end of the first fiscal year following agreement with certain non-EU countries to the exchange of information relating to such payments. The Luxembourg government has announced that Luxembourg will adopt the exchange of information as of 1 January 2015

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted and implemented similar measures (either provision of information or transitional withholding) in relation to payments of Savings Income made by a person within its jurisdiction to an individual, or to certain other persons, resident in a Member State. In addition, Member States have entered into reciprocal arrangements with certain of those non-EU countries and dependent or associated territories of certain Member States in relation to payments of Savings Income made by a person in a Member State to an individual, or to certain other persons, resident in certain dependent or associated territories or non-EU countries.

Where an individual holder of Securities receives a payment of Savings Income from any Member State or dependent or associated territory employing the withholding arrangement, the individual holder of Securities may be able to elect not to have tax withheld. The formal requirements may vary slightly from jurisdiction to jurisdiction. They generally require the individual holder of Securities to produce certain information (such as his tax number) and consent to details of payments and other information being transmitted to the tax authorities in his home state. Provided that the other Tax Authority receives all of the necessary information the payment will not suffer a withholding under EC Council Directive 2003/48/EC or the relevant law conforming with the directive in a dependent or associated territory.

Prospective holders of Securities should note that an amended version of the Savings Directive was adopted by the European Council on 24 March 2014, which is intended to close loopholes identified in the current Savings Directive. The amendments, which must be transposed by Member States prior to 1 January 2016 and which will apply from 1 January 2017, will extend the scope of the Savings Directive to (a) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (b) a wider range of income similar to interest.

### **UNITED KINGDOM**

The following statements are by way of a general guide only to holders of Securities. They are not exhaustive and do not constitute tax advice. Holders of Securities are therefore advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Securities under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

The information below relates only to United Kingdom taxation and is applicable to United Kingdom residents who are the beneficial owners of Securities and hold the Securities as an investment, and



does not apply to other categories of taxpayers such as dealers in shares and securities. It is based on United Kingdom tax law and HM Revenue and Customs ("**HMRC**") published practice at the date of this Prospectus. The United Kingdom tax treatment of prospective holders of Securities depends on their individual circumstances and may be subject to change in the future. Anyone who is unsure of their tax treatment in relation to Securities should seek independent professional advice.

The following paragraphs are written on the assumption that the holders of the CDIs are, for United Kingdom tax purposes, absolutely beneficially entitled to the Underlying Securities and to any payments on the Underlying Securities. In the following paragraphs, references to "Securities" should be taken to include references to "interests in Securities held through CDIs", and references to "Securityholders" should be taken to include references to "holders of CDIs".

### **Withholding taxes**

Provided that the Issuer continues to be a bank within the meaning of section 991 of the Income Tax Act 2007 (the "**Act**"), and provided that the interest on the Securities is paid in the ordinary course of its business within the meaning of section 878 of the Act, CS, acting through its London Branch, or CSi, as the case may be, will be entitled to make payments of interest under the Securities without withholding or deduction for or on account of United Kingdom income tax.

Payments of interest on the Securities may also be made without withholding or deduction for or on account of United Kingdom income tax if the Securities are listed on a "recognised stock exchange" within the meaning of section 1005 of the Act.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where interest on the Securities is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Securities is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest; provided that HM Revenue & Customs have not given a direction (in circumstances where it has reasonable grounds to believe that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

Interest on the Securities may also be paid without withholding or deduction for or on account of United Kingdom tax where the maturity of the Securities is less than 365 days and which are not issued under arrangements the effect of which is to render such Securities as part of a borrowing with a total period of a year or more.

In other cases, an amount must generally be withheld from payments of interest on the Securities issued by CS, acting through its London Branch, or CSi, as the case may be, on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Securityholder, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the Securityholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions. The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of, another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities. The information HMRC can obtain includes: details of the beneficial owner of securities;

details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC has indicated that it will not generally use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before April 6, 2015.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

### **United Kingdom Corporation Tax Payers**

The United Kingdom taxation treatment of a Securityholder that is within the charge to United Kingdom corporation tax will depend on, among other things, the accounting treatment of the Securities in the Securityholder's hands, including, in particular, whether or not the Securities are bifurcated into a host contract and an "embedded derivative" as an accounting matter. The accounting treatment will also affect the tax treatment of a disposal of the Securities (including a disposal occurring on redemption of the Underlying Securities).

Securityholders within the charge to United Kingdom corporation tax should consult their own accounting and tax advisers concerning their tax liabilities that may arise as a result of holding the Securities, or as a result of the disposal of the Securities.

### **Other United Kingdom Tax Payers**

#### ***Taxation of Gains***

Where Securities are issued at an issue price of less than 100 per cent. of their nominal amount they may constitute "deeply discounted securities" depending on the level of the discount. It is not considered that Securities would be regarded as deeply discounted securities merely by reason of the fact that they are denominated in a currency other than sterling. Where Securities constitute "deeply discounted securities", a Holder of such Securities who is within the scope of United Kingdom income tax may be liable to United Kingdom income tax on any profit (the amount by which any sum payable on the transfer or redemption of the Security exceeds its acquisition price) made on the sale or other disposal (including redemption) of such Securities.

Where Securities are issued at a redemption premium as opposed to being issued at a discount, then where such premium does not constitute a payment of interest such Securities may constitute "deeply discounted securities".

Securities which are deeply discounted securities are qualifying corporate bonds and therefore not subject to tax on chargeable gains.

Securities which are "excluded indexed securities" will, notwithstanding that they may satisfy the above requirements, not be treated as deeply discounted securities and therefore any gain will be, subject to the Securityholder's personal circumstances, within the charge to United Kingdom tax on capital gains. A Security will only fall within the definition of "excluded indexed securities" in section 433 of the Income Tax (Trading and Other Income) Act 2005 (ITTOIA 2005) if a number of tests are met including that the amount payable on redemption is determined by applying to the amount for which the Security was issued the percentage change (if any) over the Security's redemption period in (a) the value of chargeable assets of a particular description, or (b) an index of the value of such assets. These tests are applied strictly and any deviation will prevent the Securities constituting "excluded indexed securities". Any interest payable on redemption is ignored in determining the amount payable on redemption for these purposes. A Security which is an "excluded indexed security" should not constitute a "qualifying corporate bond" within the meaning of section

117 of the Taxation of Chargeable Gains Act 1992 (TCGA 1992) and an individual United Kingdom tax resident Securityholder who holds the Security as an investment should be subject to capital gains tax (CGT) on any capital gains arising from the disposal of such Security.

The principal factors which will determine the extent to which a capital gain arising from the disposal of Securities constituting excluded indexed securities will be subject to CGT are the level of the annual allowance of tax-free capital gains in the tax year in which the disposal takes place (the annual exemption), the extent to which the Securityholder realises any other capital gains in that year and the extent to which the Securityholder has incurred capital losses in that or any earlier tax year.

The annual exemption is £11,000 for the 2014/2015 tax year and, under current legislation, this exemption is, unless Parliament decides otherwise, increased annually in line with the rate of increase (if any) in the consumer prices index.

Securityholders should be aware that the United Kingdom Parliament is entitled to withdraw this link between the level of the annual exemption and the consumer prices (or other relevant) index or even to reduce the level of the annual exemption for future tax years below its current level.

For the purposes of illustration only, the various reliefs and allowances mentioned above could interact in respect of a Securityholder who realises a capital gain on a Security which is an "excluded indexed security" (the "**relevant capital gain**") on a disposal of Securities in a particular tax year (the "**year of disposal**") as follows:

- (a) If the Securityholder has incurred no capital losses in the year of disposal and has no unrelieved capital losses from any previous tax year, he or she will be subject to CGT if and to the extent that the relevant capital gain plus any other capital gains realised by him or her in the year of disposal exceed the annual exemption for that year.
- (b) If the Securityholder has incurred capital losses in the year of disposal but has no unrelieved capital losses from any previous tax year, those losses can be set off against the relevant capital gain and against any other capital gains realised by him or her in the year of disposal. To the extent that those losses are insufficient to relieve the whole of the relevant capital gain and any other capital gains realised by the Securityholder in the year of disposal CGT will be payable by the Securityholder if and to the extent that the net capital gains exceed the annual exemption for that year.
- (c) Where either the Securityholder has incurred no capital losses in the year of disposal or any capital losses so incurred are insufficient to relieve the whole of the relevant capital gain and any other capital gains realised by the Securityholder in the year of disposal, but the Securityholder has incurred unrelieved capital losses in some previous tax year(s), those losses can be set off against the net capital gains realised by the Securityholder in the year of disposal to the extent that it is necessary to reduce those net capital gains to the level of the annual exemption for that year (and therefore to the level where no CGT will be payable by the Securityholder for that tax year). If the unrelieved capital losses from the previous tax year(s) are insufficient to reduce the Securityholder's net capital gains for the year of disposal to the level of the annual exemption for that year, CGT will be payable by the Securityholder if and to the extent that the capital gains exceed the annual exemption for the year of disposal.

Where an individual's total taxable income and gains (after allowable deductions) are less than the upper limit of the basic rate income tax band (which is set at £31,865 for the 2014/2015 tax year), CGT will be charged at 18 per cent. Any gains or part gains in excess of that upper limit will be taxed at 28 per cent. The rate or rates at which CGT is charged will therefore depend on the level of the Securityholder's taxable income and gains in the relevant tax year.

A prospective Securityholder should only expect to be treated as holding the Securities as an investment (subject to CGT and with the benefit of the annual exemption) if he or she intends to hold them for the medium to longer term and not to dispose of them in the short term for profit.

Prospective holders of Securities should obtain independent professional advice as to the United Kingdom tax consequences of acquiring, holding, redeeming or otherwise disposing of Securities.

## **Other United Kingdom tax considerations**

### ***Transfer of Assets Abroad***

The attention of individual Securityholders who are resident in the United Kingdom is drawn to the provisions of sections 714 to 751 of ITA 2007 contained in Chapter 2 of Part 13 of ITA 2007 (the Transfer of Assets Abroad Legislation). Under sections 714 to 751 of ITA 2007, the income accruing to an Issuer may be attributed to such a Securityholder and may (in certain circumstances) be subject to United Kingdom income tax in the hands of the Securityholder. However, under section 737 of ITA 2007, sections 714 to 751 ITA of 2007 will not apply if the Securityholder can satisfy HMRC that either:

- (a) it would not be reasonable to draw the conclusion, from all the circumstances of the case, that the purpose of avoiding a liability to United Kingdom taxation was the purpose or one of the purposes for which an investment in the Securities or any "associated operations" within the meaning of section 719 of ITA 2007 (together, the Security Transactions) was effected; or
- (b) the Security Transactions were "genuine commercial transactions" and it would not be reasonable to draw the conclusion, from all the circumstances of the case, that any one or more of the Security Transactions was designed, more than incidentally, for the purpose of avoiding United Kingdom taxation.

Sections 737 and 738 of ITA 2007 provide that, in interpreting these provisions:

- (a) the intentions and purposes of any person who, whether or not for consideration, designs or effects any of the Security Transactions or provides advice in relation to any of the Security Transactions would have to be taken into account in determining the purposes for which the Security Transactions were effected;
- (b) for the purposes of (b) above, a Security Transaction would only be a "commercial transaction" if, broadly, it was on arm's length terms and, in addition, if it was effected in the course of a trade or business, or with a view to setting up and commencing a trade or business and, in either case, for the purposes of that trade or business; and
- (c) the making and managing of investments, or the making or managing of investments, can only constitute a trade or business for the purposes of the preceding paragraph to the extent that the person carrying out the activity and the person for whom it is done are independent persons dealing at arm's length.

### ***Transactions in securities***

The attention of Securityholders who are corporation tax payers is drawn to the provisions of sections 731 to 751 CTA 2010. Securityholders who are income tax payers should have regard to sections 682 to 713 of ITA 2007. These provisions could potentially apply to counteract United Kingdom tax advantages arising to a Securityholder but the provisions will not apply provided the Securityholder can demonstrate that:

- (a) in the case of a Securityholder who is a corporation tax payer:

- (i) its investment in the Securities was made for genuine commercial reasons or in the ordinary course of making or managing investments, and
  - (ii) the main object or one of the main objects of the investment in the Securities was not to obtain a corporation tax advantage within the meaning of section 732 of CTA 2010;
- (b) in the case of a Securityholder who is an income tax payer, it is not the case that the main purpose or one of the main purposes of the investment in the Securities was to obtain an income tax advantage within the meaning of sections 687 of ITA 2007.

### ***Restrictions on allowable losses***

The attention of Securityholders is drawn to section 16A of TCGA 1992. This provision could potentially prevent Securityholders from claiming an allowable loss in respect of a disposal of their Securities if the main purpose or one of the main purposes connected with their investment and/or disposal of the Securities was to secure a tax advantage within the meaning of section 16A(2) of TCGA 1992.

## **Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

### ***Stamp duty***

#### ***Transfer of Securities***

- (a) SDRT at 0.5 per cent. will be payable in respect of any agreement to transfer CDIs where the underlying Securities are not exempt loan capital where the issuer of the Securities is a body corporate incorporated in the United Kingdom or where the Securities are registered in a register kept in the United Kingdom by or on behalf of the Issuer.
- (b) SDRT at 0.5 per cent. may be payable in relation to any agreement to transfer CDIs if the underlying Securities (such as Warrants) give the holder the right on exercise to acquire stock, shares or loan capital in certain companies with a United Kingdom connection unless such stock, shares or loan capital would itself qualify as "exempt loan capital" (see below). A company will have a United Kingdom connection for these purposes if:
  - (i) the company is incorporated in the United Kingdom;
  - (ii) a register of the relevant stock, shares or loan capital is kept in the United Kingdom by or on behalf of the company; or
  - (iii) the shares are "paired" with shares in a United Kingdom incorporated company within the meaning of section 99(6B) of the Finance Act 1986.

There may also be SDRT payable on Physical Delivery of stocks, shares or loan capital in such companies with a United Kingdom connection.

- (c) Stamp duty at 0.5 per cent. may arise in respect of any document transferring any CDI if the underlying Security does not constitute "exempt loan capital". A Security should constitute stock and/or loan capital for the purposes of section 99(3) FA 1986 ("**Loan Capital**") if the holder has the right in all circumstances to be paid on redemption an amount equal to substantially all of the amount subscribed for the Security, whether with or without any additional amount that may be payable on redemption. In addition it is likely that HMRC would regard a Security as Loan Capital if the Security gives the holder the right in all circumstances to be paid on redemption an amount equal to at least 10 per cent. of the amount subscribed for the Security. However, this will depend on the terms and conditions of the Security. "**Exempt Loan Capital**" means any security which constitutes Loan Capital and: (i) does not carry rights of conversion into or to acquire shares or securities; (ii) has not carried and does

not carry a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the relevant security; (iii) subject to certain exceptions has not carried and does not carry a right to interest the amount of which falls or has fallen to be determined to any extent by reference to the results of, or any part of, a business or to the value of any property; and (iv) has not carried and does not carry a right to a premium which is not reasonably comparable with amounts payable on securities listed on the London Stock Exchange. as a practical matter it is unlikely that any such stamp duty would have to be paid where the issuer of the Security is not incorporated in the United Kingdom and no register of the Securities is kept in the United Kingdom. Where a liability to stamp duty is paid within six years of a liability to SDRT arising the liability to SDRT will be cancelled or repaid as appropriate.

- (d) Stamp duty at 0.5 per cent. may arise on Physical Delivery in certain cases.

Where stamp duty or SDRT is payable, it may be charged at the higher rate of 1.5 per cent. in respect of any document transferring or agreement to transfer Securities to a depositary receipts system or clearance service.

On the basis of the Issuers' understanding of current HMRC's practice, no UK stamp duty or SDRT should be payable on the issue of the Securities or on the issue of CDIs. However, note that for an issue of Securities where all three of the circumstances in (a), (b) and (c) below are applicable, it is currently unclear whether such issue of Securities would be subject to 1.5 per cent. SDRT or not:

- (a) the Securities are not exempt from the charge to SDRT on transfers (see (a) and (b) above);
- (b) the Securities are not within article 5(2) of the capital duties directive (Council Directive 2008/7/EC); and
- (c) the Securities are issued to an issuer of depositary receipts or a clearance service (or their nominees).

### **Swiss Value Added Tax ("VAT")**

The issue, transfer (i.e., through a sale or a purchase), exercise or redemption of Securities or any income derived therefrom will normally not be subject to Swiss VAT. However, any respective input VAT will correspondingly not be recoverable.

### **Issue Stamp Tax and Securities Transfer Stamp Tax**

According to current Swiss tax law and the present practice of the Swiss Federal Tax Administration, the issue of Securities is not subject to Issue Stamp Tax and Securities Transfer Stamp Tax. The Securities Transfer Stamp Tax is applicable to Securities which, due to specific features, are considered bond-like, share-like or fund-like products for purposes of Swiss tax law. In this case, a Securities Transfer Stamp Tax of up to 0.3 per cent. of the consideration could be due on secondary market transactions in Securities, if a Swiss securities dealer (Effektenhändler), as defined in art. 13 para. 3 of the Swiss Federal Act on Stamp Duties (Stempelabgabengesetz), is a party to the transaction or acts as an intermediary thereto. This applies likewise for primary market transaction of fund-like instruments which are not issued out of Switzerland. Further, certain exemptions may, inter alia, apply with regard to institutional investors such as mutual funds, non-Swiss listed companies and their non-Swiss subsidiaries, non-Swiss life insurance companies and non-Swiss social security institutions.

If, upon the exercise or redemption of a Security, an underlying security is delivered to the holder of the Security, the transfer of the underlying security may be subject to Swiss Securities Transfer Tax of up to 0.15 per cent. in the case of an underlying security which has been issued by a Swiss resident issuer and of up to 0.3 per cent. in the case of an underlying security which has been issued by a

non-Swiss issuer, provided in both cases that a Swiss securities dealer is a party to the transaction or acts as an intermediary thereto. Certain exemptions may, inter alia, apply with regard to institutional investors such as mutual funds, non-Swiss listed companies and their non-Swiss subsidiaries, non-Swiss life insurance companies and non-Swiss social security institutions.

### **Income Taxation of Non-Swiss tax resident Investors**

Under present Swiss tax law, payments of interest on the Securities and repayment of principal of the Securities to a holder who is a non-resident of Switzerland and who, during the taxation year has not engaged in a trade or business through a permanent establishment within Switzerland and who is not subject to income taxation in Switzerland for any other reason will not be liable to Swiss federal, cantonal or communal income taxation. Such an investor that is not a tax resident in Switzerland, will also not be liable to Swiss federal, cantonal or communal income taxation on gains realised during the taxation year on the sale or redemption of a Security.

### **Income Taxation of Securities held by Swiss tax resident Individuals as part of Private Property**

Gains or losses realised upon a sale or other disposition by individuals holding a Security as part of their private property (private capital gain) are as a rule not subject to income taxation or are not deductible from taxable income respectively. This applies likewise to option premium received or paid by the holder of a Security that is treated for Swiss tax purposes as a transparent structured product consisting of part debt and part option.

Capital gains may, however, be subject to income taxation if a Security or a distinguishable part thereof qualifies as a bond where the predominant part of the annual yield on which is paid in the form of a onetime payment (*überwiegende Einmalverzinsung*). Losses arising from such bonds may be deducted from gains recognised from similar instruments during the same tax period.

Income derived from a Security, which is neither a private capital gain, as set out above nor a repayment of paid in capital (or face value in the case of share-like instruments) nor an option premium is as a rule subject to tax. This applies, inter alia, to any issuance discount, repayment premium, other guaranteed payments (except repayment of capital or option premium) or any combination thereof.

Payments or credits received by a holder because of dividends, interest etc. of the underlying may be subject to income tax for such holder. This may apply likewise to payments or credits derived from underlying funds.

### **Income Taxation of Securities held by Swiss tax resident Individuals or Entities as part of Business Property**

Income realised and losses justified by business reasons incurred on Securities as part of the business property of individuals (including deemed securities dealers due to frequent dealing, debt financing or similar criteria; so called Wertschriftenhändler) or entities subject to tax in Switzerland are included in the taxable income or may be deducted from the taxable income, respectively, of such person or entity.

### **EU Savings Tax**

European Union Directive on the Taxation of Savings Income, Swiss Agreement: The European Union ("EU") adopted a directive on the taxation of savings income in the form of interest payments (European Directive 2003/48/EC of 3 June 2003) (the "Directive"). The Directive requires Member States to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period unless during such

period they elect otherwise. A number of third countries and territories, including Switzerland, have adopted similar measures to the Directive. On 26 October 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland adopted measures equivalent to those of the Directive.

On the basis of this Agreement, Switzerland introduced a withholding tax on interest payments and other similar income paid in Switzerland by a paying agent to an individual resident in an EU Member State ("**EU Withholding Tax**"). The rate of withholding is currently 35 per cent. with the option for such an individual to authorise the paying agent to disclose details of the payments to the tax authorities of the relevant Member State in lieu of the withholding. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding in its country of residence, if any, provided that certain conditions are met.

### **Final Foreign Withholding Taxes**

The Swiss Federal Council signed treaties with the United Kingdom and Austria providing, inter alia, for a final withholding tax. The treaties entered into force as of 1 January 2013. According to the treaties, a Swiss paying agent must, inter alia, levy a final withholding tax on certain income items, including capital gains, interest and dividends, deriving from assets held on accounts or deposits with a Swiss paying agent, including, as the case may be, Structured Notes and Shares. The final withholding tax will substitute the ordinary income tax due by an individual resident of a contracting state on such gains and income items. In lieu of the final withholding, individuals may opt for a voluntary disclosure of the relevant capital gains and income items to the tax authorities of their state of residency.



## SELLING RESTRICTIONS

### GENERAL

Except as set out in this Prospectus, no action has been or will be taken that would permit a public offering of the Securities or possession or distribution of any offering material in relation to the Securities in any jurisdiction where action for that purpose is required.

No offers, sales or deliveries of the Securities, or distribution of any offering material relating to the Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Dealer.

### UNITED STATES

The Securities have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act and applicable state securities laws. Terms used in this section have the meanings given to them by Regulation S under the Securities Act.

The Dealer may not offer, sell or deliver the Securities (A) within the United States or (B) to, or for the account or benefit of, U.S. persons (other than distributors) (i) as part of the Dealer's distribution at any time or (ii) otherwise until 40 days after the later of the date on which the Securities were first offered to persons other than distributors and the Issue Date (the "distribution compliance period"). The Dealer will send to each other distributor to which it sells the Securities during the 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until the expiration of the 40-day distribution compliance period, an offer or sale of Securities (A) within the United States by a distributor (whether or not participating in the offering) or (B) for the account or benefit of U.S. persons by a person that is not participating in the offering may violate the registration requirements of the Securities Act.

### UNITED KINGDOM

Each Dealer represents, warrants and agrees that:

- (a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Securities in circumstances in which section 21(1) of FSMA would not, if the Issuer was not an authorised person, apply to the Issuer;
- (b) *General compliance*: it has complied and will comply with all applicable provisions of FSMA and the Financial Conduct Authority Handbook with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (c) *Commissions and fees*:
  - (i) if it is distributing Securities that are "retail investment products" (as such term is defined in the Financial Conduct Authority Handbook) into the United Kingdom and it is entitled to receive any commission or fee from the Issuer, it will not transfer any part of that

commission or fee to any third party who may advise retail investors to purchase a Security that is a retail investment product; or

- (ii) if it is authorised and regulated by the Financial Conduct Authority to provide investment advice to retail investors in the United Kingdom and it is providing advice to retail investors in respect of a Security that is a retail investment product, it undertakes not to request any commission or fee from the Issuer and to otherwise reject any such payment offered to it other than in circumstances where the Issuer has agreed to facilitate the payment of an adviser fee and has the express consent of the retail investor(s) to do so.

- (d) The Securities will not be sold to residents of the United Kingdom.

## EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**"), the Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Prospectus as completed by this Prospectus in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Securities in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Securities to the public" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State, and by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State, and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

Each Dealer has represented and agreed, and each further Dealer appointed under this Programme will be required to represent and agree that, in relation to any offering of Securities for which the Markets in Financial Instrument Directive 2004/39/EC, as amended ("**MiFID**") applies, any commission or fee received from the Issuer complies with the applicable rules set out in MiFID.

## HONG KONG

No person has issued, or had in its possession for the purposes of issue, and no person will issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any

advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance.

## **SINGAPORE**

This Programme Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Programme Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## **SWITZERLAND**

This product may not be sold or offered or any offering materials relating thereto distributed to the public within the meaning of article 652/a/Article 1156 of the Swiss Code of Obligations.

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